



TELANGANA TAX
ON ENTRY OF GOODS INTO
LOCAL AREAS ACT, 2001

G. RAMAKISHAN RAO
DEPUTY COMMISSIONER(ST)

Introduction

- Entry 52 of List II (State List) of the VII Schedule to the Constitution of India empowers the States to make law relating to levy of tax on the entry of goods into local area for consumption, use or sale therein.
- From 15.10.1987, the Andhra Pradesh Entry of Goods into local area Tax Act 1987 was brought into force.
- The said Act was made to provide for the levy and collection of tax on the entry of textiles, non-levy sugar and all products of tobacco into local areas in the state of A.P. for consumption, use or sale.

Introduction

- In the year 1990 Government has abolished the entry tax and repeal the A.P. entry of goods into local area Act 1987 w.e.f. 01.04.1990.
- The present form of Act, the Andhra Pradesh Tax on Entry of Goods into Local Areas Act, 2001 (Act 39 of 2001) came into force with effect from 02-05-2001.
- The Andhra Pradesh Tax on Entry of Goods into Local Areas Act 2001 was struck down by the High Court of Andhra Pradesh on 31-12-2007 and held that it is unconstitutional.

Introduction

- On 11-11-2016, the Supreme Court has upheld the levy of entry tax on goods by states in the case of Jindal Stainless limited & ANR Vs State of Haryana & Others.
- The Act was adopted to Telangana with effect from 02-06-2014 as Telangana Tax on Entry of Goods into Local Areas Act,2001.

Features of the Act

- The Act to provide for the levy and collection of tax on Entry of certain Goods into local areas in the State of Telangana from any place out side the state.
- The Act comprises of 10 Section and 7 Rules.
- The Act provides for
- Tax is imposed on Notified Goods only.
 - Tax Authorities that empower to assess, reassess, search, seize, confiscate, collect and enforce payments of any tax under the VAT Act.
 - All the procedures shall apply in relation to relevant provisions contained in Teangana VAT Act, 2005.

Proper Authorities under the Act

- Assessing Authority:- Commercial Tax Officer
- Revision Authority:- Deputy Commissioner
- Appellate Authority:- Appellate Dy Commissioner

Definitions

- **“Entry of goods into local area”** means entry of goods into a local area from any place outside the State for consumption, use or sale therein.
- **“Importer”** “Importer” means person who brings or causes to be brought goods whether on his own account or on account of a principal or any other person, into local area, from any place outside the State for consumption, use or sale therein or who owns the goods at the time of entry into the local area.
- **“Value of the goods”** shall mean the purchase value of such goods, that is to say, the purchase price at which a person has purchased the goods inclusive of charges borne by him as cost of transportation, packing, forwarding and handling charges, commission, insurances, taxes, duties and the like, or if such goods are not purchased by him, the value of goods as recorded in the documents or the prevailing fair market price of such goods in the local area as determined by the assessing authority in the absence of any documents.

Levy of Tax

- The Tax shall be levied on the entry of the notified goods into any local area for sale, consumption or use therein.
- Entry Tax shall be levied at the rate specified for that goods/commodity under Telangana VAT Act.
- The Tax shall not be levied on the notified goods imported by a VAT Dealer, who brings such goods into local area;
 - For the purpose of re-sale (or)
 - For using them inputs for the manufacturing of other goods.

Return by the Importer who is a Dealer

- The importer who is a dealer is to be filed the return in Form M1 (Monthly Return of Value of Goods).
- Form M1 return is to be filed on or before 20th day of every month.
- The return contains the total and net value of the goods imported for the preceding month.
- Return is to be filed along with Tax remittance proof.
- If the authority is satisfied that return filed is correct and complete , he shall provisionally accept the return.

Return by the Importer who is a Dealer

- Where any importer fails to submit the return on or before the prescribed date (or) if the return submitted appears to be incorrect or incomplete ;
 - The assessing authority shall use the best of the judgment provisionally assess the tax and issue a notice in Form D1.

- Where any importer submits a return without full payment of Tax ;
 - Then also the assessing authority shall issue a demand notice in Form D1.

Return by the importer other than a dealer

- The importer other than a dealer shall file the return in Form M2 (Return of Value of Goods).
- Form M2 return is to be filed before the CTO within 15 days of entry of such goods into local area where the goods are brought into area other than through a check post.
- If the goods are brought through a check post, the return shall be filed before the Officer-in-charge of the check-Post.
- Payment of the tax shall be made along with the return.



Return by the importer other than a dealer

- If the CTO is satisfied that return filed is correct and complete he shall pass an order in Form M3.
- If the M2 return is filed by the importer does not appear to be correct and complete the assessing authority shall determine the purchase value of goods and tax to be paid and issues a demand Notice in Form M4.

Assessment

- At the end of the Financial Year, if the Assessing Authority considers the returns filed by a dealer are correct and complete, finally assess in a single order.
- Where any such importer fails to submit returns or if any return/ returns submitted by him appears to be incorrect or incomplete ;
 - the assessing authority shall determine the value of goods to the best of his judgment and finally assess the tax payable in a single order.
 - and issues a demand notice in Form D2 .
 - and issues notice of penalty and demand in Form-P.
- For the assessment, all the procedures relates to VAT Act shall be followed.

Offences and Penalties

- Any person who fails to pay assessed tax or penalty imposed on him within the time;
 - Shall be liable to be punished with a fine which may extends to Rs.2000/-.

- Any person who willfully submits untrue returns / fails to submits a return /fraudulently evades tax;
 - If it is a first offence;
 - Shall be liable to be punished with a fine up to Rs.2000/-.

 - If it is second and subsequent offence;
 - Shall be liable to be punished with simple imprisonment which may extend to six months or with a fine which may extends to Rs.5000/- or with both.

Appeals and Revisions

- In respect of Appeals and revisions
 - The procedures (and);
 - Time limits (and);
 - The exercise of powers and jurisdiction of the tax authorities In respect of Appeals and revisions;
shall apply the same procedures under the
Telangana VAT Act,2005.

Important Circular:

- **CCT's Ref. No. AI(3) / 911 / 2005-2, dt. 23-01-2006. Sub : A.P. Tax on Entry of Goods into Local Areas Act - Act 4 of 2006 –**
- Accordingly, all the notified goods, imported by the dealers, registered under APVAT Act, from outside the state for the purpose of resale as well as for the purpose of using them as inputs for manufacture of other goods in the State are not liable tax under the A.P. Tax on Entry of Goods into Local Areas Act 2001.



THANK YOU