

**Andhra Pradesh State Civil Supplies Corporation Ltd**

(A State Government Undertaking)

Regd. Office: 6-3-655/1/A, Civil Supplies Bhavan, Somajiguda, HYDERABAD -500 082

V. ANILKUMAR. I.A.S.  
VC & Managing Director

CIRCULAR No 72. (Admn & Fin)

No.Acts.65/VAT/2014.

Dated: 04-07-2014

Sub:-Civil Supplies - Bifurcation of the State from 2<sup>nd</sup> June 2014 onwards - Incidence of VAT on PDS rice purchased by Food Corporation of India in AP-Transported and sold to Civil Supplies Corporation in Telangana - Reg

Ref-1.Lr No Fin 19/VAT Registration No /2014-15 dt 31.05.2014 from General Manager (A/Cs) FCI, AP Region Hyderabad Copy marked to VC & MD APSCSCL Somajiguda, Hyderabad

2.Telephonic information from DM Hyderabad to VC & MD Dt 16.06.2014

3.Lr No PDS.Movt.5 (1) /Rice /2014-15 from DM Khammam Dt 28.06.2014.

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Attention is invited to the subject and reference cited.

In the reference 1<sup>st</sup> cited General Manager (Accounts), Food Corporation of India, AP Region, Hyderabad has informed that "as per the VAT Act, first sale of rice to FCI is taxable i.e., taxable at the first point sale to FCI and APSCSC Ltd, and second /subsequent sale of rice by FCI is exempted from VAT and hence for Food Corporation of India, there is no Input Tax Credit for the rice purchases. As such, FCI is not collecting VAT on sale of locally procured rice to APSCSC Ltd, other organizations etc, under various schemes." It was also informed that two States are bifurcated and if the rice received from A P is transported to Telangana State and released under PDS and other welfare schemes the same shall be treated as first sale in the State of Telangana and VAT is to be collected on such sales by the FCI in Telangana State.

The District Managers APSCSCL Hyderabad and Khammam had informed that the concerned Area Managers of FCI are insisting for payment of

VAT @ 5% on rice received from AP and released to the Corporation in Telangana State since it is 1<sup>st</sup> sales in the Telangana State.

In this regard it is to inform that as per the provisions of VAT Act, the rice received from AP and sold by FCI in the State of Telangana under PDS and other welfare schemes shall be treated as 1<sup>st</sup> sales in the State and VAT @ 5% is payable thereon.

As per the Rule 20 (2)(m) of AP VAT Act, 2005 the State Civil Supplies Corporation cannot claim Input Tax Credit (ITC) for the rice purchased from Food Corporation of India.

In view of the above provisions of the VAT Act and to ensure uninterrupted supply of rice for PDS and other welfare schemes, VAT @ 5% shall be paid for rice received from A.P State in Telangana State and released by FCI for PDS and welfare Schemes. The VAT paid shall be added to purchase cost, since there is no Input Tax Credit

All district Managers of APSCSCL are requested to take necessary action accordingly.

The receipt of the circular shall be acknowledged

Sd/-

V.Anilkumar

VC & MANAGING DIRECTOR

// t.c.f.b.o //

  
General Manager (A & F) FAC

To  
The District Manager APSCSCL  
All Districts in Telangana State  
All the Z M APSCSCL in Telangana State

Copy Submitted to the CCS & EOS Govt of Telangana Hyderabad.  
Copy to the GM FCI A.P Region, Hyderabad  
Copy to JC & EOED of all Districts in Telangana  
Copy to General Manager (PDS & Mktg) Telangana. Unit