

**GOVERNMENT OF ANDHRA PRADESH
COMMERCIAL TAXES DEPARTMENT**

Office of the
Commissioner of Commercial Taxes,
Andhra Pradesh, Hyderabad.

CCT's Ref.No. AII(1)/326/2012 Dt: 16-10-2012

Sub: Interactive Meeting with members of FAPCCI on 4.10.2012 at 4.00PM at Surana Udyog auditorium, FAPCCI Premises-Certain queries/ issued received from the members of FAPCCI-Reg.

Ref:- T&C Comm./292/2012-13 dt.1.10.2012 from the Federation of Andhra Pradesh Chambers of Commerce and Industry dt.1.10.2012.

The attention of the FAPCCI, Hyderabad is invited to the reference cited, wherein, it has submitted the following queries/issued received from their members. The issues mentioned by the members of FAPCCI and the Action taken / View of the Department is put up in column II and Colum III respectively as follows.

Sl. NO.I	Queries Received from Members of FAPCCI II	Action taken/View of the Department
I	<p>Rane Engine Valve Limited, Medchal, R .R Dist.</p> <p>Filing of return under Professional Tax:</p> <p>This is with reference to submission of profession tax return before filing 10th of succeeding month. Most of the companies will pay the salaries to their workmen and staff on 6th /7th of every month. In VAT /CST return filing due date is 20th , hence request the department to re - notify the date for filing of Professional Tax return on par with VAT return .</p> <p>Now, online facility for payment of Professional Tax is available but online facility for filing of returns is not there. Hence, request the department to extend the online facility for filing of returns for professional Tax also.</p>	<p>Proposal for amendment is being submitted to the Government for extending the date for filing of Professional Tax return to 15th /20th.</p> <div data-bbox="997 1176 1284 1422" style="border: 1px solid black; padding: 5px; margin: 10px auto; width: fit-content;"> <p align="center">F. A. P. C. C. I. RECEIVED</p> <p>inward No: Date:</p> <p align="center">729 20/10/12</p> </div>
2.	<p>Pennar Industries Ltd, IDA, Pattancheru.</p> <p>They are purchasing iron and steel (inputs) from APVAT dealers and selling within Andhra Pradesh (by charging VAT) and outside Andhra Pradesh against "Form C" Freight Charges are separately collected for CST sales.</p>	<p>VAT is to be imposed on all including freight charges except VAT itself. However under CST Act, the issue of Freight Collection</p>

	When they are availing Input Tax Credit they are applying "AXB/C" formula. Now, Department Officials are insisting them to include freight charges separately collected for CST Sales also. Kindly clarify.	depends on facts in each case and without verifying facts, no across the board clarification can be given.
3.	<p>DIVI'S Laboratories Limited, Hyderabad</p> <p><u>1. Clarification on issue of "I" Forms</u></p> <p>They have been purchasing raw materials from SEZ Units and suppliers are billing Nil VAT. As you kindly aware, there is no requirement of any Form as per the APVAT Act. However, as per the CST Act, they are required to issue 'I' Form to Suppliers for supplies made from outside the State. However, suppliers from within the State are also asking Form 'I' for such transactions - as they state that the Department is demanding 'I' Form for supplies made to SEZ units - kindly Clarify.</p> <p>a. Is the Form I to be Quarterly/ Annually?</p> <p>b. They are NOT getting "I" forms from the Development Commissioner Visakhapatnam Special Economic Zone (VSEZ), Duvvada, Visakhapatnam. They are issuing only 10 to 20 Forms at a time.</p> <p>2. Schedule - II of APVAT Act enumerates - "Sales of goods to any Unit located in SEZ" - Transactions are Zero rated and are eligible for Input Tax Credit. Subsequently, the Govt. of A.P. issued a notification vide G.O.MS.No.716 dated 4.6.2008 w.e.f 1.6.2008 shifting the entry from Schedule - II to Schedule - I - Exempt from Tax and are not eligible for Input Tax Credit.</p> <p>Suppliers are adding VAT to basic price then issuing bill with nil rate of tax. Government is losing VAT revenue and SEZ Units are not getting any benefit on this.</p>	<p>1. Already clarified vide CCT's Ref.AIII(1)/134/2012, dt.21.7.2012 that "As a proof of the genuineness of the transactions of sale, made to them, the SEZ units may issue Form 'I', prescribed under CST Act, to the dealers, selling goods to them under APVAT Act also till further orders".</p> <p>(a) 'I' Form may be issued Quarterly, as no time limit in CST Act, as already addressed by the CCT in Ref.No. AIII(1)/125/2012, dt. 21.07.2012.</p> <p>(b) Local issue. However the Development Commissioner, SEZ, Hyderabad is also addressed on this issue.</p> <p>2. Sales to SEZ are exempted all over India.</p> <p>If suppliers are adding some amount to basic price, then it is for the buyer to verify the price from market and make the purchases.</p>
4.	SMS Pharmaceuticals Ltd, Hyderabad	VAT is being levied only on first sales on

