CHAPTER-IV

STRUCTURE OF SALES TAXATION
IN ANDHRA PRADESH
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4.1 Introduction:

This chapter deals with the Constitutional provisions of sales tax. The method of levy, of additional tax, turn over tax, surcharge, tax-on-tax, purchase tax, taxation on inputs and tax incentives to industries under the APGST Act etc. are discussed. Further, an attempt is made to explain the rates and rate structure, registration and assessment of tax. Lastly, aspects relating to administration and evasion of sales tax in Andhra Pradesh are discussed.

4.2 Constitutional Provisions of Sales Tax in India:

Prior to the enactment of Indian Constitution in 1950, each State used to levy a tax on inter-State sale treating it as an internal sale, with the result that a single inter-State transaction used to be taxed by more than one State imposing a heavy and unregulated burden both on the consumer and on trader.

Article 286 of the Constitution empowers the State Governments to impose a tax on sale or purchases of goods other than newspapers and sales made in the course of inter-state-trade in accordance with the entry 52 of state list. Also the same article restricts the States from imposing a tax on the sales or purchase of any goods declared by Parliament by law to be essential for the
life of the community. Therefore, unlike those conditions in which the Central Government levies a sales tax under the Central Sales Tax Act of 1956, the Sales Tax Act of that State governs the nature of the tax within each Indian State. A separate law, the Central Sales Tax Act of 1956 governs taxation of sales on inter-State-trade which is administered by the States.

The wording of the articles of the Constitution and their judicial interpretation gives ample scope for States to try to tax inter-State transactions in one way or the other. The Madras High Court described the situation in the following words:

"It became a common phenomenon for the tax officers of the State to pitch the tents in another State and enforce the provisions of this sales tax laws over the exporting non-residents. It has naturally led to a great deal of confusion, inconvenience, unreasonable tax burden and harassment by the tax officers of the consuming State demanding and collecting taxes from non-resident dealers belonging to the exporting State".

In 1952, Parliament had enacted the essential goods (Declaration and Regulation of Tax on Sale or Purchase) Act, which declared a large number of goods "as essential goods and thereby extinguished the right of States to tax them. This Act of 1952 had evoked considerable amount of criticism from the State Governments because they felt that it unduly restricted their powers of taxation. The Taxation Enquiry Commission of 1953-54 pointed out that "the list of goods covered by the 1952 Act included those which cannot
except by a wide interpretation may be regarded as essential to life of the community\textsuperscript{2}. The Commission also expressed the view that the purpose of the legislation was not intended to restrict the power of the State to tax its own citizens but to achieve some degree of uniformity in the burden on goods, which are important in Inter-State trade.

The Constitutional (6th Amendment) Act and the Central Sales Tax Act were enacted in 1956 in pursuance thereof. The Act continues to be the instrument through which the Center can regulate the taxation of goods of special importance in Inter-State trade and also determine the manner and extent of taxation of Inter-State sales of goods. The revenue arising out of taxation of the Interstate sales was assigned to the States through an amendment to Article 269. Article 286 was concurrently amended to enable Parliament to formulate the principles for determining when a sale or purchases of goods take place in the course of import or export. For goods of special importance in Inter-State trade, the Act provides that sales tax on them should be levied only once and at the maximum rate of one per cent. This range was subsequently raised in response to the pleas from State Governments to enable them to mobilize additional resources. From the original rate of one per cent it was raised to 2 per cent in 1963, 3 per cent in 1966 and 4 per cent in 1975\textsuperscript{3}.

The list of declared goods originally covered by the CST Act was expanded twice following the replacement of Sales Tax by the additional excise duty on textiles, tobacco and sugar in 1957. The main objective of
expansion of the list is to restrict the power of the States to levy a tax on these goods. The list was further expanded with effect from 7-9-1976 to include cereals (like paddy, rice, wheat, etc.) crude mineral oil and pulses (like gram, dalls, etc.) imposing a ceiling rate of 4 per cent in the course of Inter-State trade if they are sold to governments (Central and State) or to the registered dealers.

The CST is alone leviable on the first Inter-State sale of goods other than newspapers, auctionable claims, stocks, shares and securities and electrical energy, subject to certain exceptions, the tax is collected in the State where the movement of goods originates and the tax so collected is retained by the State. As the revenue is assigned to the States, the administration of the CST Act is also entrusted to the State Governments. For the purpose of assessment, collection and enforcement of the tax, the sales tax authorities can exercise the powers available to them under the respective local sales tax laws. The provisions of the laws of the State concerned regarding returns, assessments, appeals, reviews, revisions, etc. are applied in like matters under the CST Act.

4.3 Sales Tax in Andhra Pradesh:

The Andhra Pradesh General Sales Tax Act is basically modeled on the basis of Madras General Sales Tax Act. In 1956 when Andhra Pradesh was formed, there used to exist two different structures of sales tax in two regions of Andhra and Telangana. In the Andhra region sales tax was levied under
the Madras General Sales Tax Act of 1939, the Madras Tobacco (Taxation of Sales and Registration) Act of 1953 and the Madras Sales of Motor Spirit Taxation Act of 1939. In the Telangana region sales tax was levied under the Hyderabad General Sales Tax Act of 1950.

As the provisions in the enactments applicable to the two regions were different in many respects, the Government had decided to undertake legislation with a view to adopt a uniform system of taxation of sales and purchases throughout the State. After the formation of Andhra Pradesh in 1956 both the regions of Andhra and Telengana were brought under a uniform system of sales tax with the enactment of the Andhra Pradesh Sales Tax Act in 1957. The Act was modeled more on the lines of the Andhra Sales Tax pattern. However, some of the provisions of the Telangana system, such as taxation of casual dealers, were also incorporated. The principal features of the levy continued to be multipoint, single point and additional single point taxes.

