



## The Andhra Pradesh Sales Tax (Settlement of Disputes) Act, 2001

Act 41 of 2001

**Keyword(s):**

**Business, Commission Agent, To Cultivate, To Cultivate Personally, Declared Goods, Dealer, Earlier Law, Goods, Importer, Licence, Licensed Dealer, Manufacture, Permit, Place of Business, Case, Sales-Tax Authority, Case, Sales-Tax Authority, Contractor, Sp**

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## ANDHRA PRADESH ACTS, ORDINANCES AND REGULATIONS, Etc.

The following Act of the Andhra Pradesh Legislative Assembly received the assent of the Governor on the 15th October, 2001 and the said assent is hereby first published on the 16th October, 2001 in the Andhra Pradesh Gazette for general information.

### ACT No. 41 OF 2001

AN ACT TO PROVIDE FOR EXPEDITIOUS ENFORCEMENT OF PAYMENT OF ARREAR TAX, ADDITIONAL TAX, TURN OVER TAX, PENALTY OF INTEREST IN DISPUTE UNDER RELEVANT ACTS RELATING TO SALES TAX, ENTERTAINMENTS TAX BY WAY OF SETTLEMENT OF SUCH DISPUTES AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

Whereas, it is expedient to provide for enforcement of payment of and settlement of disputes relating to any arrear tax, additional tax, turnover tax, penalty or interest, as the case may be under the Andhra Pradesh General Sales Tax Act, 1957, the Andhra Pradesh Entertainments Tax Act, 1939 and the General Sales Tax Act, 1956;

Be it enacted by the Legislative Assembly of the State of Andhra Pradesh in the Fifty-second Year of the Republic of India as follows:-

1. (1) This Act may be called the Andhra Pradesh Sales Tax (Settlement of Disputes) Act, 2001.

Short title,  
extent and  
commencement.

(2) It extends to the whole of the State of Andhra Pradesh.

(3) It shall be deemed to have come into force on and from the 17th July, 2001.

Definitions.

A.P. Act 6 of 1957.  
A.P. Act X of 1939.  
Central Act 74 of 1956.

2. The words and expressions used in this act shall have the meaning respectively assigned to them in the Andhra Pradesh General Sales Tax Act, 1957, the Andhra Pradesh Entertainments Tax Act, 1939 and the Central Sales Tax Act, 1956.

Application of the provisions of the law relating to Andhra Pradesh General Sales Tax Act, 1957, Andhra Pradesh Entertainments Tax Act, 1939 and Central Sales Tax Act, 1956.

3. Subject to the provisions of this Act, the provisions of the law relating to the Andhra Pradesh General Sales Tax Act, 1957, the Andhra Pradesh Entertainments Tax Act, 1939, and the Central Sales Tax Act, 1956 for the time being in force in the State shall apply mutatis-mutandis to all the registered and unregistered dealers.

Application of the Act

4. (1) The provisions of this Act shall apply to,-

(i) the disputed taxes including additional tax, surcharge, turnover tax, penalty, interest which are due as on 31st March, 2001;

(ii) cases where the amount involved is rupees one crore and below per each year of assessment as on 31st March, 2001 under the relevant Acts referred to in section 2;

(iii) an assessment order, revision order, reassessment order, penalty and interest order passed upto 31st March, 2001; and cases relating to such orders pending before various appellate and revisional authorities. In case of revision, the revision notice or order must have been served on or before 31st March, 2001. A dealer who is in receipt of any show-cause notice prior to 31st March, 2001 pending final proceedings can also apply.

(2) The provisions of this Act shall apply to all registered dealers under the Andhra Pradesh General Sales Tax Act, 1957 and the Central Sales Tax Act, 1956; as well as to unregistered dealers.

(3) For settlement of disputes under this Act, each year of assessment shall be distinct unit.

5. The provisions of this Act, shall except to the additional tax, turn over tax, penalty or interest, not apply to any payments, irrespective of the nature of dispute made towards any tax, additional tax prior to 31st March, 2001, and to the orders passed on or after 1st April, 2001.

Act not apply  
to certain  
cases.

Waiver of the  
tax, etc.,

6. An applicant shall be entitled to,—

(i) 50% (fifty percent) waiver of all the disputed taxes which are not yet collected as on 31st March, 2001; and

(ii) 90% (ninety percent) waiver of interest or penalties raised under any provisions of the relevant Act which were due as on 31st March, 2001;

if the payment of fifty percent of the disputed taxes as on 31st March, 2001 is made during the period from 1st August, 2001 to 30th September, 2001.

Competent  
authority,

7. For carrying out the purposes of this Act, the Deputy Commissioner (Commercial Taxes) shall be the competent authority.

Withdrawal  
of appeal,  
revision, etc.

8. (a) No application under this Act shall be entertained by the competent authority unless the applicant files written declaration stating that the appeal or revision or any other proceedings before the concerned authority under the relevant Act or any court of law may be treated as withdrawn upon settlement of the dispute under this Act.

(b) Upon settlement of a dispute under this Act, the corresponding appeal or revision filed by the State before the High Court or Supreme Court shall be withdrawn by the Authorities under the relevant Act.

Eligibility for  
settlement.

9. Subject to the other provisions of this Act an applicant shall be eligible

to make an application for settlement of assessment order, revisional order, reassessment order, penalty or interest in dispute in respect of any period, for which an assessment has been made under the relevant Act and an appeal or revision relating thereto is pending, on the 31st March, 2001 before any appellate authority or revisional authority as the case may be.

