

**ORDER OF CLARIFICATION UNDER SECTION 56(3) OF HVAT ACT,
2003 ON THE APPLICATION OF UNDER SECTION 56(3) OF THE
HARYANA VALUE ADDED TAX ACT, 2003**

QUERIST : BP ERGO LTD., NAGPUR

The applicant has sought clarification on the facts desired by him that he is manufacturer of office equipment and furniture which he makes and supplies to his customers on make to order basis. He has his factory in Maharashtra from where he supplies his products through out the country. Orders are secured by his agents and conveyed to him upon which he makes the office equipment and furniture and supplies them to the customers. For reasons of transportation the office equipment and furniture is dispatched in CKD condition and assembled fitted and installed at the premises of the customer for which either local labour is engaged through the agents or some time it is provided by the applicant from the factory.

The applicant's query is whether supply of office equipment and furniture made to order and supply to the customers at his premises is assembled, fitted and installed is sale or a works contract. His contention is that the office equipment and furniture made to order could not be dispatched in a single form for reasons of facility of transportation and logistic and fixation and installation is merely incidental to supply. Hence, it is simply a sale. No charges are realized separately for installation etc. It has been also mentioned that Commissioners of Commercial Taxes/Sales tax in Maharashtra, UP and Karnataka has examined these transactions and have concluded that these are sale simply-citer. He wants a similar confirmation to this regard from this office as well.

It is seen from the facts of the applicant's case that fitting and installation of office equipment and furniture is only incidental to their supply. In fact, CST Act conceives the installation as part of supply/sale when it refers to the same in the definition of the sale price given in clause (h) of section 2 stating that the cost of freight or delivery or the cost of separately charged was not form part of the sale price, meaning thereby that there are contracts of sale which involves installation of goods sold/supplied. Quite a few goods of common use

involved installation after the supply for making use of them like ceiling fans, AC etc. simply because they have to be installed.

Their supply does not become a works contract because installation is simply incidental to supply. In this view of the matter, installations of office equipment and furniture by the applicant in the State of Haryana against specific order from outside the State involves labour only and is not liable to tax under Haryana VAT Act, 2003.

Chandigarh
Dated

(L.S.M. Salins)
Financial Commissioner and Principal Secretary
to Government, Haryana, Excise and Taxation Department

