

ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION

Lr.No.C5/437(SER-TAX)/2009-OPD(C)

O/o VC & MD,
Bus Bhavan, Hyderabad-624.

JOINT ACCOUNTS and OPD CIRCULAR No.11/2009, Dt.02.04.09.

Sub:- SERVICE TAX:- Levy of service tax on renting of immovable property for use in the course of furtherance of business of commerce - Issue of instructions - Reg.

Ref :-1.Accounts Circular No.07/2008, Dt.01.10.08.
2,Lr.No.SA(HO - 10)/SER.TAX/2008-AW, Dt.27.01.09.
3.This Office Lr.No.even, Dt.11.03,09.

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Instructions were Issued vide circular 1st cited to collect service tax @'12.36% on monthly licence fee towards additional security deposit for contingent liability from the licensees of the taxable stalls/spaces etc. at the Bus stations w.e.f.01.06.2007.The amount so collected shall be credited to the AH 0610 - Additional Security Deposit(Rents).

It was also Instructed vide letters 2nd & 3rd cited to

1. withhold security deposit from the licensees whose licences are terminated/period expired subsequent to 01.06.2007 for the purpose of payment of service tax till the disposal of W.P filed by the corporation, against payment of service tax
2. Incorporate a relevant clause In the terms, and conditions of the tender notification and also in the agreement to be entered into with the licensees. .

Instances have come to the notice of this office that the existing licensees of the stalls/spaces at many Bus stations and the successful bidders have expressed difficulty to pay service tax on the plea that there is no such clause in the terms and conditions of the agreements already entered and in the tenders called for.

The pros and cons that would arise if the service tax as additional security deposit for contingent liability is collected have been examined for the existing contracts and also for incorporating a relevant clause in the ensuing tender notifications.

After having examined the matter in detail, VC & MD with the concurrence of FA & CAO, has ordered

1. not to collect service tax from the existing, licensees of the stalls/spaces etc, and to treat all the Licence fees received as inclusive of service tax and appropriate action will be taken based on the out come of the court judgement.
2. . to Incorporate a clause in the terms and conditions of the future Tenders that the service tax if any applicable will. be borne by the corporation.

Thus the instructions issued vide the circular 1st cited and the letters 2nd & 3rd cited stand cancelled

These revised Instructions not to collect service tax is applicable to only stalls, open spaces, canteens and DOT stalls existing in the bus stations

The Field Managers are therefore requested to take immediate action in this regard and ensure that the above item-2 in this page is incorporated in the terms and conditions of the ensuing tenders

Please acknowledge

VICE CHAIRMAN &
MANAGING DIRECTOR

To
All Regional Managers
A.P.S.R.T.C.,

Copy to the Director (V&S), FA CAO, all EDs of Corporate Office for information

Copy to EDs of Zones for information and n/action

Copy to: Chief Auditor and Resident Senior Audit Officer, Bus Bhavan for information

Copy to the HODs / Dy CTMs in Head Office for information

Copy to the Divisional Managers / Dy. CTMs of the Corporation for information

Copy to All the Depot Managers for information and n/action

Copy to the ATMs of MGBS/HYD JBS/SEC'BAD, PNBS/VJA, DBA/VSP,
NTR B/S-GNT &SBS/TPT.

Copy to Pos / AOs in all Regions for information and n/action

Copy to Dy,EEs/AEs (COMMERCIAL BUSINESS DEVELOPERS) in all, Regions for information and n/action.