

AIRPORTS AUTHORITY OF INDIA
O/o MEMBER (PLANNING)

No. AAI/M(Plg.)/Tech-Instructions/2008/

December 31, 2008

TECHNICAL INSTRUCTION No. 27

Sub:- CENVAT Credit Rule – 2004.

As per CENVAT Credit Rule - 2004, the Service Tax paid by A.A.I. for Installation, Testing & Commissioning of various Capital equipments procured and installed at its Airports could be claimed as 100% CENVAT credit while discharging AAI's own service Tax liability under the head '**Airport Services**',.

To avail the above benefit, the following procedure shall be included in the tendering, work award and execution, henceforth;

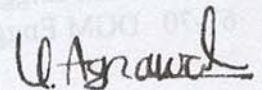
1. The bidders/Service Providers shall separately and clearly indicate the Service Tax component as per Government guidelines that would be charged for the service provided to AAI.
2. While evaluating the Tenders, the benefit of CENVAT credit available to A.A.I. shall be taken into consideration.
3. The lowest Tender shall be decided on the basis of **Net Cost to A.A.I.**

The **Net Cost to A.A.I.** for works involving Installation, Testing and Commissioning Services shall be calculated as under:

A) Gross Amount quoted by the firm (inclusive of all taxes).

B) Service Tax included at 'A' above.

Net Cost to A.A.I.: Gross Amount quoted at 'A' Minus Service Tax at 'B'.



(V. P. Agrawal)
Member (Planning)

Distribution

As per attached list.