ANALYSIS OF AMENDMENTS MADE IN ORDINANCE NO.7 DATED 15-09-2011 TO AP VAT ACT

Section	Existing provision	Amended Provision	Implication	Effective date
SECTION 4 (7)(b)	Any dealer executing any works contracts for the Government or local authority may opt to pay tax by way of composition at the rate of 4% on the total value of the contract executed for the Government or local authority. (The words "and in such cases, the tax at 4% shall be collected at source by such contractee and remitted to Government in such manner as may be prescribed;" were deleted by Act No 5 of 2007 dt 22-01-2007 w.e.f 01-09-2006.) c) Any dealer executing works contracts other than for Government and local authority may opt to	1) In section 4 Clause 7(b) **substituted** with the following" Every dealer executing works contract may in lieu of the amount of tax payable by him under clause (a) opt to pay by way of composition @4% of the total amount received or receivable by himself towards execution of the works contract either by himself or through sub –contractor subject to the conditions as may be prescribed Provided that the sub contractor, executing works contract on behalf of the contractor, who opts to pay tax under this clause, shall be exempted from levy of tax. 2) Clause (c) shall be **omitted**	The differentiation of contracts between government and local authority and non-government and other than local authority has been removed and only single category of works contracts has been taken cognizance of.	**15-09-2011** **15-09-2011**

	pay tax by way of composition at the rate of 4% *{…} of the total consideration received or receivable for any specific contract subject to such conditions as may be prescribed;			
SECTION 4 (7)(d)	Any dealer engaged in construction and selling of residential apartments, houses, buildings or commercial complexes may opt to pay tax by way of composition at the rate of 4% of twenty five percent (25%) of the consideration received or receivable or the market value fixed for the purpose of stamp duty whichever is higher subject to such conditions as may be prescribed;	1) Clause (d) of section 4 (7) the following shall be **substituted** " Every dealer engaged in construction and selling of residential apartments, houses, buildings or commercial complexes may, in lieu of the amount of tax payable by him under clause (a) opt to pay tax by way of composition @ 4% on 25% of the amount received or receivable towards the composite value of both ***land*** and building or the market value fixes therefor for the purpose of stamp duty, which ever is higher, subject to such conditions as may be prescribed. Provided that no tax shall be payable by the sub – contractor of a works contractor, who opts to	Here for the purpose of valuation land value is also to be included which is not there previously.	**15-09-2011**

		pay and paid tax under this clause on the turnover relating to the amount received as a sub-contractor from such main contractor towards the execution of works contract, whether or partly subject to the production of evidence to prove that such main contractor has exercised such option in respect of the specific work and subject to such other conditions as may be prescribed.”		
SECTION 4 (7)(e)	e) any dealer having opted for composition under clauses (b) or (c) or (d), purchases or receives any goods from outside the State or India or from any dealer other than a Value Added Tax dealer in the State and uses such goods in the execution of the works contracts, such dealer shall pay tax on such goods at the rates applicable to them	1) Clause (e) of section 4 (7) shall be omitted;	Any dealer opted for composition, purchases any goods from outside state or India or from other than a VAT dealer in the state uses such goods in the execution of the works contracts, such dealer **need not to pay tax** on such goods at schedule rates and at the same time the value of the goods **shall not be excluded** for the purpose of computation of turnover on which tax by way of composition @ 4% payable.	**15-09-2011**

	under the Act and the value of such goods shall be excluded (from the total turnover) for the purpose of computation of turnover on which tax by way of composition at the rate of four percent (4%) is payable.;			
SECTION 4(7) (h)	No tax shall be payable under (clause (a) or (b) or (c) of) this sub section on the turnover relating to amounts paid to a sub contractor as consideration for the execution of works contract whether wholly or partly subject to the production of proof that such sub contractor is registered as a VAT dealer under the Act and the turnover of such amount is included in the return prescribed filed by such sub contractor.	1) in clause (h), for the expression "clauses (a) or (b) or (c)", the expression "clause(a)" shall be substituted.;	in the regular scheme of works contract, who is executing contract under non-composition only the Main contractor can claim the deduction to the extent of sub contractor's turnover.	**15-09-2011**
SECTION	no tax shall be payable under clause (d) of this sub section on the	1) Clause (i) shall be **omitted.**	In view of the omission of sub clause (e) under section 4 (7), similar	**01-04-2005**

