

PUNJAB STATE TRANSMISSION CORPORATION LIMITED

Regd. Office: PSEB Head Office, The Mall, Patiala.
(O/O Financial Advisor, Budget & FR Section)
3rd Floor, Shakti Sadan, Opp Kali Mata Mandir, Patiala.
Phone/fax No. 0175-2206523.

F.R. Circular No.:- 1/2012

To

1. All Er.-In-Chiefs/Chief Engineers, PSTCL.
2. CAO/Corporate Accounts & FA, PSTCL.
3. All Dy. CEs/SEs, PSTCL.
4. All Dy. CAOs/Dy. FA, PSTCL.
5. Company Secretary, PSTCL.
6. All Addl. SEs/Sr. Xens, PSTCL.
7. All AOs/PSTCL.

SE | Planning & ET

Memo No.:- 2158/2266 / FR-40

Dated:- 03/10/2012

Sub: - Guidelines for incorporating clause in NIT/Work orders.

PSTCL is constructing/augmenting various projects through contractors/service providers. It has been brought into notice of this office that service tax liability in case of Works Contracts is not being properly discharged. Service Tax is being paid on the full price i.e. material portion and service portion of the works contracts where as it is payable only on the service portion of the works contract. Contractors are submitting Bills (Invoices) without segregating the material portion and service portion. As per Rule 4A of the Service Tax Rules 1994 the service provider has to issue an invoice indicating the following:-

- i. The name, address and the registration number of the service provider;
- ii. The name and address of the person receiving taxable service;
- iii. The description and value of taxable service provided or agreed to be provided;
- iv. and the service tax payable thereon.

As per clause (iv) of sub-rule (1) of the said rule 4A 'the service tax payable thereon' has to be indicated. The service tax payable would indicate portion of service tax payable by him as well as the recipient of the service.

Service tax is levied on specified services and the responsibility of payment of the tax is generally cast on the service provider but for few exceptions. Penal provisions do exist in respect of Service Tax also. Failure to obtain registration, failure to pay the tax, failure to furnish the prescribed returns, suppression of the correct value of the taxable

services and failure to comply with notice do attract penal provisions as prescribed in the Service Tax Rules.

The following action should be taken for implementation of the above:-

1. A clause in NIT must be incorporated that contractor will supply the approximate value of material and the cost of services for the concerned work separately on the letter head.
2. DDOs must ensure that the service provider is issuing an invoice complying with Rule 4A of the Service Tax Rules 1994.

The compliance of the above guidelines may be ensured in letter and spirit.

The above instructions are in the nature of guidelines to implement the provisions of Service Tax Rules. If at any point there is any contradiction with the service tax rules the provisions of service tax rules will be applicable.

All the DDOs are advised to visit the www.cbec.gov.in, www.servicetax.gov.in sites for any further clarification.

This issues with the approval of competent authority.

Accounts Officer/Budget & FR,
For: Financial Advisor, PSTCL,
Patiala.

Endst No.:- 2267/70

Date:- 03/10/2012

Copy of the above is forwarded to the following for information please.

- 1 Sr. PS to CMD/ PSTCL, Patiala.
- 2 Sr. PS to Dir./Admn., PSTCL, Patiala.
- 3 Dy. Secy. to Dir./Technical, PSTCL, Patiala.
- 4 Sr. PS to Dir./F&C, PSTCL, Patiala.

Accounts Officer/Budget & FR,
For: Financial Advisor, PSTCL,
Patiala.

2271/ 03-10-2012

CC. Sr. Executive Engineer/IT & Technical Audit, PSTCL, Patiala with a request to upload the above on PSTCL website.