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Composition Scheme for the Works Contractors introduced under Delhi VAT

The Government of Delhi has issued Delhi VAT Notification No. 3(13)/Fin.(Rev-I)/2012-13/dsvi/180 on 28 February, 2013 to introduce Composition Scheme for payment of tax by registered dealers engaged exclusively in carrying out Works Contracts in Delhi.

The scheme has two different options for works contractors to choose from. Under 'Scheme A', the contractor is not allowed to purchase or sell any goods or supplies from outside Delhi, while 'Scheme B' allows the contractor to procure goods to be used exclusively in the execution of the works contract in Delhi, from outside Delhi or import from outside India.

The scheme also give an option to the works contractors already paying taxes under the notified composition scheme or the general composition scheme

provided under section 16 of the Delhi VAT Act, 2004 to shift over to the new scheme subject to the conditions of the scheme.

The rates of tax under two options are as given below:

Nature of Works	Scheme A	Scheme B
1) Civil Contracts	3%	6%
2) Repair and maintenance of movable property(Annual maintenance contracts)		
3) Others		
4) Builders selling units before completion (including the value of land)	1%	3%
5) Specified works such as printing, textile processing, re-treading of old tyres	2%	3%

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