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THE ANDHRA PRADESH GAZETTE

PART IV-A EXTRAORDINARY

PUBLISHED BY AUTHORITY

No. 14] AMARAVATI, THURSDAY, 5th MARCH, 2026.

**ANDHRA PRADESH BILLS
ANDHRA PRADESH LEGISLATIVE ASSEMBLY**

The following Bill was introduced in the Andhra Pradesh Legislative Assembly on 5th March, 2026.

L. A. Bill No. 14 of 2026

A BILL FURTHER TO AMEND THE ANDHRA PRADESH MOTOR VEHICLES TAXATION ACT, 1963.

Be It enacted by the Legislature of the State of Andhra Pradesh in the Seventy-Seventh year of the Republic of India as follows:

1. (1) This Act may be called the Andhra Pradesh Motor Vehicles Taxation (Amendment) Act, 2026.

Short title and commencement.

(2) It shall be deemed to have come into force with effect on and from the 13th January, 2026.

2. In the Andhra Pradesh Motor Vehicles Taxation Act, 1963 (hereinafter referred to as the Principal Act), after section 3-B, the following new section shall be inserted, namely, -

Insertion of section 3-C. Act No.5 of 1963.

“3-C Levy of Road Safety Cess - There shall be levied and collected an additional tax called “Road Safety Cess” by the Licensing Authority, at the time of registration of motor

vehicles liable to pay life tax, at the rates specified in the Tenth Schedule for the purpose of implementation of road safety measures.”.

Insertion of new Schedule - Tenth Schedule.

- 3.** In the Principal Act, after the Ninth Schedule, the following new Schedule shall be inserted, namely, -

THE TENTH SCHEDULE		
(See Section 3-C)		
Sl. No.	Class of Vehicle	Rate of Road Safety Cess
(1)	(2)	(3)
1.	Motor Cycles	10% of the life tax payable
2.	Motor Cars, Motor Cabs	
3.	4 Wheeled Goods Carriages below 3000 Kgs GVW	
4.	Construction equipment vehicles	
5.	Other vehicles for which life tax is applicable	

Repeal and savings of Ordinance No 1 of 2026.

- 4.** (1) The Andhra Pradesh Motor Vehicles Taxation (Amendment) Ordinance, 2026 is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under this Act.

STATEMENT OF OBJECTS AND REASONS

Road safety has emerged as a critical public policy priority. A large number of road accidents, fatalities and injuries occurring in the State are attributable to engineering deficiencies, inadequate enforcement, poor road geometries, and lack of protective structures, insufficient road markings and signage, and absence of systematic road safety interventions.

To address these issues in a sustained manner, there is an urgent need for dedicated financial resources for continuous road maintenance, corrective engineering, black spot improvement and road safety infrastructure.

The reduction of GST on motor vehicles by the Government of India from 28% to 18% has resulted in considerable reduction in the vehicle cost payable by buyers. Hence, levying a nominal cess will not impose any significant financial burden on vehicle owners.

The Government has decided to introduce an additional Tax called as "Road Safety Cess" inserting new Section as Section 3-C in the Andhra Pradesh Motor Vehicles Taxation Act, 1963 and as per the rates prescribed as per the Tenth Schedule of the Andhra Pradesh Motor Vehicles Taxation Act, 1963 for utilising the amount for various road safety measures. The "Road Safety Cess" shall be levied and collected on the motor vehicles liable to pay life tax at the time of registration.

Accordingly, Government have decided to amend the Andhra Pradesh Motor Vehicles Taxation Act, 1963, suitably.

As the Legislature was not then in session, having been prorogued and it was decided to give effect to the above decision immediately, the Andhra Pradesh Motor Vehicles Taxation (Amendment) Ordinance, 2026

(Ordinance No.I of 2026) was promulgated by the Governor on the 12th January, 2026.

This Bill seeks to replace the said Ordinance and to give effect to the above decisions.

MANDIPALLI RAMPRASAD REDDY
MINISTER FOR TRANSPORT, YOUTH & SPORTS

Financial Memorandum

The Proposals include:

1. Introduction of “Road Safety Cess” at the rate of 10% of Life Tax on motor vehicles which are liable to pay life tax duly amending the Andhra Pradesh Motor Vehicles Taxation Act, 1963 by inserting a new Section 3-C and by adding the Tenth Schedule after the Ninth Schedule in AP MVT Act 1963;
2. To utilize the money exclusively for improvement of Roads, to undertake critical road safety interventions and reduce road accidents and fatalities.

3. Fiscal Impact and Revenue Realisation is as follows:

- a. The State registers approximately 73,000 new vehicles per month and 8.7 lakhs new vehicles per year on which life tax is paid.
 - b. With the levy of 10% Road Safety Cess, the anticipated revenue is:
 - i. Monthly Realisation: Rs.22.5 Crores
 - ii. Annual Realisation: Rs. 270 Crores
4. There will not be any burden on the exchequer of the Government due to the above amendments in Andhra Pradesh Motor Vehicles Taxation Act, 1963.

MANDIPALLI RAMPRASAD REDDY
MINISTER FOR TRANSPORT, YOUTH & SPORTS

**MEMORANDUM UNDER RULE 95 OF THE RULES OF
PROCEDURE AND CONDUCT OF BUSINESS IN THE ANDHRA
PRADESH LEGISLATIVE ASSEMBLY.**

The Andhra Pradesh Motor Vehicles Taxation (Amendment) Bill, 2026, after it is passed by the Legislature of the State may be submitted to the Governor for his assent under Article 200 of the Constitution of India.

MANDIPALLI RAMPRASAD REDDY
MINISTER FOR TRANSPORT, YOUTH & SPORTS

PRASANNA KUMAR SURYADEVARA
Secretary-General to Legislature.