All dealers with an annual turnover of Rs.10, 000 and above were subject to sales tax at the rate of two paise (2 per cent) on every rupee of turnover. However, no such minimum turnover was applicable in the case of (1) casual traders and 2) non-resident dealers or their agents. Turnover of the goods mentioned in schedules II, III and IV of the Act would not be subject to multi point tax. In the case of hotels, boarding houses, etc., with a turnover of Rs.25, 000 and above, sales tax was levied at 3 per cent on the sale of articles of food, drinks etc.
Single point and additional single point levies were made in respect of specified commodities. Items specified in Schedule II were subject to single point tax only at the first point of sale. Items therein ranged from common necessities (matches, jaggery, coarse or medium cloth) intermediate products (cotton yarn, fertilizers, etc.) to luxury items (motor vehicles, jewelry). Rates varied from 25 paise in the rupee on foreign liquor to 4th paise in the rupee for bullion and specie. A single point purchase tax was levied on goods mentioned in Schedule III. These included mining products like manganese ore and iron ore, agricultural products such as paddy/rice, coconuts, copra, turmeric, raw tobacco and millets. The declared goods mentioned in Schedule IV were taxed at 2 per cent even though the maximum permissible rate was 3 per cent. Seventeen groups of items, mostly luxury goods included in Schedule I, were subject to an additional single point levy in addition to the multi point tax.

Three major changes were made after the Act came into effect in 1957. The First was the imposition of additional duties of excise on sugar, tobacco, and mill-made textiles in place of sales tax by the State Governments. Another change was made in respect of certain luxury goods to maintain uniformity of tax rates with the neighboring States. A uniform rate of tax at 7 per cent was adopted in respect of 13 commodities like refrigerators, air conditioning plants, radios, gramaphones, etc, which were subject to an additional single point tax, together with the multi point levy (Schedule I), were transferred to Scheduled II and taxed exclusively at single point at 7 per
cent except in the case of dicta phones which were taxed at 5 per cent. The exemption of copra and coconut from single point purchase tax and imposition of multi point in 1958 were the other modifications. However, 'tender' coconuts were made taxable at the first purchase point. Some more commodities were brought under single point purchase tax. They were butter and ghee, jaggery, mica, palm rah fiber and stalks.

After 1957, two expert committees of the National Council of Applied Economic Research reviewed the Sales Tax Law in Andhra Pradesh. Major changes have been brought about with effect from 1st August 1963 on the basis of the recommendations of Lokanathan who reviewed the sales tax system in Andhra Pradesh in 1963. The most important of them are the following.

1. The Additional Single point tax was abolished.

2. An additional tax on turnover was levied on dealers with an annual turnover of Rs. 3 lakhs and above (4 per cent in addition to G.S.T.)

3. Many items were brought under single point tax with some modifications in the rate of tax (87 items)

4. Double point levy was brought in the case of paddy, rice, groundnut and groundnut oil etc.

The additional single point tax on items listed in Schedule 1 was abolished which resulted in regrouping of the Schedules. After regrouping, the First Schedule contained 67 commodities liable to single point tax at the stage of first sale, the second schedule contained 9 commodities liable to
single point purchase tax, the Third Schedule with 9 items liable to single point tax. An additional tax on turnover at the rate of 0.25 per cent was introduced on dealers with an annual turnover of Rs.3 lakhs and above.

The Andhra Pradesh Sales of Motor Spirit Taxation Act 1960 has been repealed and the sales of motor spirits have been subjected to tax on turnover basis under the APGST Act in 1968. Some more goods were brought under the single point levy. Double point levy was brought in the case of paddy, rice, groundnut and groundnut oil etc.

In the year 1974, the Government of Andhra Pradesh appointed a Committee under the Chairmanship of S. Bhootalingam of the NCAER, to review the system of sales tax and to make its recommendations. Various recommendations of the Bhootalingam Committee, have been accepted by the Government and are incorporated in the Act No.5 of 1974. The coverage of single point levy has further been increased. As a result, the First Schedule has been substituted for 136 commodities subjected to single point sales tax and 8 additions are made to the Second Schedule. The general rate of tax has been increased from 3 per cent to 4 per cent and consequential revision of rates have been made in respect of commodities liable to single point tax.

In the year 1976, the Department has undertaken a detailed review of the description of different entries in the Schedules and has substituted new entries or has amended the existing entries. Those changes have been incorporated in Act No.49 of 1976. During the same year, the Central Sales
Tax Act, 1976 (Central Act No.103 of 1976) that expanded the list of declared commodities came into force with effect from the 7th September 1976. Consequently, Act No.59 of 1976 has been passed incorporating the required changes in conformity with the provisions of the CST Act.

In the year 1983, the new Government with a view to bring the rates of taxes on par with those prevailing in the neighboring States issued ordinances No.11 and 19 of 1983. The General rate has been increased from 4 per cent to 5 per cent. The rates of taxes on several scheduled commodities have been increased ranging from 1 per cent to 7 per cent. A separate Schedule (Schedule VI) has been increased for the commodities of country liquor and foreign liquors. The tax on the sale of liquor has been levied at every point of sale (except at the point of last sale) at a high rate of 25 per cent (10 per cent in the case of beer) by permitting the deduction of value of liquors on which tax has been levied at the immediately preceding point of sale from the sale value at the particular point of sale. In other words, a tax is levied only on the value added at each stage of sale. At the point of last sale liquor is taxed at 5 per cent (as against higher rate of tax at the early stages) on the sale value of liquor. In effect the sales tax on liquor is not only treated as double point levy but it is also an improvised system on the value added component.

The following transactions have been brought under the purview of sales tax net since 1985 in pursuant of the Constitutional (46th) Amendment Act of 1982.
1. Transactions relating to the transfer of property in goods involved in the execution of works contracts (works contractors).

2. The delivering of goods on hire purchase or any other system of payments by installments (Hire Purchase Companies).

3. The transfer of the right to use any goods for any purpose (leasing companies).

4. Supply or service of food or drink or both (Hotels and Restaurants).

The State amended the provisions of sales tax and thus extended the base of the tax structure.

It can be noticed that there are many general modifications not only in the points of levy, rates of tax (including additional tax) widening the base of tax but also in the grant of exemptions, reductions in the rates of tax and grant of set off etc. since 1963.

A major change in the system has been brought about in the year 1989 wherein the multipoint tax system has been totally replaced by single point levy continuing the exemptions for certain commodities.

4.4 Schedules:

The structure of sales taxation in Andhra Pradesh shows both the features of a general multi point and selective single point tax predominantly with characteristics of a single point tax system.
The name of the commodity, the point of levy and the rates applicable are shown in six different schedules. The goods, which are not listed in any of these schedules, are liable to tax at 12 per cent at the point of first sale in the state unless they are exempted by the Act subject to the conditions prescribed therein (see Appendix-II).

