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THE TELANGANA GAZETTE
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TELANGANA BILLS
TELANGANA LEGISLATIVE ASSEMBLY

The following Bill was introduced in the Telangana Legislative Assembly on 5th October, 2015.

L.A. BILL No. 9 OF 2015.

**A BILL FURTHER TO AMEND THE TELANGANA
VALUE ADDED TAX ACT, 2005.**

Be it enacted by the Legislature of the State of Telangana in the Sixty-sixth year of the Republic of India as follows:

1. (1) This Act may be called the "TELANGANA VALUE ADDED TAX (Third Amendment) ACT, 2015.

Short title
and com-
mencement

(2) It shall come into force with immediate effect.

[1]

B. 207-1

Amendment
of Section
22. Act 5
of 2005.

2. In the Telangana Value Added Tax Act, 2005 in section 22,

(i) after sub-section (3-D), the following sub-section shall be inserted, namely,-

“(3-E) In every lease transaction, that is liable to tax under sub-section (8) and sub-section (8-B) of Section 4 of the Act; the person who is a transferee or lessee and who is responsible for making payment towards lease amount to a person, who is a transferor or lessor in pursuance of lease contract shall deduct tax on the lease consideration due thereon at the rate specified in sub-section (8) or as the case may be, sub-section (8-B) of section 4 of the Act and shall remit the tax so collected to the State Government on the immediate next working day from the date of collection in the manner as may be prescribed.”;

(ii) in sub-section (4), after the expression “or sub-section (3-D)” the expression “or sub-section (3-E)”, shall be inserted.

STATEMENT OF OBJECTS AND REASONS

Transfer of Right to use goods is a deemed sale and called as lease contracts. Like works contract, lease contract is liable to be tax under Telangana VAT Act, 2005. The lessors who transfer their goods to the lessee are not prompt in paying VAT on the lessee consideration received by him. It has become difficult to identify them and to assess them to tax as they are neither registered dealers nor residing within the State and for obvious reasons it has become difficult either to raise demand and collect tax or to trace such Lessors. Thus, in order to capture the tax amount on lessee consideration payable to the lessors by the lessee and to curtail the leakage of revenue to the State Exchequer, it has been decided to provide to deduct tax at source by the lessee from the lease consideration payable to the lessor and remit the tax deducted by the lessee to the Government. Accordingly, it has been decided to amend section 22 of the Act suitably.

This Bill seeks to give effect to the above decisions.

TALASANI SRINIVAS YADAV,
Minister for Commercial Taxes &
Cinematography.

FINANCIAL MEMORANDUM

This Bill seeks to amend certain sections of TVAT Act, 2005. On account of this Amendments, better compliance levels will be increased in respect of Value Added Tax at Source.

The revenue realized on lease rentals for the year 2014-2015 from the month of June 2014 to March 2015 is of Rs. 23.34 Crores. It is expected that there may be around 10% to 15% increase by TDS mechanism.

TALASANI SRINIVAS YADAV,
Minister for Commercial Taxes &
Cinematography.

**MEMORANDUM UNDER RULE 95 OF THE RULES OF
PROCEDURE AND CONDUCT OF BUSINESS IN THE
LEGISLATIVE ASSEMBLY.**

THE TELANGANA VALUE ADDED TAX (Third Amendment) Bill, 2015 after it is passed by both the Houses of the Legislature of the State, may be submitted to the Governor for his assent under Article 200 of the Constitution of India.

TALASANI SRINIVAS YADAV,
Minister for Commercial Taxes &
Cinematography.

S. RAJA SADARAM,
Secretary to State Legislature.

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