

A.O/B

394/A  
23/8/07

67

11437  
22/8

GOVERNMENT OF ORISSA  
FINANCE DEPARTMENT

Memo No.CTA-37/2007-

\*\*\*\*\*  
34145 (230)

Bhubaneswar, dated the 17 th, August, 2007

To

All Departments of Government  
All Heads of Departments

Sub:- *Clarification on grant of licence, contract, lease, permits or quota to or purchase from dealers without a valid Value Added Tax clearance Certificate prescribed under rule 129 of the Orissa Value Added Tax Rules, 2005.*

Deho  
4/9/07

Instructions were issued in Finance Department Memo No.CTA-37/2005-31716(230)/F., dt. 01.07.2005 reiterating the statutory provisions of section 99 of the Orissa Value Added Tax Act, 2004 read with rule 129 of the Orissa Value Added Tax Rules, 2005 that no dealer shall be entitled to undertake any contract with any Government, Local authority or other Corporate Body unless he obtains a VAT clearance certificate in Form -612 from the Assessing Authority under whose jurisdiction the place of business of the dealer is situated to the effect that he has no liability to pay tax nor he has defaulted under the said Act.

2. Para 4 of F.D. Memo No.31716/F., dt.01.07.2005 stipulates that in all the tender applications it should be clearly specified that no tender would be considered without a VAT Clearance Certificate in Form VAT - 612. Further, before placing orders for supply, the purchasing Government department/Agency shall first ensure submission of a VAT Clearance Certificate in VAT-612 by the supplying dealer under the VAT Act.

3. As per para-5 of aforesaid Memo dt.01.07.2005 any violation of this instruction issued in terms of the statutory provisions of section 99 of the Orissa Value Added Tax Act, 2004 read with the rule 129 of the Orissa Value Added Tax Rules, 2005 shall attract

B  
22/8

*[Handwritten signature]*

3.08/07  
M. Circulate  
23/08

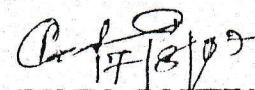
A  
S. O. B. B.  
23/8

penal action against the officer giving licence, contract, lease, quotas, permits to or placing order for purchases.

4. The aforesaid stipulations were relaxed in Finance Department Memo No.9807/F., Dt. 6.5.2006 for new applicants applying for licences under P.W.D. Contractors Registration Rules, Sub-soil Explorating & Testing Laboratory Rules, 2001 and Bihar & Orissa Excise Act.

5. Now certain doubts have been entertained in the matter of allowing foreign companies/bidders from outside the State of Orissa to participate in the Tenders of various works executed through Contractors without having a valid VAT Clearance Certificate. The foreign companies/bidders from outside the State are sometimes awarded with contract to execute certain works involving complexities and requiring expertise and better experience in execution of such works but, some of them are not eligible to get VAT Clearance Certificate required u/s 99 of Orissa VAT Act as they have not started any business in the State as yet.

6. Taking into account these factors, it is clarified that section 99 of VAT Act is applicable to dealers under the said Act. The foreign companies/bidders from outside the State who intend to participate in the tender and who have not been registered under the VAT Act as they have not started any business in the State as yet, may be allowed to participate in the tender without having any VAT Clearance Certificate subject to condition that they should submit undertakings in the form of an affidavit indicating therein that they are not registered under the VAT Act as they have not started any business in the State and they have no liability under the Act. But before award of the final contract, such bidders will have to produce the VAT Clearance Certificate in form VAT 612.



SPECIAL SECRETARY TO GOVERNMENT.