



The Karnataka Tax on Entry of Goods Act, 1979

Act 27 of 1979

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Assessee, Assessing Authority, Dealer, Good Vehicle, Local Area, Occasional Dealer, Place of Business, Registered Dealer, Tax, Value of the Goods, Works, Contract

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FIRST SCHEDULE**SECOND SCHEDULE****STATEMENT OF OBJECTS AND REASONS****I**

Act 27 of 1979.- Octroi is being abolished in the State, as it was causing great hardship to transport operations and to trading community.

The abolition of octroi, which is being levied and collected by the local authorities will result in considerable loss of revenue to them. The State Government will have to make up this loss of revenue.

It is therefore considered necessary to levy a tax on the entry into local areas of certain goods.

Hence this Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 27-3-1979 as No. 260 at page 22.)

II

Amending Act 12 of 1981.- (1) Consequent upon abolition of octroi, Government took a policy decision and gave an assurance that the local bodies would be fully compensated for the loss of octroi. In order to generate additional revenue, to pay this compensation, the Karnataka Tax of Entry of Goods into Local

Areas for Consumption, Use or Sale therein, Act, 1979 was brought into force with effect from 1st June 1979. Some dealers filed writ petition challenging the validity of the Act. The High Court of Karnataka Struck down the Act as unconstitutional. The State Government preferred an appeal to the Supreme Court.

(2) In view of the stay orders from the High Court Entry Tax could not be collected and as a temporary measure to augment the revenues of the State, the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or sale therein Act, 1980 was enacted keeping in view the High Court Order. This Act came into force from 8th June 1980, but this was also challenged in about 4, 000 writ petitions. The State appeal pending before the Supreme Court, was decided by the Supreme Court and the Judgement was pronounced on 25th September 1980 upholding the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1979, as constitutionally valid.

(3) Thus, the two Acts, viz., 1979 and 1980 Acts were in force. The Government decided to repeal the 1980 Act. Accordingly an Ordinance was promulgated. The ordinance is being replaced by an Act and both the houses of Legislatures are have passed then bill repealing 1980 Act. For the past, the 1979 Act is in force. The Department of Law and Parliamentary Affairs has expressed a view that legally the dealers are liable to pay tax arrears from 1st June 1979, but administratively it has become very difficult to collect the tax as the whole trading community has been agitating to waive the payment of arrears of tax on the ground that it is unable to withstand the tax liability retrospectively as it has not collected he same after the 1979 Act was struck down by the High Court.

(4) A number of representations were received from the traders from various chambers of commerce and industry requesting to abolish the entry tax or at least levy it from 1st January 1981 and to exclude from the preview of Entry tax on khadi, handloom and silk goods, with a view to remove the uncertainties in the minds of traders who have been urging right from the beginning that they have not collected entry tax from the purchaser between 1st June 1979 and 25th September 1980, the date on which the Supreme Court Judgment was pronounced validating the 1979 Act, it was felt practicable to notify the collectability of the tax from 1st October 1980 instead of from the original date., 1st June 1979 and also to exclude kadhi, cotton handloom fabrics and silk fabrics from the purview of the entry tax. Accordingly, an (Amendment) Ordinance 1981 (Karnataka Ordinance No. 3 of 1981) was promulgated, amending the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1979.

This Bill seeks to replace the said Ordinance.

(Obtained from L.A. Bill No. 37 of 81)

III

Amending Act 13 of 1982.- In the budget speech for the year 1982–83, the Hon'ble Minister of Finance and Tourism, has indicated several proposal in order to augment the revenue of the State. This Bill seeks to give effect to the said proposals. Opportunity is taken to make some other minor amendments.

(Published in Karnataka Gazette (Extraordinary), Part IV-2A, dated 27-3-1982, as No. 223, at page 31).

IV

Amending Act 38 of 1984.- The present Bill is intended to give effect to the pronouncements made in the Budget speech for the year 1983-84. It is also intended to amend certain other provisions of the Act for a better and more effective administration.

Hence this Bill.

(Obtained from L.A. Bill No.15 of 1983).

V

Amending Act 28 of 1985.- While presenting the budget for the year 1985-86 certain concession and facilities to the dealers under the Entry Tax Act were proposes. To give effect to these concession and other facilities some of the provisions of the Entry Tax Act are to be amended. Opportunity has been taken to effect certain other changes in the Act to facilitate smooth administration of the Act.

