

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Andhra Pradesh Value Added Tax Act, 2005-Government Contracts-Certain instructions-Orders-Issued

FINANCE(WORKS & PROJECTS F-8) DEPARTMENT

G.O.Ms.No.11

Dated: 29th 7, 2005

Read the following:-

- 1) Deputy Financial Advisor & Ex-Officio Dy. Secretary to Government Fin(W & P) Department
D.O.Lr.No.629/F8(1)/05-02, dt.09.05.05 along with minutes of the Meeting held on 27-04-2004.
- 2) CCT's Ref.NO.AIII(1)/78/05, dt.14-07-2005.

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ORDER:-

In exercise of the powers conferred under Sec.76(2) of AP VAT Act, 2005, the Government of Andhra Pradesh hereby issues the following instructions on executing works contracts under APVAT Act, 2005.

1. Tax collection at source at 4% towards VAT shall be made in all payment made in all 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 component 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 included in the estimates prepared in this connection.
5. For implementation of VAT and effecting TCS, date of payment of the respective bill only is the criterion. As and when bills are paid, 4% should be collected, wherever applicable.
6. Calculation of VAT to be deducted is as follows:
Amount of bill X 4 / 104
7. In respect of ongoing 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 purposed.
8. Sales Tax recovered in the bills will be credited by the PAOs direct to the Major head 0040 Sales Tax -Sub Major Head 040-Minor Head 102 Receipts under State Sales Tax Accounts-Sub Head 05 Tax Collection - and a Schedule of Sales Tax (TIN-Wise) is to be given by the PAO to the DDO (With copy to Commercial Tax authorities)
9. A copy of the Schedule of TCS shall be given to the nearest CTO by the PAO.
10. Form 501(certIFICATE of Tax Collection at Source) is to be finished to the contractor by the Drawing and Disbursing Officer at the time of delivery of cheque at the instance of each payment, A copy from 501 is attached.
11. 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 work costing more than Rs.5 Lakhs. No work should be awarded without the successful tendered submitting copy of this VAT registration certificate incorporating his TAX Identification No.(TIN). A copy of such registration certificate shall be annexed

to the agreement.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**I.Y.R.KRISHNA RAO
PRL SECRETARY TO GOVERNMENT**