4(7) (i)	turnover relating to the consideration received as a sub-contractor if the main contractor opted to pay tax by way of composition subject to the condition that the sub-contractor shall pay tax in respect of any goods purchased or received from outside the State of Andhra Pradesh or from any person other than a Value Added Tax dealer in the State on the value of such goods at the rates applicable to them under the Act.		clause relating to purchase of any goods from outside state or India or from other than a VAT dealer in the state uses such goods in the execution of the works contracts is also omitted.	
SECTION 4(8)(b)	-------------	after sub-section (8A), the following shall be added, namely "(8B) Any dealer other than the producer of a feature film may, *in lieu* of the tax payable by him under sub-section (8), opt to pay by way of composition an amount of tax at the rate of 4% of the total amount, received or receivable by him towards transfer of right to use any goods subject to the conditions, as may be prescribed: Provided that, wherever the tax is paid under this sub-section, the subsequent transfer of right to use such goods shall not be liable to tax under sub-section (8)".	**New provision included in the ACT**	**01-04-2005**

SECTION 4(10)(a)	(a) Notwithstanding anything contained in the Act or any other law for the time being in force, every person who, for an agreed commission brokerage, buys or sells on behalf of any principal who is a resident of the State shall be liable to tax under this Act at the rate or rates leviable threunder in respect of such purchase or sale, notwithstanding that such principal is not a dealer or that the turnover of purchase or sale relating to such principal is less than the minimum specified in sub-sections (2), (3) and (4) of section 17;	in sub-section (10), to clause (a), the following proviso **shall be added**, namely "Provided that the agent selling agricultural produce on behalf of the agriculturist principal, shall exempted from payment of tax subject to such conditions as may be prescribed."	**New provision incorporated in the Act**	**24-09-2008**

SECTIO (4)(11)		**after sub-section (10) so amended** the following new sub-section **shall be added**, namely- "(11) Every dealer, who is engaged in the integrated activity of printing and supplying the printed materials may, *in lieu* of the amount of tax payable under the Act, **opt to pay by way of composition an amount of tax a the rate of 4% on sixty percent (60%) of the total value of such supplies received or receivable**, irrespective of the fact whether such supplies involve sale or works contract or job work subject to such conditions as may be presented	**New provision incorporated in the Act**	**01-04-2009**
SECTION 13	Where any VAT dealer pays tax under clause (a) of sub-section (7) of Section 4, the input tax credit shall be limited to 90% of the related input tax.	in sub-section (7), for the expression **"90%", the expression , "75%"** shall be substituted.	The Contractors who are executing works contracts under non-composition scheme i.e, under section 4(7) (a) their entitlement towards input tax credit is restricted **to 75%** of the total inputs instead 90% allowed as earlier. This is effective from 15-09-2011	**15-09-2011**
SECTION 22	(2) If any dealer fails to pay the tax due on the basis of return submitted by him or fails to pay any tax assessed or penalty levied or any other amount due under the	In sub-section (2), for the words "**interest calculated at the rate of one percent per month**" the expression "**interest calculated at the rate of one and quarter (1.25%) percent per month"** shall	**Interest rate increased**	**15-09-2011**

	Act, within the time prescribed or specified there for, he shall pay, in addition to the amount of such tax or penalty or any other amount, interest calculated at the rate of one percent per month for the period of delay from such prescribed or specified date for its payment. The interest in respect of part of a month shall be computed proportionately and for this purpose, a month shall mean a period of 30 days. 6 (a) The Deputy Commissioner, on an application made by a VAT dealer or any other dealer, permit the payment of any tax, penalty or other amount due under the Act in such instalments within such intervals and subject to such conditions, as he may specify in the said order, having regard to the circumstances of the each case; (b) Where such payment in instalments is permitted, the dealer shall	be substituted In sub-section (6), in clause (b), for the words "**interest at the rate of one percent per month**" the expression **"interest calculated at the rate of one and quarter (1.25%) percent per month"** shall be substituted.-	**Interest rate increased**	**15-09-2011**

	pay in addition to such tax, penalty, instalment or other amount, interest at the rate of one percent per month for the amount for the period from the date specified for its payment on the instalments so permitted.			
SEC TION 2(2)	-------------------------	In the Principal Act**, in section 2 (38) Taxable Turnover** following Explanation-III is **added:** "Explanation-III : The sale price, relating to loose liquor, served to customer in a bar/restaurant which was derived from the goods enumerated in item 1 of the Schedule-VI, on which tax at special rates has been levied and paid in the State, shall not form part of taxable turnover."	With the addition of this explanation, all those dealers who serve the loose liquor in their bars/restaurants need not pay sales tax as per the Honourable High Court of A.P's decision in the case of Sri Manasa Enterprises, Peerzadiguda, Rangareddy – 2009 (49) APSTJ 222 and followed by the Commissioner's circular CCT's Ref No.L-III/537/2010 dated 25-01-2010. ***This explanation is effective from 01-04-2005 and no tax is payable by any bar/restaurant.***	**01-04-2005**