

G.S.R. (E).- In exercise of the powers conferred by sections 93 and 94 of the Finance Act, 1994 (32 of 1994), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following rules further to amend the Works Contract (Composition Scheme for Payment of Service Tax) Rules, 2007, namely:-

1. (1) These rules may be called the Works Contract (Composition Scheme for Payment of Service Tax) Amendment Rules, 2009.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Works Contract (Composition Scheme for Payment of Service Tax) Rules, 2007, in rule 3,-
 - (A) in sub-rule(1), for the Explanation, the following Explanation shall be substituted, namely:-

“Explanation.-For the purposes of this sub-rule, gross amount charged for the works contract shall be the sum,-

 - (a) including-
 - (i) the value of all goods used in or in relation to the execution of the works contract, whether supplied under any other contract for a consideration or otherwise; and
 - (ii) the value of all the services that are required to be provided for the execution of the works contract;
 - (b) excluding-
 - (i) the value added tax or sales tax as the case may be paid on transfer of property in goods involved; and
 - (ii) the cost of machinery and tools used in the execution of the said works contract except for the charges for obtaining them on hire:
Provided that nothing contained in this Explanation shall apply to a works contract, where the execution under the said contract has commenced or where any payment, except by way of credit or debit to any account, has been made in relation to the said contract on or before the 7th day of July, 2009.”;
 - (B) after sub-rule(3), the following sub-rule shall be added, namely :-

“(4). The option under sub-rule (3) shall be permissible only where the declared value of the works contract is not less than the gross amount charged for such works contract.”.

[F.No.334/13/2009-TRU]

(Prashant Kumar)
Under Secretary to the Government of India

Note:- The principal rules were notified vide notification No.32/2007,-Service Tax, dated the 22nd May, 2007 and published vide number G.S.R.378(E), dated the 22nd May, 2007 and amended vide notification No.7 /2008-Service Tax, dated the 1st March, 2008, published vide No. G.S.R. 151 (E), dated the 1st March, 2008.