

**ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION**

No.SA-02/ST/VAT(1)/2015-16/AO-S



O/o the VC & MD

Bus Bhavan, HYD-624.

**Joint Circular No 02 of AD and OPD dated 16.05.2016**

Sub: VAT on Hire Bus Charges – Payment of TOT or VAT on Hire charges – instructions issued - Reg

Ref: (1) Joint Circular No 06 of AD and SPD dated 19.02.2016

Vide circular cited at reference, it was instructed that, in case of registered dealers to remit 0.5% of Tax (i.e., 50% of 1%) on hire charges to the Commercial Taxes Department and the balance 0.5% of tax to the Hire bus owner. In case of Un-registered dealers total 1% of tax is to be remitted to the Commercial Taxes Department. Accordingly the Regional Dy.CAOs/AOs are following the above procedure and remitting the tax to the Commercial taxes department.

But Commercial Taxes department has issued show cause notices to the regions to levy the tax @14.5% on payment of Hire charges to the un-registered dealers.

As per Sec 4(8), the Bus owners who are registered as VAT dealers are liable to pay tax @ 14.5% on the Hire charges collected by them from APSRTC.

As per Sec 4(8B), the Bus owners who are liable to pay tax U/Sec. 4(8) can opt for payment of such tax @ 5% under the Composition scheme. The same is also advised in the letter given by the Commissioner of Commercial Taxes.

In view of the above, all the Regional Managers shall advise the Hire bus owners to get registered themselves as VAT dealers under composite scheme duly submitting Form VAT 250 to the Commercial Taxes Department and submit a copy of the registration certificate. In such case the following are the guidelines for making TDS on hire charges.

## **1. Registered as VAT Dealer:**

### **a) Opted for Composite scheme :**

If the hire bus owners registered as VAT dealer under composite scheme, the present applicable tax rate is 5%, in such case Corporation will pay 2.5% (50% of 5%) of hire charges to the Commercial Taxes Department and balance 2.5% will be reimbursed to the hire bus owners on production of valid original payment receipt by the owners of the hire bus.

### **b) Not opted for composite scheme:**

If the hire bus owners registered as VAT dealer and not opted for composite scheme the present applicable tax rate is 14.5%, in such cases 7.25% (50% of 14.5%) will be paid to the Commercial Taxes Department but the corporation will bear only 5% of the hire charges and the remaining 2.25% will be deducted from the hire charges payable to the hire bus owners. The balance 7.25% is also to be borne by the hire bus owners only.

## **2. Un-registered dealer:**

In case of unregistered dealers 100% of 14.5% will be paid to the Commercial taxes department. However Corporation will bear only 5% of hire charges and balance 9.5% will be deducted from the hire charges payable to the hire bus owners.

**In any case the liability of the Corporation is only 5% of Hire Charges.**

All the Regional Dy.CAOs/ AOs shall deduct TDS as detailed above at applicable tax rate from each Hire bus owner depending on their registration with the Commercial Taxes Department.

Hence all Regional Managers, Dy.CAOs and AOs are advised to follow the instructions scrupulously.

This has the approval of Vice Chairman & Managing Director

  
ED (O, M&C, PROJ)

  
FA&CAO

Copy to: (1) All officers of the Corporation  
(2) Resident Audit Officer/ APSRTC