

**GOVERNMENT OF ANDHRA PRADESH
ABSTRACT**

The Andhra Pradesh Value Added Tax Rules 2005 – Amendment to Rule 18
Notification – Issued. –

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REVENUE (CT-II) DEPARTMENT

G.O.Ms.No.88

Dated:27th January, 2007

Read the following:-

01. From the Commissioner of Commercial Taxes, A.P.,
Hyderabad, Letter No.AIII(1)/96/2006, dt.29-9-2006.
02. From the Commissioner of Commercial Taxes, A.P.,
Hyderabad, D.O.Lr.No.AIII(1)/253/2006, dt.12-9-2006 and
19-9-2006.

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ORDER:-

In exercise of the powers conferred under sub section (1) of Section 78 read with sub section (3) of Section 22 of Andhra Pradesh Value Added Tax Act, 2005 (Act No.5 of 2005) the Government of Andhra Pradesh hereby makes the following amendments to the Andhra Pradesh Value Added Tax Rules, 2005, issued in G.O.Ms.No.394,Revenue(CT-II) Department, dated the 31st march, 2005 and published in the Rules supplementary to part-I extraordinary issue of Andhra Pradesh Gazette No.29 dated the 20th April, 2005 and as subsequently amended from time to time.

These amendments shall be deemed to have come into force with effect on and from 01-09-2006.

AMENDMENTS

In rule 18 of the said Rules:-

Rule 18 shall be renumbered as sub rule (1) of that rules and after the rule so renumber:-

- (1) for clauses (a) and (b) of sub rule (1) as so renumbered the following shall be substituted namely:-

“(a) The tax deduction at source shall be in general at the rate of either 4% or 2% as prescribed in sub clause (1) or (ii) respectively of clause (b) below and it shall be based on adoption of 70% of the total consideration payable for the execution of works contract as taxable turnover unless an application has been made by the dealer to the Assistant Commissioner or Commercial Tax Officer concerned for specific quantification or provisional assessment to determine the correct amount of taxable turnover for a specific contract or agreement.”

Contd.....

- (b) the rate of tax for the purpose of tax deduction at source shall be as prescribed below:-
- | | |
|--|---|
| (I) All categories of contracts not falling in sub-clauses (ii) mentioned below | 4% of 70% of the amount payable as consideration for the execution of work |
| (II) Contracts for laying or repairing or roads and contracts for canal digging, lining and repairing. | 2% of 70% of the amount payable as consideration For the execution of work; |
- (bb) The contractee shall complete Form VAT 501 A supplied by the contractor indicating the TIN, the amount of tax deducted and details of the related contract. The Contractor, VAT dealer shall submit the Form VAT 501A to the authority prescribed along with the return in Form VAT 200”;
- (ii) after clause (d) of sub-rule (1) of rule 18 so renumbered, the following new clauses shall be added namely;-
- “(e) where any tax is deducted under sub section (3) in respect of any dealer executing works contracts and work in whole or any part of such work is awarded to a sub contractor by him, the tax proportionate to the amounts paid as consideration to the subcontractor out of the tax deducted by the contractee shall be transferred to the subcontractor by issuing Form 501B to the subcontractor. The sub contractor shall file Form 501B to the authority prescribed along with the return in Form VAT 200;”
- “(f) the application to be made for quantification or provisional assessment to determine the taxable turnover shall be in form 501 C and the order to be passed by Assistant Commissioner or the Commercial Tax Officer concerned shall be in Form 501 D. The order shall be deemed to have been passed by accepting the claim at the end of sixty days from the date of receipt of Form 501 C.”
- (iii) after sub rule (1) as so renumbered, the following sub rule shall be added namely;-
- “(2) Any amount or any sum deducted in accordance with the provisions of sub section (3) of Section 22 and paid to the State Government shall be treated as a payment of tax on behalf of the dealer executing the works contract and credit shall be given to the said dealer for the period for which amount was so deducted on production of the certificate furnished by the contractee under this rule.”

S.V.PRASAD
PRINCIPAL SECRETARY TO GOVERNMENT

//TRUE COPY//

SECTION OFFICER

CERTIFICATE OF TRANSFER OF TAX DEDUCTION AT SOURCE BY THE CONTRACTOR TO THE SUB CONTRACTOR.

(See Sec 22 (4) & Rules 18 (1)(e))

01. Tax Office Address:.....
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Date	Month	Year

02. TIN of the Contractor

I / We _____ being the contractors certify that a sum of Rs. _____ was deducted as tax at source by the contractee from the amount payable to me. An amount of Rs. _____ out of tax deducted at source is hereby authorized to be utilized by the sub contractor.

03	Name and address of the sub contractor	
04	TIN of the sub contractor	
05	Name and address of the contractee/ Employer	
06.	Name and address of the (main) contractor	
	a) Date of the Contract/ supply order	
	b) Nature of Contract/ Supply order	
	c) Full Value of Contract/Supply order	
	d) Amount paid as consideration.	
	e) Month and year in which the amount is paid	
	d) Bill No./Voucher Cash Memo	
	g) Amount of tax deducted at source	
	h) Remittance Particulars	
	i) Unique No of 501/501A	
07	a) Date of the subcontract/supply order	
	b) Full Value of the subcontract/ Supply order	
	c) Amount being paid as consideration to the subcontractor	
	d) Amount of tax deducted at source being transferred to subcontractor.	