4.4.1 First Schedule:

Considerable changes have taken place in the commodity composition and rates of tax applicable in each of the Schedules besides the increase in the number of Schedules in Andhra Pradesh.

The First Schedule consists of 225 Commodities including 20 sub-commodities are in first schedule and excluding omitted goods. All the goods except one are liable to single point tax at the first point of sale in the State. The rate of taxation varies from 4 per cent on 36 items of goods such as packing material, polythene bags and plastic bags, Gunnies, Bullion and specie, articles and Jeweliary made of bullion, Chemical fertilizers and vegetable oils, etc. To a maximum of 70 per cent on all liquors, bottled and packed as per the provisions of the excise Act. (Including imported liquor) but excluding Toddy and arrack 5 per cent taxation on pesticides and allied products.

52 goods such as sledge oil, Acid oil, kerosene, computers all other electronic goods, fire wood, Charcoal, Gold thread, News print, Gun powder, pepper, beaked food excluding bread, photographs, copper and brass articles etc. are taxable at the rate of 8 per cent.
17 items are Bricks, Tiles, Cement Flooring, Stones and Granite stones, Bamboos, Feed Supplements, Cotton waste, Swing thread of all kinds coir products, safety matches, Tamarind seed etc., are taxable at 9 per cent.

33 goods such as coconut oil, coffee seeds, powder chicory, drugs and medicines all other food products like bournvita, boost, Tea, X-ray apparatus, films, sports goods, ice, ice creams Tricycles, cycle rickshaws, butter and ghee, pickles when sold in sealed. Sugar Candey etc. are taxable at the rate of 10 per cent.

27 items such as Television sets, Electronic toys, Soaps, Pure Silk cloth, leather goods other than foot ware, stoves pressure lamps, electronic motors etc., are taxable at the rate of 12 percent.

10 items such as lottery tickets, salofin tape, sanitary towels, Napkins, sodium hydrosulphate, Rolling bearings, camphor, cement sheets, Red mud plastic roofing's etc., are taxable at the rate of 15 percent.

35 varieties of goods clattering to affluent consumption such as motor vehicles, refrigerators, air conditioning plants, water coolers, wireless materials, Cinematographic equipment including cameras, all arms Rifle's, pistols, cigarettes cases and lighters, tire and tubes etc., are taxable at the rate of 16 per cent.

Another item i.e., Diesel oil is taxable at the rate of 19.33 per cent. Another 4 items such as Narcotics, cosmetics, power, alcohol, and ethyl alcohol are taxed at the rate of 20 per cent.
The single commodity of Non-public distribution Kerosene is taxed at the rate of 25 per cent at the first point sale in Andhra Pradesh. 5 items like Aviation turbine fuel, Aviation motor spirits other than turbine fuel, petrol other than aviation motor spirit, ethanol blended petrol, motor spirit, are taxable at the rate of 30.55 per cent.

Another 2 items pan Masala including Gutka, Molasses are to be taxed at the rate of 50 per cent.

4.4.2 Second Schedule:

The Second schedule of APGST includes 17 items are mostly minor forest produce and products mining in the state. They are taxed either at the first or last purchase point in the state.

The tax rates on their commodities vary from 4 per cent to 9 per cent. 4 per cent on Manganese, Turmeric, coriander etc., is to be levied at the point of first purchase in the state.

10 commodities are taxable at 8 per cent of tax is to be levied on Iron ore, Mica, Palmyra fiber and stalks, Tapioca, cashewnut, butter and ghee etc.

4.4.3 Third Schedule:

Section 6 of the Act deals with declared goods as specified in the section 14 of the Central Sales Tax Act, 1956. These are enumerated in the third schedule to the APGST Act, where in the point of levy of the tax and rate of tax are indicated subjected to maximum @ 4 per cent.
The third schedule of the Act contains the declared goods, which are produced in agricultural sector; items are subjected to first point sales tax, items subject to first point purchase tax items subject to last point purchase tax. The tax rates vary from 1 per cent on cotton seeds to 4 per cent on coal including coke, oil seeds, castor, Ground nut, copra, Hides and skins, cotton yarn, crude oil, pulses, wheat, paddy, PVC cloth, water proof cloth, cotton fabrics aviation turbine fuel etc.

4.4.4 Fourth Schedule:

The Fourth Schedule contains description of goods that are exempted from tax under Section 8 of APGST and at present there are 9 items that are enumerated in this schedule.

4.4.5 Fifth Schedule:

The only commodity “jaggery” is enumerated in the Fifth Schedule subject to the conditions specified therein.

4.4.6. Sixth Schedule:

The sixth schedule includes goods in respect of which tax is leviable at every point of sale in the state. There are 22 items at different rates of taxation in the schedule.

16 per cent taxation on 4 items such as all clocks, Sheets and cushions and all kinds of gases etc.
The minimum tax rate is 8 per cent on 8 items such as wooden furniture, all Hosiery goods, ready made goods, all kinds of electrical goods, Articles of cast iron and all kinds of foot wear etc.

9 varieties of goods such as furniture other than wooden, electrical transformers, electrical fans, washing machines, Articles of stainless steel, Timber and logs, lamination sheets, paper of all kinds, Aerated water and bottled soft drinks etc., are taxable at the rate of 12 per cent.

7 items such as paints, colors, rubber products, water supply and sanitary fittings, stoneware pipes, plywood, glass and glassware, chinaware and porcelain ware other than crockery etc., are taxable at the rate of 15 per cent.

Another 3 items such as Dyes and chemicals, all hardware of base material, all kinds of suitcase etc., are to be taxed at the rate of 10 per cent. Another 2 items such as Bolts and nuts threaded, Staple fiber and yarn are to be taxed at the rate of 9 per cent.

4.4.7 Seventh Schedule:

This schedule enumerates the residual category items which are being subjected to single-point taxation, up to 31-3-2005 as items also subject to tax at the first point of sale at the rate of 12 per cent provided that a dealer other than a casual trader and an agent of a non-resident dealer whose total turnover for a year is less than Rs.2 lakh is not liable to pay tax in respect of these
goods. Tax in respect of supply of articles of food and drinks in restaurants are catering houses or hotels are levied under Section 5-C.

