THE HON'BLE SRI JUSTICE RAMESH RANGANATHAN
And
THE HON'BLE SRI JUSTICE U.DURGA PRASAD RAO

WRIT PETITION No.20489 of 2016

ORDER: (per Hon'ble Sri Justice Ramesh Ranganathan)

The proceedings under challenge in this Writ Petition is the assessment order dated 18.04.2016 to the extent the petitioner's input tax eligibility was restricted by applying Rule 20 (8) of the Andhra Pradesh Value Added Tax Rules, 2005 for the tax period 2011-12.

Sri V.Bhaskar Reddy, learned counsel for the petitioner, would draw our attention to the additional affidavit wherein the petitioner has asserted that if the tax paid on cotton kapas purchased from registered VAT dealers in the State, and the tax paid on cotton lint and cotton seed oil is taken into account, the balance of input tax credit that can be restricted is for Rs.2,19,034/-, and not Rs.5,78,548/-; and restriction of input tax credit at Rs.5,78,548/- would result in levy of tax of Rs.3,59,514/- over and above the petitioner's levy on the turn over of cotton kapas and cotton lint.

Sri J.Anil Kumar, learned Special Standing Counsel for Commercial Taxes, would submit, relying on the decision of this Court in ***KGF COTTONS (P) LIMITED v. ASSISTANT COMMISSIONER (CT) LTU***[1], that this Court had categorically held that these are all matters which the assessing authority was required to consider.

In view of the submission of the learned Special Standing Counsel the impugned assessment order, to the limited extent the petitioner was not extended the benefit of input tax credit, is set aside. The assessing authority shall, after affording the petitioner an opportunity of a personal hearing, pass orders at the earliest in any event not later than two months from the date of receipt of a copy of this order.

The Writ Petition is disposed of accordingly. Miscellaneous Petitions pending, if any, shall also stand disposed of. There shall be no order as to costs.

RAMESH RANGANATHAN, J

U.DURGA PRASAD RAO, J

01st August, 2016.
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[1] 81 VST P.1