	<p>Clarifications on the following points:</p> <ul style="list-style-type: none"> • They are purchasing HSD Oil for power generation from retail seller's i.e., Petrol filling stations(Petrol Bunks). On purchase bill they are not mentioning their TIN. On enquiry, they were informed that their turnover in respect of "ENGINE OIL" is less than Rs. 5 Lakhs, hence they have not obtained VAT Registration. Kindly advise the tax status of purchases from non - registered dealers. • In the month of August - 2012 our Honorable CM as stated with industrialists that the Government will give concessional rate of tax on purchase of Diesel oil for power generation . Please confirm the status. • When a manufacturing company sold/dispensed one of its manufacturing units especially a 100% EOU Unit - Kindly clarify the tax liability. • When the assets of the manufacturing unit are sold/ disposed, instead of entire unit- Kindly clarify the tax liability. 	<p>Diesel Oils. If there is no ' Tax invoice '(as per Rule 27 of APVAT Rules, 2005) in the hands of buyers, then the buyer will not get ITC; which will apply equally for purchases from unregistered dealers.</p> <p>No such orders are received from the Government.</p> <p>If sold as an 'ongoing concern' to another VAT dealer then no tax liability as per Rule - 36 of APVAT Rules, 2005.</p> <p>The sale of movable assets are liable to tax as per APVAT Act, 2005.</p>
V	The South Indian Sugar Mills Association, Andhra Pradesh.	
1.	<p>Levy of VAT on Sugar:</p> <p>The Government has imposed VAT on Sugar w.e.f 8.7.2011 at 4% and subsequently enhanced to 5%. AP is the only State in a country imposed VAT on Sugar. Our State is surrounded by Sugar Surplus States. We understand that a large quantity of Sugar from Maharashtra and Karnataka s being sold in Hyderabad, Vijayawada and other markets in the State. And further understand that Sugar is being billed on Traders located in Yanam by Sellers from other States which is seeping into the local market. To compete with this, the sugar factories are forced to lower their prices by around Rs. 100/- per quintal. This is adversely affecting their Sugar Cane Price Payment.</p>	<p>Vehicle Check will be increased. The DCs enroute to Yanam (from Maharashtra / Karnataka) are alerted already .</p>
2	<p>Sugar - Issue of Way Bills in Form 600</p> <p>The Government of A.P. notified Sugar as Sensitive Commodity and they are ineligible to use the gate pass cum invoice as waybill and they have to issue Waybill in Form 600 with effect from</p>	<p>e-Way bill or Paper based Way bill should be used.</p>

	<p>10.08.2012.</p> <p>A large number of sugar factories in the state are exporting sugar to other States by Rail. The Sugar has to be transported by trucks to the nearest railway station for transshipment to Railway wagons. The Railways allow only 9 hours for loading the full rake and thereafter any further delay leads to heavy demurrage. Even though the department has provided for e-waybill facility, the sugar factories located in rural areas, accessing interest is often difficult.</p> <p>Excise gate pass cum Invoice contains all the particulars that are to be reported in the Waybill. Further, the factories also contains full particulars. The Excise gate pass cum Invoice along with the R.R's would be adequate proof of the sugar being transported outside the state. Hence, request the Commissioner to restore the original practice of accepting Excise gate pass cum Invoice as Way Bill.</p>	
VI	<p>Way bill – intracity movement of goods</p> <p>It is very difficult for Distributors, wholesalers and C & F agents to carry waybills for intracity movement of goods. The distributors, wholesalers have quite a few vehicles with them and the Vehicles also make many trips during the day in the city, making it difficult every time to take out the printout of the waybill. Invoice, Entry Slip and a log book(trip sheet) of the goods vehicle should be enough and the way bill dispensed off for intracity movement of goods.</p>	<p>Not feasible. Already informed vide CCT's Ref.AII(1)/311/2012 dt. 05.10.2012, to the FAPCCI, Hyderabad.</p>
VII	<p>Extend the due date for filing of Revised Returns from 6 months to 9 Months.</p> <p>As the due date for filing of Tax Audit Cases under Income Tax Act is 30th September, 2012. It is difficult to file the revised returns under 213 immediately. Filing of revised return for claiming of input tax credit under Form 213, stipulates 6 months period, whereas payment to the department has no upper limit. If the department does not detect any omissions, in such cases the time may be extended to 9 months</p>	<p>Not feasible. However if no detection by the Department, and if there is increase in tax liability by the dealer, revised return in VAT - 213 is permitted to be filed, even after 6 months, as per CCT's Ref No: AII(3)/248/2012 dt. 12.07.2012 (Circular No - 15).</p>
VIII	<p>The Kurnool District Chamber of Commerce & Industry, Kurnool.</p> <ul style="list-style-type: none"> • It is requested that GST may be introduced at the earliest for smooth functioning of Business. • At present VAT and CST are auditing separately. If VAT & CST are audited separately, it is 	<p>Amendment to Constitution pending.</p> <p>Instructions already issued in CCT's Ref.</p>

	inconvenience for Traders because at the time of audit, books may not be availed with Traders, causing inconvenience for them. If both the audits can be done at one time, it is very convenience and useful for Traders. Hence it is requested that VAT and CST may be audited at one time instead of separately.	No: BV(3)/37/2010 dt. 10.10.2012(Circular No: 27).
--	--	---