The particulars furnished above are true and correct. I / We shall be held responsible in case the tax deducted is not correct in any manner and I / We shall be liable for penal action as per the provisions of the APVAT Act

Signature of the contractor / person responsible
for transfer of amount

**APPLICATION FOR QUANTIFICATION OF TAXABLE TURNOVER FOR
THE PURPOSE OF TAX DEDUCTION AT SOURCE**

(See Sec 22 (3) & Rules 18 (1)(f))

To
The Assistant Commissioner/
Commercial Tax Officer
.....Circle.

Date	Month	Year

- 02. Name of the Contractor :
- 03. TIN of the Contractor :

I / We _____ have undertaken the execution of works contract, the details of which are given below. I/We declare that the taxable turnover for the purpose of deduction of tax at source by the contractee is estimated as below.

- 1) Name and address of the contractee :
- 2) Name of the works contract * :
- 3) Nature of the works contract :
- 4) Total Value of the contract : Rs. _____
- 5) Estimated deductions (total of (a) to (f) below) : Rs. _____
 - a) Labour charges : Rs. _____
 - b) Hire charges of machinery and tools : Rs. _____
 - c) Cost of consumables : Rs. _____
 - d) Cost of establishment relatable to labour and services : Rs. _____
 - e) profit relating to labour and services : Rs. _____
 - f) Value of goods purchased or obtained from outside the State directly in relation to the agreement for execution of works : Rs. _____
- 6) Taxable turnover (Value in Col.4 less value in Col.5) : Rs. _____
- 7) Taxable turnover as % of total value of the contract (Value of Col.6 as % of value in Col.4) : _____
- 8) Percentage of tax to be deducted from the total value of the contract as per sub clause (i) or (ii) of clause (b) of sub rule (1) of rule 18) : _____

I / we request you to issue the suitable order so as to communicate it to the contractee for making deduction of tax from the amounts payable to me/us. It will be construed as this application is approved if any thing is not heard from you in this case within 60 days from the filing of this application.

The particulars furnished above are true and correct. I/We shall be held responsible in case the tax deducted is not correct in any manner and I/We shall be liable for penal action as per the provisions of the APVAT Act.

Name and designation of the contractor/
Person authorized to sign the agreement. :

Signature of the contractor/ Person
Authorized to sign the agreement :

Place :

Date :

* Nature of work to be categorized as falling under sub clause (i) or (ii) of clause (b) of sub rule (1) of rule 18.

**APPROVAL OF THE APPLICATION FOR QUANTIFICATION OF TAXABLE
TURNOVER FOR THE PURPOSE OF TAX DEDUCTION AT SOURCE**

(See Sec 22 (3) & Rules 18 (1)(f))

01. Tax Office Address:

Date	Month	Year

02. Name of the Contractor :

03. TIN of the Contractor :

Upon examination of your application in Form 501 C filed on _____
In this office, it is certified that the correct rate at which tax deduction at source shall be made is as arrived below.

- 1) Name and address of the contractee :
- 2) Name of the works contract :
- 3) Nature of the works contract :
- 4) Total value of the contract Rs. _____
- 5) Total deductions (total of (a) to (e) below) Rs. _____
 - a) Labour charges Rs. _____
 - b) Hire charges of machinery and tools Rs. _____
 - c) Cost of consumables Rs. _____
 - d) Cost of establishment relatable to labour and services Rs. _____
 - e) Profit relating to labour and services Rs. _____
 - f) Value of goods purchased or obtained from outside the state directly in relation to the agreement for execution of works Rs. _____
- 6) Taxable turnover (Value in Col.4 less value in col.5) : Rs. _____
- 7) Taxable turnover as % of total value of the contract (Value of col.6 as % of value in col.4) : _____%
- 8) Percentage of tax to be deducted from the total value of the contract as per sub clause (i) or (ii) of clause (b) of sub rule (1) of rule 18 : _____

The authority to deduct the tax at source is hereby requested to make the deduction at the rate of _____% (as per column 8 above) from % of the amount payable every time and to remit the tax so deducted to the Government treasury within fifteen days from the date of the deduction of tax at source.

Place:
Date :

Assistant Commissioner/
Commercial Tax Officer
_____ Circle.

Note:1. The Deducting Authority/ Employer is required to deduct the tax as mentioned above, each time the amount is released to the contractor.

Illustration: - Taxable turnover % determined in Col.7 for the particular work : 60%

Rate of TDS as per Col.8	: 4%
Amount being released	: Rs.5,00,000
Taxable Turnover is (60% of Rs.5,00,000)	: Rs.3,00,000
TDS amount (4% of Rs.3,00,000)	: Rs.12,000
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