

GOVERNMENT OF ANDHRA PRADESH
REVENUE (CT-II) DEPARTMENT

U.O. Note. No. 28431/CT-II(1)/2005-1

Date: 12.07.2006

Sub:- AP VAT Act, 2005- Tax Deduction at source IDS on the supplies made to the Government Departments – Issue of certain instructions to all the Departments – Regarding.

Ref:- 1) U. O. Note No. 24432/CT-II(2)/87-10, Dt: 12.09.1988.
2) From the CCT, AP, Hyderabad Lr. No. PMT/71/2005, Dt: - Nil- received on 15.06.2005.

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The CCT, AP, Hyderabad has informed that Government Departments were deducting tax at source on the supplies made to them by dealers as per the instructions issued in the reference 1st cited, that on introduction of AP VAT Act, 2005 no fresh instructions are issued to deduct tax on supplier of goods, he further informed that Vat is based on self assessment and returns are processed by way of computer based system, the collection of tax at buyers and would create complications in identification of defaulters promptly and that in the case of works contracts only, a mechanism for TDS is provided by separate format because the amounts are very large. He has, therefore, requested the Government to issue necessary instructions to all the Government Departments for not deducting the tax at source on the purchases made by them.

2) After careful examination of the above proposal, submitted by the commissioner of commercial in the reference 2nd cited, the Government hereby inform all the Department of Secretariat that the APGST Act, 1957 has been repealed by APVAT Act, 2005 which was brought into operation w.e.f 01.04.2005 and hence, the instructions issued vide reference 1st cited have ceased to exist and hence, withdrawn. It is also informed that as there is no provision or instructions to deduct the tax on the direct supplies of goods under AP Vat Act, 2005 w.e.f 1.4.2005, the deductions, if any made shall be refunded.

3) All the Departments of secretariat are therefore, requested to note the above position and issue suitable instructions to the heads of Departments under their control to follow the above instructions scrupulously.

N. S. HARIHARAN
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The all the Departments of Secretariat.
Copy to: The Commissioner of commercial Taxes, AP, Hyderabad.
SF/SC

//Forwarded by Order//

Section Officer