

OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE  
NO.1 WILLIAMS ROAD, CANTONMENT, TRICHIRAPPALLI-620 001

Trade Notice No.11/2004 S Tax

Dated : 18-5-2004.

Subject: Service Tax- Application of Service Tax on activities of Erection and Commissioning.

Board 's Service Tax Circular No. **79/ 09 / 2004-ST, dtd March 13, 2004 issued under F.No. 137/38/2003-CX-4** is communicated herewith for information, guidance and necessary action.

The contents of this Trade Notice may be brought to the knowledge of all constituent members of the Trade Associations and Chamber of Commerce.

(Issued from file C.No.IV/16/902/2004 S.Tax)

Attested

sd/- 18-5-04  
(V. JAYARAMAN)  
JOINT COMMISSIONER (T).

SUPERINTENDENT,  
SERVICE TAX CELL (HQ).

To  
The Mailing list I / II / III

---

Copy of the Board 's Service Tax Circular No. **79/ 09 / 2004-ST, dtd March 13, 2004 issued under F.No. 137/38/2003-CX-4**

---

I am directed to draw attention to the Circular No. 49/11/2002-ST dated 18.12.2002, whereby it was clarified that the work of Erection and Commissioning is in the nature of services provided by a "Consulting Engineer" and hence taxable under Service Tax. Also in the year 2003, Service Tax was imposed on Commissioning and Installation Service, effective from 1<sup>st</sup> July 2003. In terms of Circular No. 59/8/2003 dated 20 June 2003, issued from File no. B-3/7/2003-TRU, it was clarified that charges for erection of plant would not be covered under the Commissioning and Installation services.

In the light of above conflicting views, several representations have been received in the Board for clarification as to whether

- the charges for erection would be covered under Service Tax or not?

- the Commissioning or Installation service would be covered under Service Tax under Consulting Engineer service effective from 7.7.1997?

The issue has been examined by the Board in consultation with the Ministry of Law and Justice and in this regard I am directed to say that charges for erection, installation & commissioning are not covered under the category of Consulting Engineer Services. Commissioning or Installation service will be separately taxable under relevant entry and are not chargeable under Consulting Engineer Services. Accordingly, the clarification issued vide the Circular No. 49/11/2002-ST dated 18.12.2002 stands modified to this extent.

Yours faithfully,

(MANISH MOHAN)

Under Secretary to the Government of India

Phone No: 23094558