ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION
Corporate Office, Operations Department (Planning Wing)
Bus Bhavan, Mushirabad, Hyderabad – 500 020.

No.P9/259(124)/2005-OPD(P)

ACCOUNTS & OPERATIONS DEPARTMENTS' JOINT CIRCULAR NO.20/2008-OPD(PLG). Dt.19-07-2008.

Sub: **HIRING** - Hiring of private buses – AP VAT Act, 2005 - Mandatory registration as TOT (Turn Over Tax) dealer under AP VAT Act 2005 and obtaining of Registration Number from the concerned Dy. Commercial Tax Officers in the District by every owner operating hire Buses with APSRTC and receiving / will receive hire charges amount exceeding Rs.5.00 Lakhs (Rupees Five Lakhs) in period of 12 months – Reimbursement of VAT paid by the owners of hire buses -Instructions issued - Reg.

Ref: 1. Sec.17 (7) of AP VAT Act 2005.
2. This Office letter No.even Dtd.10.04.2008.

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Attention is invited to the reference 2nd cited, wherein it was informed that as per the provisions of Sec.4 (8) of AP VAT Act 2005, the owners of hire buses are liable to pay Value Added Tax (VAT) over the hire bills received by them for operating their hire buses with APSRTC under transfer of right to use goods.

All the Regional Managers were also instructed to advise all the owners of hire buses in your Region to apply for registration as TOT (Turn Over Tax) dealer in the manner prescribed in the said Act with Commercial Tax Authorities in the Districts concerned and obtain necessary GRN Registration Number by 15-04-2008 without fail.

After detailed examination, it is decided to reimburse the VAT paid by owners of hire buses to the Commercial Tax Department on the hire charges received by them under transfer of right to use goods as per the provisions of Sec.4 (8) of AP VAT Act 2005. Therefore, following guidelines are issued for strict compliance and for immediate implementation.

<u>Registration of owner of hire bus as TOT Dealer</u> : It is the responsibility of the owners of hire buses to get themselves registered as per the provisions of Sec.17 (7) of AP VAT Act 2005 and obtain necessary TOT / GRN number.

Applicability of VAT : The applicability of VAT on different turnovers (i.e. the quantum of hire charges received by hire bus owners in a financial year) is as follows:
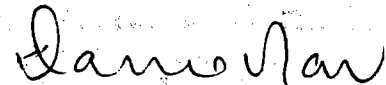
      1. Turnover upto Rs.5.00 lakhs per annum   -   Nil
      2. Turnover from Rs.5.00 to Rs.40.00 lakhs per annum -   1%
      3. Turnover exceeding Rs.40.00 lakhs per annum   -   12.5%

Reimbursement of VAT paid by the hire bus owners : As each hire bus is having separate agreement and Corporation is entering into individual agreement for each hire bus (but not cluster of buses of one owner and no hire contract agreement is entered between Corporation and two or more number of buses with one single owner), the Corporation is liable to reimburse only 1 % of total hire charges paid to a bus in a financial year since hire charges paid to any hire bus will not exceed Rs.40.00 lakhs in a year, under any circumstance.

On production of valid original receipt by the owner of hire bus (who is on the rolls and operating bus) as having paid 1% of the VAT on the hire charges received on hire bus in a year to the concerned Commercial Tax Department, the same shall be reimbursed by the concerned DM to the owner of hire bus on proportion basis in 24 installments along with the hire bills payable once in fortnight (as is being reimbursed in case of Insurance Premium paid on hire buses). The reimbursement of VAT shall be pre-audited.

Booking of the Expenditure : All the expenditure incurred towards reimbursement of VAT on hire buses shall be booked under Account Head No.7811.

      Necessary action be taken accordingly.

EXECITIVE DIRECTOR,
(OPERATIONS & MIS)

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

Copy to : All Executive Directors of Zones.
Copy to : ED(E), F.A. & CAO for information.
Copy to : All DVMs / All Depot Managers.
Copy to : All Dy. CAOs in Zones, AOs in Regions for infmn. & n/a.
Copy to : All Dy. CTMs in Regions for infmn. & n/a.