



GOVERNMENT OF INDIA  
OFFICE OF THE COMMISSIONER OF SERVICE TAX, KOLKATA,  
NEW CENTRAL EXCISE BUILDING, 3<sup>RD</sup> FLOOR,  
180, SHANTIPALLY, RAJDANGA MAIN ROAD, KOLKATA- 700107  
[www.kolkata-servicetax.gov.in](http://www.kolkata-servicetax.gov.in)

TRADE NOTICE NO.- 04/09

DATED: 31.03.09

Sub: Clarification in respect of levy of Service Tax on Repair/  
Renovation/ widening of roads-regarding.

Attention of the Trade, field formations, departmental officers and all others concerned is invited to the issue of Leviability of Service Tax on maintenance and repairing of roads.

In this connection representations have been received by the Board regarding divergent practices being followed by field formations with regard to levy of service tax on maintenance and repair of roads. In view of the difficulties experienced by the Trade and Industries, the issue was examined by the Board and necessary clarification issued as follows:-

2. Commercial or industrial construction service [section 65(105) (zzq)] specifically excludes construction or repairs of roads. However, management, maintenance or repair provided under a contract or an agreement in relation to properties, whether immovable or not, is leviable to service tax under section 65(105) (zzg) of the Finance Act. 1994. There is no specific exemption under this service for maintenance or repair of roads etc. Reading the definitions of these two taxable services in tandem leads to the conclusion that while construction of road is not a taxable service, management, maintenance or repair of roads are in the nature of taxable services, attracting service tax.
3. The next issue requiring resolution is the types of activities that can be called as 'construction of road' as against the activities which should fall under the category of maintenance or repair of roads. In this regard the

technical literature on the subject indicate that the activities can be categorized as follows:-

(A) Maintenance or repair activities:

- I. Resurfacing.
- II. Renovation.
- III. Strengthening.
- IV. Relaying.
- V. Filling of potholes.

(B) Construction Activities:

- I. Laying of a new road.
- II. Widening of narrow road to broader road (such as conversion of a two lane road to a four lane road).
- III. Changing road surface (graveled road to metalled road/ metalled road to blacktopped/ blacktopped to concrete etc.).

All the Trade associations, Chambers of Commerce and Industries are requested to bring the contents of the Trade Notice to the notice of their members/constituents.

Sd/-  
(V. K. GOEL)  
COMMISSIONER  
SERVICE TAX, KOLKATA

AUTHORITY: Circular No. 110/4/2009-ST dated 23.02.09  
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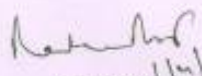
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(R. ROY) 11/4/09  
SUPERINTENDENT (TECH.)  
SERVICE TAX, KOLKATA