All these 7 Schedules provide an over all picture of sales taxation in the State indicating the prominence of single point tax either at first point of sale/purchase or at the last point sale/purchase in the State. Majority of commodities of the first, the second and the third Schedules come under the single point taxation and forms basis for the above generalization. The fourth Schedule is a Schedule of exemptions. The fifth Schedules relates to only one commodity i.e., Jaggary. The total commodities of sixth schedule come under the multipoint tax. The seventh Schedule refers to goods other than those mentioned in the first to sixth Schedule. The provision of seventh schedule provides ample scope of flexibility to include either new or hitherto exempted goods.

**4.5 Type of Levy of Sales Tax:**

The essential features of sales tax structure in Andhra Pradesh since 1957 are discussed below.

**4.5.1 Multi-Point Levy:**

The levy of tax is on every point of Sales affected by dealers in respect of goods not mentioned in the Schedules of the Act. From the commencement of this levy (15-6-1957) till it was totally replaced by single point levy (30-3-1989) the rates of tax with minimum turn over limits for different periods is as shown in Table 4.1.
The numbers of goods under the multi point levy were reduced over the years by increasing the coverage under single point levy. Finally, by March 30, 1989 total single point levy has come to stay in Andhra Pradesh.

Table 4.1: The General Rates of Sales Tax at Every Point of Sale

<table>
<thead>
<tr>
<th>Years</th>
<th>Not made liable to Tax at the hands of the dealer (in Rupees)</th>
<th>Each Point of Sale (In percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-6-1957 to 31-3-1966</td>
<td>10000</td>
<td>2</td>
</tr>
<tr>
<td>1-4-1966 to 18-4-1971</td>
<td>10000</td>
<td>3</td>
</tr>
<tr>
<td>19-4-1971 to 31-3-1974</td>
<td>15000</td>
<td>3</td>
</tr>
<tr>
<td>1-4-1974 to 31-3-1982</td>
<td>25000</td>
<td>4</td>
</tr>
<tr>
<td>1-4-1982 to 7-7-1983</td>
<td>50000</td>
<td>4</td>
</tr>
<tr>
<td>8-7-1983 to 30-6-1985</td>
<td>50000</td>
<td>5</td>
</tr>
<tr>
<td>1-7-1985 to 31-7-1986</td>
<td>100000</td>
<td>5</td>
</tr>
<tr>
<td>1-8-1986 to 30-3-1989</td>
<td>200000</td>
<td>5</td>
</tr>
</tbody>
</table>

4.5.2 Double-Point Levy:

At the commencement of APGST Act 1957 (i.e.15-6-1957) single point sales tax at a higher rate at the point of first sale was levied on 17 commodities in addition to the levy of tax at every point of sale at the general rate of 2 per cent. 9 commodities were brought under single point levy with higher rates of tax with effect from 1-4-1958. Finally, in view of the advantages of a single point levy the balance of 8 commodities were also brought under single point levy with effect from 1-8-1963 abolishing the double point levy. However, the double point levy was restored again in the
case of some other commodities viz, paddy, rice, groundnut, groundnut oil, wheat and wheat products, pulses and dalls, etc., to check evasion that has been taking place under single point levy.

4.5.3 Single-Point Levy:

1. Sales tax is levied on most of the goods (204 items) at the point of first sale in the State at the rates of tax varying from 4 per cent to 70 per cent.

2. On certain goods (mostly agricultural products) tax is levied at a single point of purchase (either at first or the last point) at the rates of tax varying from 1 per cent to 4 per cent (23 items).

3. Tax is levied with effect from 1-1-2000 at the point of first sale on all goods not specifically mentioned in any of the (1 to 6) schedules to the Act at the rate of 12 per cent at the hands of the dealers whose total annual turnover exceed Rs.2 lakh in a year.

4.5.4 Single Point - General Norms:

Under a single point levy system it is considered possible to control the incidence by ensuring that only a specified amount of tax is added to the price of a commodity. This is based on the presumption that sales tax is fully shifted forward to the consumer. A single point tax system at the retail level would be free from pyramiding of the tax burden but suffers from decisive disadvantage of complex tax administration, and lacks simplicity and easy tax
compliance. If the tax is levied at the first stage, number of assesses will be small, well organized and with sufficient accounting expertise to meet the requirements of the law, besides providing adequate coverage for the levy. But where the production is in small scale and unorganized sectors and where the trade is also unorganised, single point levy at the first point may result in a large part of the turn over going outside the ambit of the tax leading to loss in tax revenue. It is only possible to extend the coverage of levy by significantly reducing the level of the exempted turnover (or make it nil) but such a levy may become complex which requires elaborate administration.

Thus it is clear that a single point tax at the first sale point is subject to the disadvantage of inadequate coverage resulting in loss of revenue though having the administrative simplicity, while the last stage would give a fuller coverage with administrative complexity and difficulties of the dealers in complying with the requirements of the law. Therefore, it is advisable to levy single point tax on the selected items at different rates by which the sales tax incidence can be more effectively distributed in a progressive manner. Single point levy may be confined to items of production and trade in large scale and where the trade is well organized.

4.6 Additional Tax:

Apart from the general sales tax, additional taxes were levied under the APGST Act on the basis of the volume of turnover of the tax paying dealers. The first such tax was levied in 1963 at the rate of 0.25 per cent and later a
differential rate was introduced in 1978 with 0.5 per cent rate on gross turnover less than Rs.50 lakh and 1 per cent on gross turnover more than Rs.50 lakh per year as shown in the Table 4.2. In 1988 this was further amended to bring about a three-tier system with 0.5 per cent rate on a gross turnover of Rs.3 lakh upto 50 lakh, 1 per cent on Rs.50 lakh to Rs.1 crore and 1.5 per cent on Rs. 1 crore and above with corresponding adjustments in the case of declared goods in all the three cases. In 1995 it was abolished and replaced by the Turnover tax.

