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DELHI JAL BOARD: GOVT. OF NCT OF DELHI
VARUNALAYA PH-II KAROL BAGH NEW DELHI

No. DJB/Member(F)/Excise duty/2011/

60258

27 May 2011

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ORDER

1. References are being received from various Divisions of DJB for clarification regarding excise duty exemption available in Water Treatment Plants (WTPs) and Water Supply projects. It is accordingly clarified that in accordance with the General Exemption No. 49 of the Finance Act, 2010 and the notification No 6/2011-Central Excise dated 01.03.2011, read with Department of Revenue clarification vide letter F.No.354/34/2008-TRU dated 14.3.08 and its Circular F.No.354/34/2008-TRU dated 16.5.11, the exemption of excise to otherwise excisable goods is available to the following categories:

- a. All items of machinery, including instruments, apparatus and appliances, auxiliary equipments and their components/ parts, irrespective of the size of the pipes and other components, required for setting up of WTPs;
- b. Only pipes and pipe fittings, irrespective of the size of the pipe and pipe fittings, required for delivery of water from its source to the plant, including clear treated water reservoir, if any, thereof, and from there to the first storage point; and

Note 1: No other component/integral part used for delivery of water from source to first storage point shall get the exemption from the prescribed excise duty.

- 1924 c. Pipe and pipe fittings of outer diameter exceeding 10 cm when such pipes are integral part of water supply projects.

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Note 2: As regards exemption of excise available to 'Water Supply Project', the word "Project" is very vast and general term. Accordingly, the benefit of this exemption is available to pipes of outer diameter exceeding 10 cm even if they are used in distribution network beyond the first storage point. However, the benefit is confined to the pipes that form a part of the project. Thus, pipes which are used at the last mile to provide the consumer connection whose cost is either paid by the consumer or recovered from him do not form part of the project and will not be eligible for the exemption.

2. The excise exemption pertaining to pipes also applies to pipes supplied for replacement of worn out/ damaged pipes and not just those for initial setting up.

3. The benefit of the exemption as brought out above would only be extended by the Central Excise Department (i.e. the Deputy Commissioner of Central Excise or the Assistant Commissioner of Central Excise, having jurisdiction) to the manufacturer if he produces a certificate to the effect that the goods are required for the intended purpose, as brought

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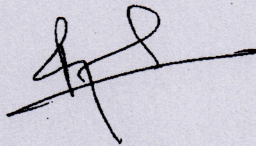
out in para 1 above, from the Collector/ District Magistrate/ Deputy Commissioner of the District in which the WTP is required to be set up or the water supply project is undertaken.

4. In order to standardize the process for availing of exemption of excise as brought out in para 1 above, all future tender documents relating to Water Treatment Plants and Water Supply Projects will specifically substitute/ introduce the following condition in (Special Condition and Specification of Water Lines:

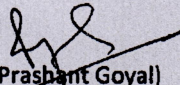
- a) Rates quoted by the contractor shall keep in view the excise exemption extended by the Central Government, as brought out above.
- b) The justified/ suggestive rates prepared for such works would be prepared keeping in view the availability of excise exemption, as brought out above.
- c) The DJB will issue a Recommendatory Letter to the contractor for issuance of essential certificate from the Deputy Commissioner of the District, so as to enable the Contractor to get the benefit of Zero Excise Duty. The Chief Engineer of DJB, having jurisdiction, has been authorized to issue the necessary recommendatory letter to the area Deputy Commissioner.
- d) The recommendatory letter shall be given only for those items which are within the preview of exemption and are consumed during the execution of the work.
- e) All exercise required for receiving the benefit of exemption under the contract shall be completed by the Contractor solely. DJB will be only responsible for issuance of the Recommendatory Letter.
- f) Notwithstanding above, the contractor shall consider the position with regard to the goods against Zero Excise Duty. DJB will not bear any responsibility for incorrect assessment, if any, of the statutory levies by the contractor.
- g) Any Statutory variations both plus and minus in the rate of Excise Duty within the contractual completion period will be to the account of DJB. Any increase in Excise Duty during the period between the stipulated date of completion, as per the work order, and actual date of completion, in event of late completion that is attributable to the Contractor will be to his account. This is without prejudice to any other clause, including liquidated Damages clause.

5. The excise exemption is, however, subject to any further changes that may be made by Government of India from time to time. Hence, the tender issuing and accepting authorities are advised to keep abreast of the latest position before issuance of any recommendatory letter to the Contractor. The contractors are also advised to keep updated with the latest position.

6. The above instructions shall be implemented with immediate effect and are in supersession of all the erstwhile Circulars/ guidelines issued on the subject by any of the DJB authorities.



7. This issues with the approval of the CEO.


(Prashant Goyal)
Member (Finance)

Copy for strict compliance to:


All Executive Engineers/DDHs

Copy for information to:

1. CEO
2. Member(WS/DR/Admn)
3. Divisional Commissioner/ All Deputy Commissioners
4. Secretary DJB
5. All Chief Engineers
6. All Directors/Dy.Directors/ACs
7. All AOs/AAOs
8. All Associations of Contractors

Copy to:

Sh. Yogendra Garg, Director, Tax Research Unit, Department of Revenue, Ministry of Finance, Government of India with request to bring to DJB's immediate notice any instance of incorrect interpretation in the above Circular.


Member (Finance)