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తెలంగాణ రాజపత్రము
THE TELANGANA GAZETTE
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TELANGANA BILLS
TELANGANA LEGISLATIVE ASSEMBLY

The following Bill was introduced in the Telangana Legislative Assembly on 7th November, 2017.

L. A BILL No. 10 OF 2017.

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-eighth Year of the Republic of India, as follows:-

1. (1) This act may be called the Telangana Value Added Tax (Amendment) Act, 2017.

(2) It shall be deemed to have been come into force with effect from 2nd February, 2017.

Short title
and
commence-
ment.

[1]

B.195-1 (DA)

Amend-
ment of
Schedule
-VI. Act
No. 5 of
2005.

2. In the Telangana Value Added Tax Act, 2005, in Schedule VI,-

(1) In the table after item No. 1-G, the following item shall be added, namely,-

1-H	Draught Beer produced and sold by micro breweries	At the point of first sale in the State	70%
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(2) In the Explanations I and II, for the expression "1A to 1G", the expression "1A to 1H" shall be substituted.

STATEMENT OF OBJECTS AND REASONS

In exercise of the powers conferred by section 72 read with sections 17, 28 and 29 of the Telangana Excise Act, 1968 (Telangana Act No. 17 of 1968) Government of Telangana have introduced the Telangana Microbreweries Rules, 2015 vide G.O.Ms. No. 151, Revenue (Ex.II) Department, dated 28.08.2015. According to these rules, the Draught Beer is manufactured and the same is served to their customers for consumption within the premises.

As per rule 18 of the said Rules, the licensee shall pay 50% of Excise Duty, Value Added Tax and other applicable levies chargeable for one year. Payment of Excise Duty, VAT and other levies on the produced beer shall be on the basis of monthly invoice raised by Telangana State Beverages Corporation Limited. Hence, in the Schedule VI of the Telangana Value Added Tax Act, 2005, provisions were made under Item No. 1-B levying the rate of Value Added Tax 70% at the point of first sale in the State, on Beer bottled and/or packed in India as per the provisions of the Telangana Excise Act, 1968.

Therefore, to overcome the same it is proposed to levy of 70% Value Added Tax on Draught Beer produced and sold by the Microbreweries on par with the bottled beer/packed beer. Accordingly, in consonance with the Legislative exercise as per the procedure stipulated in section 79 of the Talangana Value Added Tax Act, 2005, the Government after careful examination of the matter it has been decided to levy VAT @ 70% Draught Beer produced and sold by the Microbreweries on par with the bottled beer/packed beer by incorporating a specific Item suitably in the Schedule-VI of Telangana Value Added Tax Act, 2005. Accordingly, amendments have been made to Scheudle VI of the Act by issuing notification in G.O.Ms.No. 29, Revenue (CT.II) Department, dated 01.02.2017.

Sub-section (2) of section 79 of the Telangana Value Added Tax Act, 2005 contemplates introduction of bill where notification is issued under sub-section (1) of section 79 during the next session of the Legislative Assembly following the date of the said notification to give effect to the

alterations, additions, or cancellation, as the case may be, of the Schedule specified in the Notification.

Now this Bill seeks to give effect to above alterations and additions to the said Schedule.

K. CHANDRASHEKAR RAO,
CHIEF MINISTER .

FINANCIAL MEMORANDUM

With the levy of VAT @ 70% on the draught beer on micro breweries, the Government is likely to realize Rs. 1.679 X 2=3.36 Cr. Per annum. This revenue will increase proportionately if more units are established.

K. CHANDRASHEKAR RAO,
CHIEF MINISTER .

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

The Telangana Value Added Tax (Amendment) Bill, 2017 after it is passed by both the Houses of the State Legislature may be submitted to the Governor for his assent under article 200 of the Constitution of India.

K. CHANDRASHEKAR RAO,
CHIEF MINISTER .

Dr. V. NARASIMHA CHARYULU,
Secretary to State Legislature.