

GOVERNMENT OF ANDHRA PRADESH

From:

To:

Sri. J. G. PRASADA RAO,
DY. FINANCIAL ADVISOR &
E.O. DY. SECRETARY TO GOVT.

FINANCE (WORKS & PROJECTS)
DEPARTMENT, A.A.P. SECRETARIAT,
HYDERABAD – 22.

D. O. Letter No. 629/F.8(1)/05-2

Dated: 09.05.2005

Dear

Sub:- A.P. VAT Act, 2005- Government contracts – Meeting held at 11.30 A.M on 27.04.2005 in the Chambers of Prl. Secretary (W&P) – Minutes of the meeting communicated.

Ref:- 1) From the Commr. Of CT Ref No. PMT/P&L/2005, Dt: 12.04.2005.
2) My. D. O. Lr. NO. 629/F.8(1)/05, Dt: 25.02.2005.



I am directed to communicate herewith the minutes of the meeting held at 11.30 AM on 27.04.2004 in the chambers of Principal Secretary to Government (W&P) on the above subject for information and necessary action along with a copy of guidelines communicated from commissioner of Commercial Taxes in the reference 1st cited.

Yours sincerely,

Sd/-

(J. G. PRASADA RAO)

Copy to:

The ENC, Major Irrigation (w.e)
The CE, Medium/Minor Irrigation (w.e)
The CE, CDO, Hyderabad(w.e)
The ENC, PH, AC Guards, Hyderabad (W.e)
The ENC, PR Dept., (W.e)
The ENC, R&B (Admn) Hyderabad(W.e)
The CE (Roads/Buildings) Hyderabad (w.e)
The Dwa, Hyderabad (w.e)
All JDWAs in the State(w.e)
S.F/S.C

//FORWARDED BY ORDER//

SECTION OFFICER

Office of the

Joint Director of Works Accounts,
Karimnagar.

Endt. No. JDWA/Co-Ordn/U-I/05-06

Dt: 16.5.2005

Copy communicated to all the Pay & Accounts Officers and Asst. Pay & Accounts Officers of this organization for information and necessary action.

Copy to Superintendent, ITC Section for information.

Copy to Joint Director of Works Accounts Table.

Joint Director of Works Accounts,
Karimnagar.

//T.C.F.B.O//

Superintendent, CO-Ordination section

**MINUTES OF THE MEETING HELD ON 27.04.2005 AT 11-30 A.M ON
THE ISSUES RELATING TO VAT**

The following Officers were present at the meeting:

1. Sri. I.Y.R. Krishna Rao, Prl. Secretary to Govt. Fin(W&P) Dept.
2. Sri. S. P. Tucker, IAS., Prl. Secretary to Govt. I&CAD Dept.
3. Sri. B. V. s. Prakasa Rao, I/c. ENC (Major & Medium Irrn.)
4. Sri. K. Ashok Kumar, Jt. Secy. (Tech). For Prl. Secy. I&CAD Dept.
5. Sri. T. Ugandhar Reddy, Addl. Commr. O/o commr. Of C.T.
6. Sri. J. G. Prasada Rao, D.F.A & EODS, Fin(W&P) Dept.
7. Sri. C. Muralidhar, CE, Minor Irrigation.
8. Dy. Chief Engineer (R&B) on behalf of ENC.(R&B)
9. Dy. Chief Engineer on behalf of ENC, PH
10. Dy. Chief Engineer, Irrigation.
11. Sri. S. Ghulam Mohammed, SE (P&M) representing ENC (AW)
12. Sri. Md. Mujahid Ali Khan, DCE/MI
13. Sri. A. Rajulu, EE (R&B) Buildings.

A meeting was held in the chambers of the Prl. Secretary to Government (W&P) to discuss various points in implementation of VAT with effect from 01.04.2005 with a particular reference to the guidelines communicated by Commercial Tax Department in their D. O. Ir. No. PMT/P&L/2005, Dt: 12.04.2005. Principal Secretary to Government, finance (W&P) Department initiated the discussion on the implementation of value added Tax (VA) in respect of works contracts.

The following are the conclusions:

1. A Tax collection at source at 4% towards VAT shall be made in all payments made in Engineering Departments of all works irrespective of value of work and irrespective of category of registration of the contractor/firm.
2. Necessary provision in the works Estimate has to be made at 4% of the cost of the work towards VAT where value of material components in the work is more than 10% of the value of the total work.
3. In respect of works in which overall material component involved is less than 10% of the value of work, no provision towards VAT be made in the Estimates and no recovery also need be made in respect of such works payments.
4. The component of 4% for payment against VAT shall be loaded into the data on the total value of the item.
5. For implementation of Vat and effecting TCS, date of payment of the respective bill only is the criterion.
6. IN respect of on going works, the recovery as per already existing provision will be made and in addition, the difference between 4% of work value and earlier provision already available will also be made. This is to ensure that all payments from 1.4.2005 are regulated according to VAT provision. This additional amount can be provided in the works Estimates and if necessary the relevant Estimate sanctioning authorities can sanction revised Estimates for this purpose.

7. Sales Tax recovered in the bills will be credited by the PAOs direct to the final head (0040S.T) and a Schedule of Sales Tax (TIN-wise) is to be given by the PAO to the DDO (With copy to Commercial Tax authorities)
(Action. DWA)
8. Form 501 (certificate of Tax Collection at source) is to be furnished to the contractor by the DDO at the time of delivery of cheque at the instance of each payment.
(Action: DWA & CEs)
9. Form 501 provides for particulars relating to supply orders also. As recovery towards VAT in case of supply orders is not necessary, CT Department promised to delete the words 'supply order' in the Form.
(Action: C.T Dept)
10. While calling for tenders to take up a work for execution, the authorities concerned shall insist for proof of registration under VAT in respect of all works costing more than Rs. 5.00 lakhs.
11. The authorities of CT Department stated that registration under VAT, wherever necessary, should be insisted for awarding any works and availability of TIN issued by the CT Department is to be ensured. They agreed that they shall issue registration under revised VAT procedure to the individuals within five days of their applying. They shall issue a TIN for such registered individuals/firms(Tax Identification No.)
12. The authorities concerned of Engineering Departments shall obtain a of copy TIN and incorporate in the Agreement bond.

I.Y.R KRISHNA RAO,
PRL. SECRETARY TO GOVT.