Table – 4.2: Rates of Additional Tax

<table>
<thead>
<tr>
<th>Period</th>
<th>Turnover Limits</th>
<th>Rate of Additional Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>Rs.3 lakhs or more</td>
<td>0.25</td>
</tr>
<tr>
<td>1978</td>
<td>a) Rs.3 lakhs or more but &lt;50 lakhs</td>
<td>0.50</td>
</tr>
<tr>
<td></td>
<td>b) Rs. 50 lakhs or more</td>
<td>1.00</td>
</tr>
<tr>
<td>31-9-1988</td>
<td>a) Rs. 3 lakhs or more but &lt;Rs.50 lakhs</td>
<td>0.50</td>
</tr>
<tr>
<td></td>
<td>b) Rs.50 lakhs or more but &lt;Rs.1 crore</td>
<td>1.00</td>
</tr>
<tr>
<td></td>
<td>c) Rs.1 crore and more</td>
<td>1.50</td>
</tr>
<tr>
<td>From 1-4-1995 to date</td>
<td>---</td>
<td>Nill</td>
</tr>
</tbody>
</table>

4.7 Turnover Tax:

Turnover tax is payable at every point of sale. During 1993-94 a significant change has been made in the scheme of turnover taxation. A multipoint tax on the total turnover levied at three different rates was
introduced. The basic objective of the levy was stated to be twofold: first, to broaden the tax base by bringing the secondary sales also into the tax net and secondly to augment the revenues given up consequent upon the introduction of prohibition. The turnover tax was levied at the rate of 0.5 per cent between Rs.10 lakh and Rs.50 lakh and 1 per cent between Rs.50 lakh and Rs.1 crore and 2 per cent for turnover of Rs.1 crore and above.

Turnover Tax has been abolished with effect from 1994 and in its place additional tax has been introduced. The minimum total turnover limit for levy of additional tax has been set at Rs.3 lakh as against the minimum total turnover limit of Rs.10 lakh and 1 crore has been fixed at 1.5 per cent as against 2 per cent fixed for Levy of turnover tax. From 1996, rate of tax on turnover under Section 5A (1) on sale of goods enumerate in the first (except petrol, diesel oil, aviation turbine fuel, engine oils, lubricating oils, greases, break fluids, furnace oil and all kinds of motor vehicles) Second, Fifth and Seventh Schedules at other than the point of levy specified there in above Rs.10 lakh is 1 per cent subject to the enumerator notified by the Government from time to time. This tax has resulted in the reversal of the historical trend towards a single point levy. The additional tax was abolished simultaneously.

4.8 Tax-on-Tax:

Unlike in most other States, under APGST Act sales tax is payable on the sales turnover including the tax itself. Turnover has been defined as the total amount set out in the bill of sale. This has led to complications in computing the tax to be collected by the dealer and obscured its incidence.
4.9 Purchase Tax:

Every dealer who purchases any taxable goods from a registered dealer under the circumstances in which no tax is payable under Section 5 (which levies tax on sales or purchases of goods), or under Section 6 (levy of tax in respect of declared goods) or purchases any taxable goods from a person other than a registered dealer and consumes such goods in the manufacture of other goods for sale or consumes them otherwise or disposes off such goods in any manner other than by way of sale in the State or dispatches them on consignment and not in the course of inter-State trade or commerce has to pay tax on the purchase turnover of the goods at the same rates at which the tax would have become leviable under Section 5 or Section 6 (tax in respect of declared goods).

4.10 Taxation of Inputs:

A very broad based levy of concessional tax has been introduced with effect from 30-3-1989 vide Act No.4 of 1989 i.e. the APGST (Amendment) Act 1989.

After the introduction of the principal Act of 1957, component parts etc. were being taxed at the rate of 4 per cent with effect from 1-3-1974. Since 1957, however, the concession has been extended to all inputs such as raw materials, component parts, sub-assembly parts, intermediate parts, consumables, packing materials used in the production of certain goods specified in a notified scheme. But the Act, No.4 of 1989, has been amended
to extend the facility to all industries including those making consignment sales or branch transfers. Setting off provision is accorded to packing material that has already suffered tax. This is mainly to encourage industrial production and development in the State.

4.11 Incentives to Industries:

The Andhra Pradesh Government has introduced tax deferment scheme in respect of new industries both large and medium and other industries. The investment in fixed assets for the former is up to Rs.10 crore for the industries located in such industrially backward areas which have been termed as intensive industrial development areas. The monetary benefits available are to the extent of 15 per cent of fixed capital investment, the overall monetary benefit being Rs.100 lakh or Rs.39 lakh annually. The tax is permitted to be paid in five equal installments (interest free) after 5 years of the commencement of production.

Other new industries located in intensive industrial development areas have the deferment of tax up to 15 per cent of fixed capital investment or Rs.50 lakh in gross or Rs.20 lakh annually. The conditions of repayment of tax are the same.

In the case of new industries, located in such industrially backward areas which have been termed as identified growth areas the tax deferment benefit is limited to Rs.15 per cent of investment in fixed capital or overall Rs.45 lakh or Rs.10 lakh annually. The conditions of repayment of tax are the same as in the case of industries in the intensive industrial development areas.

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4.12 The General Principles - Single Point System:

(a) The most suitable stage for levy is the first sale point in the State in respect of goods produced in the industrial sector locally or imported from outside State in large scale.

(b) The purchase point is preferred in the case of agricultural products because the number of sellers is larger than the number of buyers. In case of goods largely exported, or locally consumed in the local industry the point of last purchase and in case of goods largely consumed in the State, the point of first purchase are considered more appropriate.

(c) In case of export of the raw materials for the industries outside the State; the point of last purchase is advantageous.

4.12.1 Conditions:

The first point tax would be effective, only when it ensures adequate coverage of a major segment of the total sale transactions. It is not necessary that every transaction should be brought within the operation of tax, but the majority of transactions should be within the radial ambit of collection of the first stage. This can happen only where bulk of trade and business is so organized that fans out from a few big manufacturers, importers and wholesale dealers.
4.12.2 Limitations:

In India, the reduction in the number of dealers liable to tax would not be considerable as in the western countries. There are numerous small manufacturers and producers who are neither organized nor well staffed. Curbing of tax evasion is not an easy task to the administration. What follows is an attempt made to examine to what extent the APGST Act fulfills the norms that have been discussed above.

4.13 Application of Norms-Single Point Levy:

Following the norms, about 204 commodities are brought to the levy at the first sale point and one at last sale point under APGST Act. Almost all these commodities, viz., motor vehicles, radios, chemical fertilizers, gunnies, cement etc., are either imported into the State or manufactured in the State and the policy of taxing at first sale point has helped the State in having an adequate coverage with administrative simplicity though some items require coverage of more number of dealers. All these 204 items are grouped into one schedule. While 17 commodities are brought under the single point levy at the point of purchase; the remaining is brought under levy at the point of sale.

