



TELANGANA TAX ON ENTRY OF MOTOR  
VEHICLES INTO LOCAL AREAS ACT  
1996

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# 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.
- The Andhra Pradesh Tax on Entry of Motor Vehicles into Local Areas Act 1996 was adopted to Telangana with effect from 02-06-2014 as Telangana Tax on Entry of Motor Vehicles into Local Areas Act,2001.

# Definitions:

- **“Motor Vehicle”** means a motor vehicle defined in clause (28) of Section 2 of the Motor Vehicles Act, 1988. which defined as under
  - **“Motor Vehicle”** or **“Vehicle”** means any mechanically propelled vehicle adapted for use upon roads whether the power of propulsion is transmitted thereto from an external or internal source and includes a chassis to which a body has not been attached and a trailer; but does not include a vehicle running upon fixed rails or a vehicle of a special type adapted for use only in a factory or in any other enclosed premises or a vehicle having less than four wheels fitted with engine capacity of not exceeding thirty five cubic centimetres.

# Definitions:

- **“Entry of motor vehicle into a local area”** means entry of motor vehicle into a local area from any place outside the State for use or sale therein.
- **“Importer”** means a person who brings a motor vehicle into a local area from any place outside the State for use or sale therein or who owns the vehicle at the time of its entry into the local area.
- **“Purchase value”** means the value of a motor vehicle, as ascertained from the original invoice and includes the value of accessories fitted to the vehicle, insurance, excise duties, countervailing duties, sales tax, transport fee, freight charges and all other charges incidentally levied on the purchase of a motor vehicle.

# Features of the Act:

- The Act provides for the levy and collection of tax on entry of any Motor Vehicle into any local area for use or sale therein which is liable for registration in the State under the Motor Vehicles Act, 1988.
- The Act provides for Levy of tax /Collection/Returns/ Assessment / Reassessment/ Inspections/Penalties for offences /Appeals/ Revision for administration and enforcement of the Act
- The Act Comprises 31 Sections and 23 Rules.

# Levy of Tax:

- Entry Tax shall be levied at the rate specified for Motor Vehicles under Telangana VAT Act.
- No entry tax shall be levied on Motor Vehicles owned by Govt of India and used for Defence purpose.
- No entry tax shall be levied on Motor Vehicles which were registered in any other state/UT under the provisions of MV Act,1988 prior to period of fifteen months or more from date on which it is registered in the State.

## Example for Reduction in Tax liability for importer other than a dealer :

Invoice Value of the vehicle purchased in K'taka is	Rs.50,000/-
VAT paid in Karnataka @15%	Rs.7,500/-
Total Value of the Vehicle	Rs. 57,500/-
Purchase Value of the Vehicle for Entry Tax purpose	Rs. 57,500/-
Tax liability of Motor Vehicle under	
VAT in Telangana @14.5%	Rs.8,337/-
Less:- VAT paid in Karnataka	Rs.7,500/-
<b>Net Entry Tax payable</b>	<b>Rs. 837/-</b>

# Returns:

- The importer who is a dealer in Motor Vehicles shall file the return in Form M1 (Monthly Return of Purchase Value)
- Form M1 return shall be filed on or before 20<sup>th</sup> day of every month.
- The importer other than a dealer shall file the return in Form M2 (Return of Purchase Price).
- Form M2 return shall be filed within 15 days of entry of such vehicle into local area (or) before an application is made for registration of such vehicle under M V Act,1988, which ever is earlier.
- Payment of the tax shall be made along with the return.





**THANK YOU**