

**GOVERNMENT OF PUDUCHERRY
COMMERCIAL TAXES DEPARTMENT

TDS on Works Contract

As per Section 15(3) of the Puducherry Value Added Tax Act, 2007, "every person responsible for paying any sum to any dealer for the execution of works contract shall at the time of payment of such sum deduct an amount calculated at the rate of 4% on the 70% of the value of contract amount paid, that is to say at the rate of 2.8% on the total value of contract amount paid".

The deducted TDS amount as mentioned above shall be deposited with the Assessing Officer having jurisdiction over the person with a statement in "Form R" [see Rule 30(2)] along with the certificate of deduction in "Form T" [see Rule 25(6) and 30(4)] and shall also issue a copy in original and duplicate to the dealer from whom the tax has been deducted.

The person who is deducting the TDS shall deposit the amount with the Assessing Authority concerned on or before 7th of the month succeeding to the month of deduction and shall issue a certificate in "Form T" within 3 days to the person from whom the tax is deducted for works contract.

When TDS is not deductible:

In the following circumstances there is no need to deduct TDS from the Contractor:

1. When no transfer of property in goods is involved in the execution of works Contract i.e the contract entered into is purely of labour work. e.g (i) digging a canal, without construction of side wall. Dredging work carried out in the Harbour, Canal or River where sale of sand is not involved. *First proviso under Sec. 15 (3) (i)*
2. Execution of Works Contract involved in the course of inter-State trade or commerce or in the course of import. *Second proviso under Sec. 15 (3) (i)*
3. When the contractor produces a no liability certificate in Form – S obtained from the Assessing Authority concerned