

ANDHRA
PRADESH TAX
ON LUXURIES ACT
1987

With a view to mobilize additional resources, the A.P. Tax on luxuries in hotels and lodging house an Act 1987 was enacted and it came into force from 15.6.1987.

The Act was amended by Act No.28 of 1996 whereby Tax is levied out only on luxuries provided in a hotel or hospital and on commodities which are specified in the schedule to Act for enjoyment over and above the necessities of life. There are 30 Sections and 15 Rules in the Act.

Hotel:-

‘Hotel’ is defined under the Act as a building or apart of a building where residential accommodation with or without board for cash or for deferred payment and includes a lodging house and a club.

“Luxury provided in a hotel including air-conditioning, television, radio, music, extra bed and the like but does not include the charges for food, drink and telephone calls”.

Corporate Hospital:-

'Corporate hospital' is defined in Section 2(cc) of the Act to mean a hospital registered under the provision of the Societies Registration Act in force in the State or the Companies Act, 1956 and where residential accommodation with or without board is provided for cash or deferred payment to any person or his attendant for undergoing treatment.

Luxuries Provided in a Hospital :

- Air condition, Television, radio or any service provided there in connection with the resident but does not include any charges for the medical services rendered in connection with the treatment or any amount charged for conducting any medical test or any medicines used by the hospital either for checking or treatment.

In relation to other cases luxury means the commodities specified in the schedule for the enjoyment over and above the necessities of life.

Section (3) :- Charging Section

a) Hotel:

5% on the luxuries provided in a hotel where the room tariff is above Rs.300/- per day per person.

b) Hospitals:

10% on the luxuries provided in a hospital where the room tariff is above Rs.500/- per day per person.

Section 5:- Mode of collection:

- a) If in a hotel, consolidated payment is required to be made both for luxury provided and for food, drink and telephone calls, then the assessing authority may fix a separate rate of charges for such luxury and for food, drink and telephone calls.

(b) If no separate charges for luxury provided in a corporate hospital and for the medical services rendered are specified, but a consolidated payment is required to be made both for luxury provided and for the medical services rendered the assessing authority may fix a separate rate of charges for such luxury and for medical services for the purpose of calculating tax under this Act.

(c) In hotel or a corporate hospital, in addition to the charges for luxury service charges are levied and appropriated by the proprietor and not paid to the staff over and above the wages or salaries then charges shall be deemed to be part of the charges for luxury provided.

(d) When luxury provided to a person not being an employer of the hotel or hospital is not charged at all or is charged at a concessional rate then tax on such luxury shall be levied on collected as if full charges were paid to the proprietor.

Section 6:- Returns:

Monthly returns in Form-I to the assessing authority within 15 days after the expiry of the month to which the return relates.

Section 7:- Assessment:

If returns are correct and complete, the assessing authority shall assess the amount of tax due from the proprietor on the basis of the returns. CTO is the assessing authority.

If returns are not correct and incomplete, shall be called for books of account on which proprietor relies in support of his returns for verification. After considering all the evidences, assess the amount of tax due from proprietor.

Time duration: Four years from expiry of the year.

Section 8:-Assessment of escaped Tax:

If any tax payable under this tax has escaped assessment , the assessing authority may at any time within 4 years from the expiry of the year to which the tax relates can proceed to re-assess.

Section 9:- Imposition of penalty:

When dealers fail to file returns or while filing returns fail to pay the whole amount of tax due, the assessing authority may impose penalty, a sum not exceeding three times the amount of tax due.

Section 10:- Payment of arrears:

Dy. commissioner(CT) may allow extension of time for payment of tax or may grant installments. If failed to pay the tax or installments interest @ 2% per month.

(Section 10A):- Attachment of property:

Provisional attachment with the prior approval of the commissioner.

Section 10B:-Powers of Deputy
Commissioner:

The Deputy Commissioner shall have the powers under the AP revenue recovery Act for the recovery of any amount due under R.R. Act 1964.

Section 11:-Appeals:

Within 30 days from the date of receipt of the order, appeal to the appellate authority. Appeal fee:2% of the disputed tax or penalty.

Section 12:-Revision:

The following revision authorities may su-moto call for examine the record of assessments of his subordinate to him, If the proceedings are pre-judicial to the interest of the revenue, may initiate revision.

- 1.Commissioner
- 2.Additional Commissioner
- 3.Joint Commissioner
- 4.Deputy Commissioner

Section 12A & 13:- Appeal and Revision:

This section related to appeal to the Sales Tax Appellate Tribunal and revision to AP High Court.

Section 14:- Refund of Tax:

Where as a result of an order passed under this Act, the refund of any amount becomes due to the assessee, the assessing authority shall refund such amount to him.

Section 15:- Offences:

- 1)Furnishing of incomplete and incorrect return.
- 2)Fraudulantly evade tax due
- 3)Wrong entry
- 4)Knowingly collects tax in excess of the tax payable.
- 5)Will fully acts in contravention of any of the provisions

Shall, on conviction, be liable to punished simple imprisonment for 6 months or with fine which may extended two thousand rupees or with both.

Section 16:- Offence by companies:

Every person who was in charge of company is responsible

Section 17:- Compounding of offences:

The offences may be compounded in lieu of prosecution, by accepting a sum of money not exceeding two thousand rupees or double the amount of tax recoverable which is greater.

Section 20:- Inspection Powers:

The assessing authority shall have the power to seize the books of accounts.

Section 22:- Bar of Jurisdiction of Course:

No suit, prosecution or other legal proceedings shall lie against an employee of government.

Miscellaneous:

a) Rectification of defects: The clerical or arithmetical mistakes may be rectified within four years from the date of any order passed by the assessing authority.

b) Any change in place of business or discontinuance with the business or sale or otherwise disposal of business or change of name, in case of death of proprietor or admission of new partner or any change in the board of directors shall notify within 30 days from the date on which above changes take place.

c) Service: Services of notices, Summons, dues or proceedings under the Act:

1) by giving to proprietor or his manager or agent
(or)

2) Sending it by registered post.
(or)

3) affixing it in some conspicuous place at his last known place of business or residence.