

GOVERNMENT OF MANIPUR
FINANCE DEPARTMENT
(FINANCE COMMISSION CELL)

OFFICE MEMORANDUM
Imphal, the 26th october, 2013

Subject: Preparation of cost estimates by different Engineering Organizations/ Work Agencies.

No. 10/1/2009-FC (Pt): It has come to the notice of the Government that several Engineering and Non Engineering Departments are not following the established procedures for deduction of statutory/mandatory levies, such as VAT, Agency Charges and Labour Cess from the expenditure incurred on civil/electrical /technical works and/or including them in the accounts submitted to the Accountant General.

2. With a view to clarify the accounting procedures and prevent any irregular actions by the departments in this regard, it is re-iterated, in supersession of all previous orders issued in this regard, that the methodology as described in *Annexure-I* shall be adopted by all Engineering Departments/ Work Agencies for the purpose of calculation and accounting of VAT, Contingency charges, Agency Charges and Labour Cess while preparing cost estimates for civil/electrical works under the Government of Manipur. The methodology has been devised keeping in view the model guidelines issued the Central Public Works Department and Ministry of Road Transport and Highways in this regard.

3. All Departments shall, henceforth, take into account all the statutory/ mandatory charges/levies as an integral part of the total estimated cost of the work. They will compulsorily indicate these charges/levies while preparing the estimates and submitting the relevant accounts or the Utilization Certificates. In respect of Cheque Drawing Departments, the charges/levies and the relevant deposits shall be properly accounted for and duly reflected in the Divisional Accounts.

4. The deductions made on this account from the expenditures or the Cheque Drawal Authority issued shall be accounted for/deposited in the respective revenue heads as indicated below:

Statutory/Mandatory levies	Revenue Head of Account
1. VAT	Major Head-0040, Minor-102
2. Agency Charges	Major Head -0075, Minor -800
3. Labour Cess	Major Head - 0045, Minor - 800 112

4. The rates of deduction on account of Agency Charges as prescribed in this Office Memorandum vide 10/1/2009-FC dated 14.09.2013 will continue to apply and all Departments will comply with the instructions contained therein.

5. In respect of works which are to be executed by work agencies such as MDS, MPHC, MTDC, MANITRON, MANIDCO, MOBEDS, PDA, District Council Engineering Cell, Education Department Engineering Cell and TP Cell, all necessary statutory/ mandatory levies shall be deducted at source prior to transfer of funds to the concerned work agencies.