4.13.1 Exemptions:

There are some exemptions in the APGST Act. Any scheme of sales tax of a State need not necessarily cover the entire area of sales operations. The scope of sales tax system brings in all commodities and transactions of
sale under the tax net except those that are specifically exempted by the Act. The exemptions provided under the APGST Act are given below.

1. Articles and types of transactions which are covered by inter-State and inter-national obligations like, WHO, UNICEF and CARE, etc.

2. Articles taxed under own enactments like tobacco, sugar, textiles and electrical energy.

3. Articles or transactions in whose case the administration of the tax is difficult or the revenue considerations are absent. For example perishable articles and inter departmental transactions are exempted from the sales tax in Andhra Pradesh which require a thorough review periodically. The reasons or considerations that have prompted the Government in granting these exemptions, under the APGST Act are enumerated below.

4.13.2 Reasons for the Provision of Exemptions:

1. Exemptions are provided to goods which are taxed under separate enactments i.e. electrical energy, textiles, sugar, tobacco.

2. in pursuance of international agreements exemptions are given to sales to WHO, UNICEF and CARE.

3. in view of administrative difficulties.

4. in view of perishability of the commodities like, eggs, meat, flowers, etc.
5. for promotion of certain social and economic activities like
   i. Education: Books and periodicals etc.
   ii. Family planning: condoms.
   iii. Khadi and small scale industries: Novars, Jhankanas.
   iv. Encouragement to certain institutions, organizations, sale or purchase of Khadi village industries board, Kasturibai Gandhi National Trust, etc.

6. due to considerations of equity and welfare like sale of food by hospital to in-patients, x-ray photos etc.

7. to subsidise certain non-profit organisations: sales by Administrative Staff College, etc.

8. on religious and sentimental grounds to Foreign Societies, Quran, TTD Publications etc.

9. on other miscellaneous considerations-grass, hay, straw etc.

10. for food grains consumed by the poor, millets, jowar, maize, ragi, ajra, etc. The plethora of exemptions given in Andhra Pradesh need to be rationalised in view of revenue considerations.

4.14 Tax Rates in Andhra Pradesh:

The commodities on which single point levy is imposed are specified in the first three schedules and their number stood at 271 out of 273 (245). The two commodities are subject to multiple tax rates. Table 4.3 shows 17 types of tax rates covering these three schedules.
### Table 4.3. Sales Tax Rates in Andhra Pradesh 2004-05

<table>
<thead>
<tr>
<th>Rate of Tax (in per cent)</th>
<th>Number of commodities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
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<tr>
<td>4</td>
<td>67</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>62</td>
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<tr>
<td>9</td>
<td>19</td>
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<tr>
<td>10</td>
<td>33</td>
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<tr>
<td>12</td>
<td>27</td>
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<tr>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>16</td>
<td>35</td>
</tr>
<tr>
<td>19.33</td>
<td>1</td>
</tr>
<tr>
<td>20</td>
<td>4</td>
</tr>
<tr>
<td>25</td>
<td>1</td>
</tr>
<tr>
<td>30.55</td>
<td>5</td>
</tr>
<tr>
<td>50</td>
<td>2</td>
</tr>
<tr>
<td>70</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Rates = 17</strong></td>
<td><strong>273</strong></td>
</tr>
</tbody>
</table>

**Source:** Compiled from the data provided by the Office of the Commissioner of Commercial Taxes, Hyderabad.

It is evident from the Table 4.3 that the tax rates on these 273(245) commodities vary from 1 per cent to 70 per cent. Bullion and specie are the only commodities taxed at 1 per cent. The highest rate of 70 per cent is imposed on only one commodity, all liquors excluding toddy and arrack. The
second highest rate of tax is 50 percent levied on 2 categories of commodities like molasses and pan masala. 67 varieties of commodities are taxed at 4 percent rate and it contains the largest number of commodities among the 7 schedules. Pesticides, Diesel oil, non-public distribution system Kerosene are taxed at 4 per cent, 19.33 per cent and 25 per cent rates respectively. The payment of tax on these commodities is made either at the first point or at the last point of sale or either at the first purchase or at the last purchase. As stated earlier multiple taxes is imposed on 23 commodities and these belongs to 5th and 6th schedules.

The rates applicable in practice are difficult to compute as these are complicated by the imposition of tax-on-tax component. As a result, the structure becomes more complex, opaque and regressive.

4.14.1 Rate Structure:

The differentiation of rates of tax on commodities consumed by different income groups is necessary on equity considerations. Food and other conventional necessities of life need to be taxed at a low rate while luxury articles can be taxed at higher rates. The tax rates on producer’s goods, both industrial and agricultural, may be moderate as the finished products are invariably taxed. Thus, it is necessary to adopt different rates of tax for different groups of commodities. Demand and supply conditions based on consumption and production govern the distribution of incidence. It would therefore, be unrealistic in aiming to achieve refinement in distribution of incidence through excessive rate differentiation.
4.14.2 Rate Structure in Single Point System (APGST):

At present major commodities are subjected to single point levy either sale or at purchase. The rate structure has become more and more complex with as many as 17 basic (GST) rates. The rates are ranging from one percent in the case of essential articles like food articles to 70 per cent as in the case of liquor. Luxury and other non essential items of consumption should be taxed at higher rates of tax and as such they are liable to be taxed according to the APGST Act ranging between 12 per cent and 70 per cent. The producer's goods and some conventional necessities are subject to tax at 8 per cent and 4 per cent respectively.

The declared goods are subjected to tax at maximum of 4 per cent the concessional tax is extended to the goods and components produced and sold by the local manufacturers are taxed at 4 per cent to protect the small scale manufacturing units in the State.

Another important consideration in fixing the single point rates is the need to keep them in the range of rates prevailing in other States to avoid diversion of trade. It is also necessary to see that the rates do not excessively differ between them. The existing single point rates in Andhra Pradesh, in most of the cases, are either equal or lower compared to the rates in other southern States.

4.15 Registrations:

At present dealers of commodities covered by the First, Third, Fifth and Sixth Schedules of the Act are liable to get themselves registered under
the APGST Act irrespective of their turnovers. Most of the taxable commodities are covered by these Schedules. Those dealers who deal exclusively in commodities that are not covered in these Schedules but are covered in the Seventh Schedule of the Act have to get themselves registered only if their turnover is Rs. 2 Lakhs or above. However, such dealers are few. They have also the option of getting registered even if their turnovers do not exceed Rs. 2 Lakhs. Works contractors, hoteliers, commission agents, brokers, auctioneers, mercantile agents and millers are also required to get themselves registered under the Act irrespective of the quantum of their turnover.