IX	<p>Foods Fats and Fertilisers Ltd, Hyderabad</p> <p>Rate of A.P VAT on the sale of Table Margarine and Table Spread - Request for uniform implementation of the rate.</p> <ol style="list-style-type: none"> 1. We are reputed five decade old manufacturers of various edible oils, Vanaspathi and Margarine etc. We manufacture Industrial Grade Margarine, Table Margarine and Table Spread etc. 2. On an application made by us before the Authority for clarification under advance ruling (under sec 67 of A.P VAT, 2005) for the rate of VAT for Table Margarine and Table spread, the said learned authority vide Advance Ruling Order No. A. R. com/39/2012, dated 15.09.2012 had clarified that the Table Spread and Table Margarine are also covered under residuary entry in schedule 5 of the A.P VAT Act 2005 attracting tax at 14.5%. 3. We observe that other manufacturers like Zydus Callida, Bunge India etc are charging and collecting 5% A.P VAT on the sale of Table Spread and Table Margarine (brand names like Neutralite and Vimalite). <p>Since It is clarified by the Advance Ruling Authority that the rate of A.P VAT on Table Spread and Table Margarine is 14.5%, this will enable our company not to be at disadvantage as compared to other competing brands.</p>	The concerned Deputy Commissioner's are already addressed take action as per Advance Ruling dt. 15.09.2012.
-----------	--	---

X	Vijayasri Organics Limited, Hyderabad.	
----------	---	--

APVAT ACT

S.No	Form No	Matter	Practice	Suggested Practice	
1.	VAT 200	Monthly Return	Returns are being filed through uploading in the website. After this we still have to file paper returns with our	Filing of Paper returns with jurisdictional Assessment Officer should be dispensed with since sufficient	Already dispensed

			jurisdictional Assessment Officer.	versatility and integrity has been built into the e-filing practice with passage of time.	
2.	VAT 200 A	Monthly Return	Whenever applicable this return as to be filed monthly	Provision for e-filing of this return must be put in place	Will be examined
3	VAT 200A	Annual Return	Whenever applicable this return has to be filed annually	Provision for e-filing of this return must be put in place	Will be examined
4.	VAT 200(Row w)	Monthly Return	Consolidated turnover of SEZ, export, and High sea sales are reported in this cell.	Separate cells must be designated for each in view of the necessity to restrict ITC in case of turnover to SEZ.	Will be examined.
5.	VAT 213	Return for corrections	E - filed return must again be taken to the CTO for approval thus adding one more necessity of visit to department.	E - filed return must be altered to give space for nature of correction and need for same. Approaching the CTO must be dispensed with since this involves another opportunity for interface with the department.	Revise Return is online. The CTO has to pass order-refund or tax demand, as the impact of revised return must be confined to that particular month only.

CST ACT					
6.	CST VI	Monthly return	E - Filing of return	No provision to file revised return on web - site	Upto 4 years as per Rule 14(14) of CST (AP) Rules, 1957; the suggestion for e-filing revised return will be examined.
7.		SEZ Sales	SEZ units within AP are not issuing Form - I as SEZ units	Kindly clarify through circular that all SEZ units must issue Form - I to	Instructions already issued to issue 'I' Form, in CCT's Ref No : AIII(1)/134/2012 dt. 21.07.2012.

			outside AP citing that there is no interstate movement in goods	all its suppliers irrespective of location, since the turnover is actually deemed exports.	
8.	"C" FORM SUBMISSIONS	Quarterly issue	In the present practice of submitting forms quarterly, some customers are giving forms in which invoice details of one quarter - end supplies are included in the following quarter's form. This problem is more acute when the quarter - end is March - end, and causes endless troubles for assessee's. We have to send the form back to customer, and depending upon the practice prevalent in that state the form is either rectified as per customer's	Request to kindly address the problem holistically since it has a pan - India significance. Until a permanent solution is found, kindly direct all assessing officers to give credit for all invoices covered by "C" form irrespective of period to which it pertains. Attested photocopy may be kept in other year file, if found overlapping.	It is already instructed - Quarterly Based on issuing date or goods received date; in CCT's Ref No. IST/D1/OUT/31/2012 dt. 10.05.2012 (Circular No - 10)

			request, or even denied on ground that the turnover pertains to the next quarter.		
9.	"C" FORM	Quarterly issue	The problem related above persists in the reverse when we have to issue "C" forms.	The above solution shall be considered for this matter also.	It is already instructed - Quarterly Based on issuing date or goods received date; in CCT's Ref No. IST/D1/OUT/31/2012 dt. 10.05.2012 (Circular No - 10)

Sd/- Suresh Chanda,
Commissioner of Commercial Taxes.

To
The Federation of Andhra Pradesh,
Chambers of Commerce & Industry,
Federation House,
FAPCCI Marg, Red Hills,
Hyderabad - 500 04.

//t.c.f.b.o//

Prw
16-10-2012
Madhy
Addl. Commissioner (CT)(G)(FAC).