

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

Memo No. FIN-CT1-TAX-0004-2014- 5439 /F., Date 25.02.2014

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 Odisha Value Added Tax Rules,2005.

Instructions were issued in Finance Department Memo No.CTA-37/2005-31716(230)/F dt.01.07.2005 reiterating the provisions of section 99 of the Odisha Value Added Tax Act, 2004 read with rule 129 of the Odisha 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 to the effect that he has no liability to pay tax nor he has defaulted under the said Act.

2. Para 4 of the aforesaid memorandum 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.The aforesaid stipulations were relaxed in Finance Department Memo No.9807/F.,dt 06.03.2006 for new applicants applying for licenses under P.W.D. Contractors Registration Rules etc. In this connection, further relaxations were allowed in Finance Department Memo No.34145/F dt.17.08.2007 and Memo No.3202/F dt.15.01.2009 in favour of foreign companies/ bidders from outside the State in consideration of difficulties faced by them in getting VAT clearance certificate.

4. Now, it has come to the notice of Government that the new entrants intending to venture in to business are facing certain difficulties to participate in tender due to the stipulation that no tender would be considered without a VAT clearance certificate in Form VAT-612.These new entrants are compelled to get themselves registered under the

Odisha VAT Act,2004 for the purpose of getting a VAT clearance certificate only to participate in tender.

5.Taking into account the problems faced by the new comers into business in the State, it is again clarified that section 99 of Odisha VAT Act,2004 is only applicable to the successful bidders/participants for execution of works with and supply of goods to Government, local authority or other corporate body but not all the bidders/participants who participate in tender. The successful bidders in tender process shall not be allowed to undertake any contract with Government, local authority or other corporate body unless they produce a VAT clearance certificate in Form VAT-612.The stipulation in para 4 of F.D. Memo No.CTA-37/2005-31716(230)/F dt.01.07.2005 that "no tender would be considered without a VAT clearance certificate in Form VAT-612" is modified accordingly.

Special Secretary to Government.

Memo No.-----5440-----/F Date--25.02.2014

Copy forwarded to the Commissioner of Commercial Taxes, Odisha, Cuttack/ Director of Treasuries, odisha, Bhubaneswar for information and necessary action.

S.O.-cum-Joint Secretary to Government.

Memo No.-----5441-----/F Date--25.02.2014

Copy forwarded to all F.A.s/A.F.A.s of Government Departments/Heads of Departments for information and necessary action.

S.O.-cum-Joint Secretary to Government.