10. (1) An application for the purpose of section 9 shall be made to the competent authority by an applicant in such form and in such manner as may be prescribed and shall be accompanied by such fee as may be prescribed.

Application for settlement.

(2) A separate application shall be made by an applicant for relevant assessment years in respect of which an appeal or revision is pending under each of the relevant Acts.

11. (1) The competent authority shall verify the correctness of the particulars furnished in such application with reference to the connected records available with the assessing authority or any other authority with whom such records may be available, as the case may be.

Determination of amount payable by the applicant.

(2) Where the competent authority is satisfied about the correctness of the particulars set forth in the application made by an applicant, he shall within sixty days from the date of receipt of an application referred in section 10 determine by an order in writing the amount payable by the applicant for the purpose of settlement

of arrear tax additional tax, turnover tax, penalty, or interest in dispute at the rate specified in section 6;

Provided that while determining the amount payable by the applicant for the purpose of settlement of arrear tax, additional tax, turnover tax, penalty or interest in dispute, the competent authority shall take into account any such amount paid by the applicant before making an application under section 10 and deduct the amount so paid by him from the amount determined as payable by the applicant under this sub-section.

(3) The applicant shall pay in one lumpsum, the sum determined by the competent authority under sub-section (2) within thirty days of the receipt of order passed by the competent authority.

Provided that where the sum determined by the competent authority under sub-section (2) is rupees twenty five lakhs and above, the same shall be paid in one lumpsum within ninety days of the receipt of the order passed by the competent authority.

Settlement  
of dispute.

12. (1) The competent authority on being satisfied about the payment of the amount which the applicant is required to pay by virtue of the order passed under section 11 shall settle the dispute in respect of which an application has been made and issue a certificate of settlement for such dispute in such form as may be prescribed, to the applicant ordinarily within fifteen days of the receipt of the proof of payment,

and thereupon such applicant shall be discharged from his liability to make payment of the balance amount of such arrears of tax, penalty or interest in dispute:

Provided that a certificate of settlement shall be issued by the competent authority separately in respect of every application.

(2) The competent authority, for reasons to be recorded in writing, may refuse to settle a dispute where it appears to him that the applicant has concealed any material evidence or suppressed any information or particulars by furnishing untrue or false or incorrect or incomplete information:

Provided that no order adversely affecting the applicant shall be passed without giving the applicant a reasonable opportunity of showing cause against such refusal.

13. The competent authority, may, at any time within ninety days from the date of issue of the certificate of settlement under section 12, rectify any error apparent on the face of the record:

Rectification  
of error.

Provided that no such rectification adversely affecting the applicant shall be passed without giving a reasonable opportunity of showing cause against such rectification.

14. Notwithstanding anything contained in this Act, where it appears to the competent authority that an applicant has obtained the benefit of settlement

Revocation of  
certificate of  
settlement.



under this Act by suppressing any material information or particulars or by furnishing any incorrect or false information or particulars, such competent authority may, for the reasons to be recorded in writing, revoke the certificate of settlement issued under section 12:

Provided that no order of revocation shall be passed without giving the applicant a reasonable opportunity in the manner prescribed.

Power to  
make rules.

15. (1) The Government may, by notification, make rules for carrying out all or any of the purposes of this Act.

(2) Every rule made under this Act, shall immediately after it is made, be laid before the Legislative Assembly of the State if it is in session and if it is not in session in the session immediately following for a total of fourteen days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, the Legislative Assembly agrees in making any modification in the rule or in the annulment of the rule, the rule shall, from the date on which the modification or annulment is notified have effect only in such modified form or shall stand annulled as the case may be, so however, that any such modification or annulment shall be without prejudice to the validity of any thing previously done under that rule.

16. The Andhra Pradesh Sales Tax (Settlement of Disputes) Ordinance, 2001 is hereby repealed. Repeal of  
Ordinance  
3 of 2001.

**G. TRINADHA RAO,**  
Secretary to Government,  
Legislative Affairs &  
Justice (i/c.),  
Law Department.

**STATEMENT OF OBJECT AND REASONS**

It has been brought to the notice of the Government that as on today several thousands of sales tax disputes covered under various categories like classification of commodities, set off claims, packing material etc., are pending disposal before various appellate authorities including the courts and as a result, the State's revenue to a tune of about twelve hundred crores of rupees towards disputed sales tax is locked up. In normal course, all these disputes would get settled at a very slow pace, through litigation.

In order to settle the large number of pending sales tax disputes at a faster rate, it has been decided to introduce sales tax settlement of disputes scheme with certain concessions such as waiver of disputed tax and interest to certain and conditions such as withdrawal of pending cases for availment of the benefits of this scheme, on the lines of amnesty/settlement schemes introduced in the States of Tamilnadu and Maharashtra, which would help the Government in realising the huge locked up revenue of the State immediately on one time settlement besides enabling the Government in utilising its energy and time for streamlining the tax administration and fully gear itself for the successful implementation of Value Added Tax from 1st April, 2002.

As, the Legislative Assembly of the State was not then in session having been prorogued, and, it has been decided

to give effect to the above decision immediately, the Andhra Pradesh Sales Tax (Settlement of Disputes) Ordinance, 2001 (A.P. Ordinance No. 3 of 2001) has been promulgated by the Governor on the 16th July, 2001.

This Bill seeks to replace the above said Ordinance.

J. LAKSHMI PADMAVATHI,  
Minister for Commercial Taxes.