CHAPTER-1

INTRODUCTION

1.1 Introduction

Construction of commercial and residential buildings is emerging as an important industry, in which every year many crore rupees are being invested and due to involvement of services it is contributing a major share in service tax collections also. However definition of works contract is not at all clear in it self and due to non-understanding of it, assesses are facing problems in regular compliances and during their assessment.

There is ambiguity in the public on taxability of works contract services. This thesis is an attempt to provide more clarity on service tax application and most importantly on works contract services. The scope of research is limited upto the secondary data only i.e. published journals, books, magazines etc. No data is collected through primary data collection sources.

In this study works contract service is analyzed from various aspects by taking definition of each and every term given in main definition of Works Contract Services as given in clause of Section 65B of The Finance Act, 1994 giving due consideration to the judgements given by various courts on the meaning of Works Contract Services.

Apart from above an attempt is made to give a brief about how the service tax procedure is going on with the help of tables to make the understanding simpler. Negative list regime as introduced in 2012 is also briefed.