The Assistant Commercial Tax Officer is the registering authority for the dealers coming under his territorial jurisdiction. The dealers are required to file application for registration before the commencement of the business. A single registration can also be done for branches or godowns along with the head office of the dealer located with in the state of A.P.

The registering authority may require the applicant for registration to furnish securities not exceeding an amount equal to tax payable for the year as estimated by him. The assessing authorities are required to issue registration certificates within 15 days from the date of receipt of the application. In case of failure, the applicant shall be deemed to have been duly registered.

4.16 Assessment Procedure:

The assessment or quantification of tax payable or evaluation of the tax payable is done for the twelve months ending 31st March of every year.
Every dealer ought to have filed the monthly returns or annual returns to the assessing authority as the case may be by declaring the total turnover and tax due there on as per the provisions of the APGST Act 1957. The salient features of different methods of assessment are discussed there under.

a. Condition Scheme for assessment: Every dealer whose total turnover does not exceed hundred rupees five lakhs subjected others conditions specified DPA to payment of tax at the rate of two per cent of his total turnover.

b. Self assessment: Every dealer whose annual turnover exceeds 10 lakhs but does not encloses 25 lakhs may to be the retune inform AID for self of assessment by assessing the tax by him subject to the conditions specified therein.

Self assessment of dealers was the T.O. less than twenty lakhs shall be he the return in Form Agent by assessing the annual Turnover and the Tax due therein subject to the conditions as specified.

<table>
<thead>
<tr>
<th>Provisional Tax to be paid</th>
<th>Schedule of payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>If tax is below Rs.1200/-</td>
<td>Payment in lumpsum before 30th June of the year.</td>
</tr>
<tr>
<td>If tax is above Rs.1200/- but is below Rs.2400/-</td>
<td>Payment to be made in two instalments. The first instalment of Rs. 1200/- payable by 30th June for the remaining amount payable by 31st of December.</td>
</tr>
<tr>
<td>If the tax is above Rs.2400/-</td>
<td>Payment to be made in twelve equal monthly instalments.</td>
</tr>
</tbody>
</table>
The assesses are required to submit returns either monthly or annually depending upon the turnover size. Annual submission of returns applies to dealers whose total turnover is less than Rs.10 lakhs. Every dealer filing AA9 return shall pay tax for current year in lumpsum or in instalments mentioned below on the basis of tax due to be paid by him for the proceeding year. The tax so paid during the current year shall be adjusted against the tax due to be paid by him for that year.

4.16.1 Final Assessments:

Final Assessment is made on the basis of returns submitted by the dealers as prescribed under the Act and any findings made by the department after reasonable opportunity is given. Section 13 of the Act provides for submission of the returns and penalties for non-compliance (Section-13A). Final assessment is required to be completed within a period of four years from the expiry of the year to which the assessment relates to. However in cases of failure to submit return before the dates prescribed in that behalf, if the dealer produces the accounts and submits the returns subsequent to the inspections, the time limit for making final assessment is fixed as six years.

4.16.2 Provisional Assessment:

Assessment can also be made on a provisional basis even before the final assessment. Provisional assessment is of two kinds. One is based on annual returns submitted by the dealers and the other is based on monthly
returns. If the returns filed by the dealers appear to be incorrect and incomplete, it is open to the assessing authority to make an assessment to the best of his judgment and determine the tax payable after making such enquiry as deemed fit and after giving the dealer an opportunity of being heard.

4.17 Administrative Organisations:

The Commissioner of Commercial Taxes is the head of the department. Apart from a Secretary and other Sectional heads, the Commissioner is assisted by two additional commissioners and Joint Commissioners. One Additional Commission is in-charge of legal matters and revision of orders passed by subordinate officers. The other additional Commissioner is in-charge of the Intelligence and Enforcement Wing. The joint commissioners are assisted to the commissioner in different aspects of worked administration distributed to them. There are two Deputy Commissioners respectively in-charge of Statistics and Legal Wings and seven Assistant Commissioners and their complementary staff at the headquarters.

One Joint Commissioner, Commercial Taxes works in the Revenue Department as Joint Secretary to Government in the State Secretariat.

The Sales Tax Appellate Tribunal consisting of a Chairman, a Judicial Officer of the Rank of District and Sessions Judge, a Departmental Member in the Rank of Additional Commissioner of Commercial other a member such all the officer of the Indian Revenue Service or Finance or Accounts members below the rank of the Additional Commissioner (CT). A Special
Appellate Tribunal as a forum for revision on points of law has been proposed to be set up.

For administrative convenience the State is divided into 25 divisions and each division is headed by a Deputy Commissioner assisted by an Assistant Commissioner (Audit). The Deputy Commissioner (Administration) is in overall charge of Administration of his division and exercises powers of revision of orders passed by subordinate officers. Each division is sub-divided into different circles and each circle is headed by a Commercial Tax Officer. He is empowered to handle assessments of the turnover above Rs.15 lakh and can take up cases of any dealer irrespective of the quantum of turnover. He can Sue moto revise the orders passed by the Deputy Commercial Tax Officers and Assistant Commercial Tax Officers. The Commercial Tax Officer also works as Luxury Tax Officer and Entry Tax Officer.

The Deputy Commercial Tax Officer is the head of the unit office in a circle and handles cases of dealers having turnover up to Rs.15 lakh. He is in-charge of Profession Tax too. He is also vested with powers under the revenue recovery Act for realization of the arrears under all Acts vested to the commercial taxes Dept. by Government of Andhra Pradesh.

The Assistant Commercial Tax Officer assesses cases transferred to him by Deputy Commercial Tax Officer. By an administrative arrangement, cases of turnover up to Rs.2 lakh can be transferred to him. He is also the Entertainment Tax Officer.
4.17.1 Appeals and Revision:

The Act provides for two stages of appeals. The first appellate authority is the deputy Commissioner (C5) who is to hear appeals against the orders passed by Assistant Commercial Tax Officers, Deputy Commercial Tax Officers and Commercial Tax Officers at Assistant Commissioner (CT) in their jurisdiction.

