



PM Cell – MM

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Circular No. 22/2016-cum-BL Amendment No. 01/94/2016 and 02/73/2016

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Sub: Liability for payment of Service Tax on the fee paid by ONGC to Arbitrator.

In accordance with the decisions taken in 475th meeting of EC held on 14.10.2015, it has been decided that for all ongoing/future cases Service Tax liability, as applicable, shall be borne by ONGC and the contractor on the Arbitrator's fee payable by them, even if arbitration clause in the contract is silent about it.

All concerned are advised to incorporate the following provisions in the existing arbitration clause of ONGC's PO/contract conditions:

"The service tax as applicable from the time to time will be borne by ONGC & the contractor on the Arbitrator's fee payable respectively by them."

Standard conditions for procurement of goods and Services (including Charter hire of rigs) stand modified to above extent. Work centers are advised to carry out similar modifications to contract conditions for works/LSTK contracts also.

Above guidelines should be meticulously followed by all concerned.

(C.R. Mohanty)
ED-Chief MM Services

Distribution: (Through ONGC's intranet website 'ongcreports.net').

All concerned may download the circular from the site. Hard copies are not distributed separately.

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2. CEA to Director (T&FS) / Director (Offshore) / Director (HR) / Director (Exploration)/ Director (Onshore) / Director (Finance), ONGC, Jeevan Bharti Building, New Delhi.
3. CVO, ONGC, Jeevan Bharti Building, New Delhi.