

THE ANDHRA PRADESH  
• TAX ON ENTRY OF MOTOR  
VEHICLES INTO LOCAL  
AREAS OF ACT 1996

# NEED FOR THIS ACT

Entry 52 of list II (state list) of the seventh schedule to the constitution of India empowers the state to levy taxes on the entry of goods into a local area for consumption, use or sale therein.

# ENFORCED ON WHAT?AND WHEN?

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.

# CHANGES IN THE ACT

In the year 1990 government abolished the entry tax and repeal the A.P. entry of goods into local area Act 1987 w.e.f. 01.04.1990.

# MOTOR VEHICLE ACT WAS ENFORCED FROM.....

The Andhra Pradesh Tax on entry of Motor vehicles into local area Act 1996 was brought into force w.e.f. 12.10.1996. The said Act was made to provide for the levy and collect Entry tax on the purchase value of motor vehicles, entry of which is effected into a local area for sale there into or use or consumption.

There are 31 Sections and 23 Rules in this Act.

## I. Motor vehicles:-

A motor vehicle defined in clause (28) of section 2 of the motor vehicle Act 1988.

'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 of 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 not exceeding (twenty five cubic centimetres)."

## II. Purchase value

Value of a motor vehicle as ascertained from the original invoice and included the value of accessories fitted to the vehicle, insurance, excise duties, sale tax, transport fees, freight charges and all the charges incidentally levied on the purchase of motor vehicle.



# III. Levy of Tax

Tax at rates specified for motor vehicles in 5<sup>th</sup> schedule to the A.P. value added tax Act 2005. No tax shall be levied in respect of motor vehicles which were owned by central government and is used exclusively for the purposes relating to the defense of India and in respect of motor vehicle which was registered in any Union Territory or any other State under the provisions of the Motor Vehicle Act, 1988, prior to period of fifteen months or more from the date on which it is registered in.

## IV.Reduction in tax liability

The tax payable under this Act is reduced by the amount of tax paid, if any, under the law relating to Value Added Tax or Central Sales Tax in force in the union territory or state from which the said vehicle imported.

# VI>Returns

1>Returns in form M-1:-every importer who is dealer in motor vehicles shall submit on or before 20<sup>th</sup> of every month. \_\_\_\_\_ ● \_\_\_\_\_

Exception from payment of entry tax on the dealers registered under the APGST Act was granted vide G. O. M. S. No. 974 Rev (CT-II) Dept dated 26.11.1996.

# VI>Returns...CONTD

2. Return form M-2:-.An importer other than a dealer shall file a return in form M2 within fifteen days from the date of entry of such vehicle into local area or before an application is made for registration of the said vehicle under the motor vehicle act 1988 whichever is earlier.

# V. Assessment

Under notification 1 of G.O.M.S No:680 Rev.(CT-II) Dept. dated 12.08-1997, the commercial tax officer was appointed to exercise the powers and perform the functions of assessing authority under this Act. The amount of tax due shall be assessed separately for each period.

# VII. Re-assessment

Re-assessment can be made within 4 four years from the date of the order if original assessment was passed on lower rate of tax, under assess and escaped turnovers.

# VIII. Appeals

Appellate

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Deputy commissioner (CT).

# IX. Revisional authorities

1. Commissioner(CT)

2. Additional Commissioner

3. Joint commissioner

4. Deputy commissioner



# X. Appeal to the Appellate Tribunal

Objecting to an order of Appellate Deputy Commissioner or Joint commissioner or Deputy Commissioner within 60 days from the date of order.

# XI.Revision by High court

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**On STAT orders**

# XII. Appeal to the High court

On the orders

of

commissioner.

# XIII. Penalty

- a) Fails to comply with the provision of the Act, in addition to tax, a sum by way of penalty not exceeding twice the amount of the tax due.
- b) Fails to pay the tax within required time, in addition to amount of tax, a sum equal to
  - i. One and half percent of the amount of the tax amount for the first 3 months .
  - ii. Two percent of amount of tax thereafter.

# XIV. Offences

1) Any person who

- a) Fails to pay assessed tax or penalty imposed on him.
- b) Willfully acts in contravention of the provisions of the Act shall, on conviction, be liable to be punished with fine which may be extended to two thousand rupees.

2) Any person who

- a) Submits untrue returns.
- b) Fraudulently evades tax shall, on conviction, be liable to be punished with simple imprisonment for six months or with fine of Rs.2000/- or with both.

**THE ANDHRA PRADESH**  
**TAX ON ENTRY OF GOODS**  
**INTO LOCAL AREAS ACT**  
**2001**

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The Act was struck down by the High court of Andhra Pradesh on 31.12.2007.