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WORKS CONTRACT UNDER APVAT ACT ARE OF 3 TYPES

1. WORKS CONTRACTORS WITH ANNUAL TURNOVER OF LESS THAN RS.5 LAKHS.

- a) Need not get Registered
- b) Need not pay Tax
- c) Are not eligible for input tax credit.

2. WORKS CONTRACTORS WITH ANNUAL TURNOVER BETWEEN 5 TO 40 LAKHS NOT EXECUTING WORKS TO STATE GOVERNMENT AND LOCAL BODIES

- a) Should get registered under TOT
- b) Should pay TOT tax of 1%
- c) Are not eligible for input tax credit.

3. WORKS CONTRACTORS WITH ANNUAL TURNOVER OF ABOVE 40 LAKHS AND TURNOVER ABOVE 5 LAKHS FOR STATE GOVERNMENT AND LOCAL AUTHORITIES

- a) Should get themselves registered under VAT and have two options:

- 1) NORMAL
- 2) COMPOSITION

NORMAL WORKS CONTRACTOR

- a) Pay tax on the value of goods at the time of incorporation at the rate applicable to that goods. Eligible for 90% of the input tax

COMPOSITION WORKS CONTRACTOR (3 TYPES)

STATE GOVT & LOCAL AUTHORITY

OTHER AGENCIES INCLUDING CENTRAL GOVT

BUILDERS & DEVELOPERS

a) Composition @ 4% on total value

Composition @4% on 50% i.e. 2% on total value

Composition @ 4% on 25% i.e. 1% on total value

b) No input tax credit

no input tax credit

no input tax credit

c) All Sub-Contractors exempted from tax

Sub-Contractors are taxable @ 2% of value

Sub-Contractors taxable @ 1% of value

d) TCS @ 4%

TDS @ 2%

S.R.O 17.

If any builder opted for composition and paid any tax under the provisions of APGST ACT'1957 before 30-04-05, he is not liable to pay any tax in respect of the built up area for which tax has already been paid under the APGST ACT if the sale deed is executed in respect of such built up area before 30-09-2005.