

**GOVERNMENT OF ANDHRA PRADESH
ABSTRACT**

APVAT Act, 2005 – Law relating to levy of Tax on works contracts - Tax deduction at source by the PAO's – Certain problems noticed – Committee constituted for study of provisions in Act and Rules and to make recommendations – Appointment of additional members - Orders - Issued.

REVENUE (CT.II) DEPARTMENT

G.O.Ms.No.1119

Dated: 16 /9/2008.

Read the following:

1. G.O.Ms.No.88, Rev. (CT.II) Deptt., dt.27.1.2007.
2. From the CCT, Ref.No. AIII (1)/253/2006, dt.3.8.2007.
3. G.O.Ms.No.994, Rev. (CT.II) Dep't., dt.7.8.2008.
4. From the Chairman, Indian Construction Journal Committee, Builders' Association of India, Ref.No.281/A/2008-2009, dt.18.8.2008.
5. From the FAPCCI, Ref.No.898, dt.19.8.2008

ORDER:

Government vide reference 3rd read above, issued orders constituting a Committee for studying the existing provisions of APVAT Act, 2005 and Rules made there under relating to Works Contracts in detail and to suggest measures for further simplification of the provisions so as to solve the problems faced by the contractors in implementation and for ensuring wider compliance.

2. The Chairman, Indian Construction Journal Committee, Builders' Association of India vide reference 4th read above, suggested the following points to be included in the scope of Committee:

1. The issue specific about the Deptt reopening of completed assessment under APGST Act, merely to deny eligible refund owing to the excess TDS. The scope of committee should include a specific direction to deal with matter, so as to settle the issue amicably outside the court. At the same time, dept to arrange expeditious payment of refunds pending for undefined long period.
2. The exercise of Dept to ignore the scope of Rule 6(3)(i) of APGST Act subject to strict compliance with the prescribed conditions ie., any contract involving

any execution beyond one assessment period, shall deem the "turnover" to be purchase value of goods without warranting application of Rule 6(3)(ii).

3. Under VAT regime too, corresponding provision equivalent to Rule 6(3)(i) of APGST Act to be adopted, though not compromising on the revenue aspect of the State while restoring the simplicity of said Rule.
4. The exercise of Dept. too disallow Inter-State sales/transit sales effected to various clients, including Public sector undertakings is of serious matter. Since the law was well settled from 1992 onwards, as well as supported by a decision of Andhra Pradesh High Court and detailed clarification of CCT, AP present position to undo the settle the matter need also be covered by the Committee and in the larger interest of State economy the disputed issue to be resolved, while permitting the dealers to withdraw their petitions.

and requested the Government to include one representative from corporate sector in the Committee, either from L&T/Gammon India Limited/Hindustan Construction Company Limited or Nagarjuna Construction company Limited etc., who are executing large projects involving interstate transaction as per project requirement.

3. Further, FAPCCI vide reference 5th read above, also requested the Government to nominate a representative of FAPCCI in the Committee in order to allow a fair opportunity to it to represent the diverse sections of the trade, commerce and industry.

4. Government after careful examination of the requests made, hereby appoint the following additional members to the committee constituted vide reference third read above and that Committee shall also examine points raised by the Builders' Association of India referred at Para 2 above:

1. Sri Nitin K.Parekh, representative of FAPCCI
2. Sri K.Udaya Bhaskar, representative of L&T Limited
3. Sri K.K.Rao, President, Institute of Company Secretaries of India
4. Sri Ch.V.Narsi Reddy, Representative of AP Sales Tax Practitioners Associations.
5. The name of the Committee Member & Convenor at Sl.No.1 of the G.O.3rd read above shall be read as "G.Laxmiprasad" for "B.Laxmiprasad".

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

G.SUDHIR

PRINCIPAL SECRETARY TO GOVERNMENT.