GOVERNMENT OF ANDHRA PRADESH
REVENUE (CT.II) DEPARTMENT

Memo.No.33263/CT.II(1)/2010-5, dated:17.6.2011

Sub: APVAT Act, 2005 – Levy and collection of tax on the builders of the residential apartments at the composition rate of 1% Under Section 4(7) (d) of the APVAT Act – Orders – Issued – Regarding.

Ref:
1. From the President, Anantapur Builders Association letter Dated, 26.05.2010.
2. From the CCT, Ref.No.AIII(2)/142/2010, dt.13.7.2010
3. From the President, Serilingampally Builders Association, representation dt. 20.7.2010.
4. Govt.Memo.No.33263/CT.II(1)/2010-1, dt.25.8.2010.
5. From the President, Prakasam District Builders Association, representation dt. 7.10.2010.
6. Govt.Memo.No.33263/CT.II(1)/2010-2, dt.22.10.2010.
7. From the CM's Office, CMP No.289/CMP/2011, dt.7.1.2011 along with the representation of the President, CREDIA, AP, dt.3.1.2011.
8. Govt.Memo.No.33263/CT.II(1)/2010-3, dt.4.3.2011.
9. From the Hon'ble Minister for Minor Irrigation, Lr.No.331/ M(MI)/2011, dt.6.2.2011 along with the representation of the President Builders Association, Kurnool District.

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In the references 1st, 3rd, 5th, 7th and 9th cited, Builders Association of several districts have represented to levy and collect one percent of VAT i.e., 4% of twenty five percent of the consideration received irrespective whether or not the builders are registered under section 17(5) (g) and opted for composition under section 4(7) (d) of the APVAT Act.

2. The commissioner of Commercial Taxes, AP, Hyderabad, vide reference 1st cited, stated that since the issue involves only technical requirement of VAT registration and filing of Form VAT 250 to opt for composition under APVAT Act, 2005, Government may as a one time measure to consider the representation of the apartment builders to get themselves regularized and to pay tax @ 1% for the past and future work contracts. He has also stated that as the builders did not collect VAT @12.5% / 14.5% from the customers, they may be allowed to pay VAT @1% besides interest @ 12% per annum from the due date of VAT payment and requested to issue similar orders as was passed under the APGST regime vide Govt. Memo No.72374/CT.II(1)/2002, dt:28.1.2003.

3. Government, after careful examination, hereby order and permit those apartment builders, who have not registered and not opted for composition of tax under section 4 (7) (d) under APVAT Act, 2005 to register themselves as VAT dealers and pay tax @ 1% under composition scheme. They should also pay interest, as applicable under the APVAT Act, from the due date till actual payment of the VAT due.

4. However, pending reassessment of tax @1% plus interest due, the Commissioner of Commercial Tax is advised not to take any coercive action against the concerned builders.

5. The Commissioner of Commercial Taxes is requested to take further necessary action in the matter.

ASUTOSH MISHRA
PRINCIPAL SECRETARY TO GOVERNMENT.

To
The Commissioner of Commercial Taxes, AP, Hyderabad.

//forwarded :: by order//

Section Officer.