

Leaflet 22

TREATMENT OF AGRICULTURAL COMMODITIES

01. WHAT ARE THE PROVISIONS IN THE APVAT ACT, 2005 FOR THE TREATMENT OF FARMERS?

Farmers are not regarded as in business if they are selling their own agricultural produce and they are outside the scope of VAT. However, if they process them into some other form and sell, they are liable to tax if their turnover is above the threshold limits, e.g. conversion of paddy to rice, sugarcane to jaggery, oilseeds to vegetable oil and consequently, their sales.

02. IS THERE ANY EXEMPTION AVAILABLE TO FARM PRODUCE?

Yes. They are listed in Schedule-I of APVAT Act 2005 and enclosed in Annexure-I to this leaflet.

03. WHO IS LIABLE TO PAY TAX ON FARM PRODUCE THAT IS NOT EXEMPTED FROM TAX UNDER THE APVAT ACT, 2005?

Persons other than farmers who are in the business of buying or selling such produce whether processed or unprocessed are liable to pay tax under the APVAT Act, 2005 provided their turnovers are above threshold limits.

04. IF I AM LIABLE TO PAY TAX HOW DO I DISCHARGE MY LIABILITY TO TAX UNDER THE APVAT ACT, 2005?

If the value of the goods you sell in the State of Andhra Pradesh exceeds Rs.40 lakhs in any period of 12 consecutive months or exceeds Rs.10 lakhs in any period of 3 consecutive months, you must register for VAT.

If the value of the goods you sell exceeds Rs.5 lakhs in any period of 12 consecutive months, you must register for Turnover Tax.

If you make inter-State sales, transactions of transfers or consignment sales outside the State under the Central Sales Tax Act, 1956, you must register for VAT and pay VAT at the rate specified in the APVAT Act, 2005. (*See leaflet 02 "VAT & TOT Registration Guide"*).

If you are registered for Turnover Tax, you must account for Turnover Tax at the appropriate rate.

05. AM I LIABLE TO PAY TAX UNDER THE APVAT ACT 2005 IF I BUY AGRICULTURAL PRODUCE AND SEND THEM OUTSIDE THE STATE WITHOUT MAKING A SALE?

In such a situation, you are liable to pay tax at 4% on the purchase value of the agricultural goods purchased from persons not registered as VAT dealers.

06. DO I HAVE TO PAY VAT IF I AM ACTING AS A SELLING AGENT FOR A RESIDENT PRINCIPAL IN ANDHRA PRADESH?

No. Your principal has to pay VAT on the transaction and he should authorize you to issue a tax invoice on his behalf. He must account for VAT on the transaction and only he can take credit for any input tax for the purchases of taxable goods in A.P. from VAT dealers (*See leaflet 14 “Agents & Principals”*).

07. WHAT ARE MY RESPONSIBILITIES IF I AM A BUYING AGENT ON BEHALF OF A RESIDENT PRINCIPAL?

The invoice/tax invoice you obtain from the seller must be made out in the name of your principal. In the case of a tax invoice, the principal’s TIN must be shown on the tax invoice.

08. WHAT SHOULD I DO TO OBTAIN FURTHER INFORMATION?

You should contact your local Tax Office.

**ANNEXURE – I
LIST OF GOODS EXEMPT FROM TAX**

S.No.	NAME OF THE COMMODITY
1.	Agricultural implements manually operated or animal driven
2.	Aids and implements used by handicapped persons
3.	Aquatic feed, poultry feed and cattle feed including grass, hay and straw
4.	Betel leaves
5.	Books, periodicals and journals
6.	Charkha, Ambar Charkha and Gandhi Topi
7.	Charcoal
8.	Jowar, Maize, Ragi, Bajra, Kodan, Kutki, Barley, Varigalu or variga rice, Korralu or Korra Rice.
9.	Condoms and contraceptives
10.	Cotton Yarn in hank and silk yarn in hank
11.	Curd, Lussi, Butter Milk and separated milk
12.	Earthen pot
13.	Electrical energy
14.	Firewood other than casuarina poles, eucalyptus logs and cut sizes thereof
15.	Fishnet and fishnet fabrics
16.	Fresh milk and pasteurized milk other than UHT milk and skimmed milk powder
17.	Fresh plants, saplings and fresh flowers
18.	Vegetables & fruits other than those cured, frozen, preserved, processed, dried, dehydrated or canned
19.	Garlic and Ginger

20.	Bangles made of shell, Glass, Lac or Plastic
21.	Handlooms, parts and accessories thereof and goods produced from handlooms
22.	Human blood and blood plasma
23.	Kumkum, Bindi, Alta and Sindur
24.	Meat, Fish, Chicken, Prawn, Prawn seed and other aquatic products when not cured or frozen, eggs, livestock and animal hair
25.	National Flag
26.	Organic manure
27.	Non-judicial stamp paper sold by Government Treasuries; postal items like envelope, post card etc. sold by Government; rupee note, when sold to the Reserve Bank of India and cheques, loose or in book form
28.	Raw wool
29.	Semen including frozen semen
30.	Silk worm laying, cocoon and raw silk
31.	Slate and slate pencils
32.	Tender green coconut
33.	Toddy, Neera and Arrak
34.	Unbranded bread
35.	Unprocessed and unbranded Salt
36.	Water other than- i) aerated, mineral, distilled, medicinal, ionic, battery, de-mineralised water and ii) water sold in sealed container
37.	Prasadam, Bhog or Maha Bhog by Religious Institutions
38.	Plantain Leaves
39.	Bamboo Matting
40.	Puffed Rice, Parched Rice, Murmuralu and Atukulu
41.	Husk of pulses, paddy, groundnut and wheat bran
42.	Leaf plates, leaf cups-pressed or stitched and loose and unstitched vistarakulu
43.	Unbranded broomsticks
44.	Seeds of grass, Vegetables and flowers
45.	Cotton Fabrics, man made fabrics and woolen fabrics
46.	Sugar
47.	Tobacco

Explanation : The goods mentioned in entries 45, 46 & 47 of this schedule shall be goods included in the relevant heads and sub-heads of the 1st Schedule to the Additional Duties of Excise (Goods of special importance) Act 1957, but does not include goods where no additional duties of excise are levied under that schedule.