The second stage of appeal is the Appellate Tribunal (Section 21, Rule 38, Rule 39 and Rule 43) which not only hears appeals against orders passed under Section 19 by the first appellate authority but also against the orders of revision under Section 20 passed by the Deputy Commissioner and Joint Commissioner (Legal).

Section 20 of the Act and Rule 34, 35 and 36 detail the provision for sue moto revision by the Commissioner (C.T.) under this provision, the revising authority may sue moto call for and examine the record of any order passed by any authority subordinate to it and in cases where it finds that the order in question suffers from any illegality, impropriety or irregularity and prejudicial to the interest of revenue, revise the said order.

4.17.2 Check Posts:

With a view to prevent or check the evasion of tax, the State Government has set up 15 check posts. The driver or other person in charge of the goods vehicle is required to get the prescribed documents examined by
the Check-Post officer. If it is found that the tax has not been paid or with a view to prevent evasion, may demand the tax to be paid or a security of five times the tax so payable. In case of non-payment of tax or non-payment of security, the officer in-charge has the power to detain the goods and collect the tax payable, and in addition, impose penalty up to five times of the tax due (Section 29). There are also five integrated check posts set up in the State.

These are jointly manned by the sales tax and other departments of the State Government. In spite of such a wide network, smuggling has been rampant leading to large scale tax evasion which has to be curtailed by gearing up the machinery.

4.18 Tax Evasion:

Compliance with the tax law and regulation falls on the lot of the dealer. The State faces the problem of tax evasion which has to be curbed. The administrative implications of sales tax are mostly concerned with the dealer and the financial burden of the tax is largely born by the consumer.

Tax evasion is a common feature of every tax and the magnitude of tax evasion will be in direct proportion to tax rates. One of the important methods of evasion can be attributed to non-accounting of transactions of goods in books of accounts department. Curbing tax evasion is the main task of the administrator. Different methods are to be adopted in dealing with tax evasion keeping in view the characteristics of the dealer, the kind of the good and the kind of transaction etc.
Andhra Pradesh has trade connections across the borders of Karnataka, Maharastra, Chattishgarh, Orissa and Tamil Nadu. The variance in tax rates, concessions and controls in these States gives rise to clandestine transactions in the sale of goods and transport of the same across the borders by different means of transport. There is no coordination and cooperation and exchange of information among the above States, it is practically next to impossible to curb evasion and leakage of revenue. It will be advantageous to all the States to have the periodical inter-State meetings with the officials concerned to curb large scale tax evasion.

4.19 Shop Inspection etc:

Every dealer of required to maximum the true and correct accounts and records prescribed under the Act for Quantification of the tax payable. Any officer not below the rank authorized under the act to suspects the attempt of tax evasion, has the power to seize the records, accounts registers and power to enter and inspection and risk of business premises until/misel or any burdier subject to the rules if any made in this behalf and shall take the action to protect the rennual in pursuance to the due to procedure established by law.

For the said purpose Government has set up the enforcement using in the commissioner officer at state level and intelligence wing with the assistant commission (CT) cosahed at most renewal under the control of DC (CT) of the dimenison intelligence unit his circle level water the control of commercial Tax officer of the circle.
4.20 Cooperation from Public:

Tax evasion of any sort cannot be reduced without the cooperation of public. In this connection, it may be suggested to adopt a scheme of protecting the informants and payment of incentives by way of provision of a secret fund as it is in the case of Central excise and other Central Acts which helps detection of evasion. Of course, this practice which is being used in a modest way needs to be strengthened.

4.21 Modern Equipment:

The dealers who evade the tax are well equipped with modern communication and transport systems whereas the departments dealing with the evaders are still far behind in these aspects. The only meager facility is the provision of vehicles to the officers in the enforcement wing. Of course, recently all the commercial tax officers are equipped with modern means of computers and communication equipment etc., to trace the movement of transactions, goods and evaders. Such facilities need to be provided adequately to strengthen the official machinery to avoid or reduce tax evasion.

Conclusion:

It is concluded from the above analysis that the rates of taxes in Andhra Pradesh have been on par with those prevailing in the neighbouring states. At present there are 7 schedules which govern the taxation of goods. The description of goods, point of levy and rate of tax on each commodity are
specified in schedule itself. The single point taxation which is the main type of sales tax in the state has been specified in the first, second and third schedules. The fourth schedule contained exempted goods. The fifth schedule indicates to only one commodity i.e., Jaggery, levied at multiple tax. The sixth schedule relates to the goods in respect of which tax is leviable at every point of sale in the state. The seventh schedule refers to goods other than those mentioned in the First to Sixth schedules. It may be noted that the provision of the seventh schedule provides ample scope of flexibility to include either to a new or exempted good.

Apart from the schedules relating to general sales tax, aspects such as the additional sales tax, turn over tax, tax-on-tax, purchase tax, taxation of inputs, incentives to industries which have been in vogue in the state are discussed.

It is found that as many as 17 types of tax rates ranging from one per cent to 70 per cent covering all the seven schedules prevail in Andhra Pradesh. The highest rate of tax of 70 per cent is imposed only on one commodity i.e., all liquors, excluding toddy and arrack 50 per cent is the second highest rate of tax levied on two categories of commodities of pan masala including Gutka and Molasses. The largest group of 52 varieties of commodities are taxed at 8 per cent and the lowest one percent tax rate is levied on only one commodity which are cotton seeds and up to 4 per cent tax rate is levied on 40 commodities which are necessary goods. As a result, the structure of sales tax in Andhra Pradesh has become more complex, rigid and
regressive. It shows that a few tax rates with reasonable exemptions will make the present sales tax structure more efficient and effective.

The present tax structure viewed especially from the point of view of differential tax rates, has upheld the equity considerations as the lowest rate is levied on conventional necessities and the highest rate of tax is imposed on non-essential items.

An analysis of reasons for the unabated growth of tax evasion has been made. It is observed that the variance in tax rates, concessions and controls appear to be the major reasons for all the clandestine transactions across the borders of Andhra Pradesh through different means of transport. It calls for an urgent need to initiate measures to check the tax evasion. Hence, it has been suggested to adopt the Value Added Tax (VAT) system in a phased manner which may help in avoiding the built-in defects or loopholes prevailing in the present system.
REFERENCES:


4. Ibid, p.64.