(Obtained from L.A. Bill No. 30 of 1985)

VI

Amending Act 12 of 1986.- After enactment of the Karnataka Zilla Parishads, Taluk Panchayat amithis, Mandal Panchayats and Nyaya Panchayat Act, 1983 the area converted into a Mandal under the provisions of section 128(1) of the said Act, shall case to be a local area. Hence the definition of the Act is proposed to be amended.

Hence the Bill.

(Obtained from L.A. Bill No. 26 of 1986.)

VII

Amending Act 41 of 1986.- The proposed legislation is for the purposes of rationalising the provisions relating to levy of tax on packaging materials and industrial raw materials, components and imputes under the Act.

Hence this Bill.

(Obtained from L.A. Bill No. 32 of 1983)

VIII

Amending Act 42 of 1986.- Item 17 and 18 were inserted in the Schedule to the Karnataka Tax on Entry of Goods Into Local Area for Consumption, Use or Sale Therein Act, 1979 with effect from 1st April 1983. The entries in items 17 and 18 were capable of including a large variety of materials, though it was intended to include only certain types of materials. The intention is made clear by inserting items 16A and 16B in the said Schedule by Bill 32 of 1983. This Bill received the assent of the President on 14th January 1986 and is being published as an Act and therefore items 17 and 18 are being deleted.

Hence the Bill.

(Obtained from L.A. Bill No. 40 of 1986)

IX

Amending Act 43 of 1986.- In the principal Act the Commissioner of Commercial Taxes and the Joint Commissioner of Commercial Taxes have been vested with the power of revising the orders passed by their subordinates. It is now proposed to vest with them the power of staying the operation of the orders taken up for *suo moto* revision proceedings, whenever found necessary.

(Obtained from L.A. Bill No. 46 of 1986)

X

Amending Act 11 of 1987.- To give effect to the proposals made in the budget speech, it is proposed to amend the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale Therein Act, 1979.

Consequent to the amendment of the term "year" in the Karnataka Sales Tax Act, 1957, the term "year" in this Act is also amended. Insertion of section 30A is consequential. Hence the Bill.

(Obtained from L.A. Bill No. 17 of 1987.)

XI

Amending Act 8 of 1989.- It is considered necessary to amend the following Acts,—

- (1) Section 2 is proposed to be amended to exclude pepper and cardamom grown as subsidiary crops in the land used for growing non-plantation crops like arecanut and coconut.
- (2) Section 12 is proposed to be amended to exempt certain contributions made from the payment of agricultural income tax.

(3) Section 32 is proposed to be amended to provide for appeals to the Deputy Commissioner (Appeals) against certain orders passed by the Agricultural Income Tax Officers.

As the matter was urgent, the Karnataka Taxation Laws (Amendment) Ordinance, 1988 was promulgated. Hence, the Karnataka Taxation Laws (Amendment) Bill, 1988 to replace the said Ordinance.

(Obtained from LAW 43 LGN 88.)

XII

Amending Act 18 of 1989.- To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1979.

Opportunity is also taken to rationalise certain provisions of the said Act.

Hence the Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 27-3-1989 as No. 162 at page 7.)

XIII

Amending Act 9 of 1990.- To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1979.

Opportunity is also taken to rationalise certain provisions of the said Act.

Hence the Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 29-3-1990 as No. 164 at page 161.)

XIV

Amending Act 14 of 1991.- It is considered necessary to amend the Karnataka Tax on entry of Goods Into Local Areas for Consumption, Use or Sale Therein Act, 1979 to give effect to the proposal made in the Budget Speech and for removing ambiguities, streamlining, administration and rationalising procedure

Hence the Bill.

(Obtained from L.A. Bill No. 14 of 1991.)

XV

Amending Act 15 of 1992.- When the Entry tax Act was brought into force in 1979 to replace the obnoxious system of Octroi, The State Government was of the opinion that levying Entry Tax on three items namely, textiles, tobacco and sugar alone will be sufficient to make up the loss of revenue on account of abolition of

Octroi. It was not the intention of the Government that the levy by way of Octroi should be given up. The intention of Government was to simplify the procedure and to make the mode of collection easy. Therefore, entry Tax was brought in place of Octroi.

Experience in these years has shown that the expected revenue was not generated from the three commodities or even five more commodities added later on. The Local Bodies namely the Corporation and Municipalities are urging that they are put into avoidable hardship and financial stringency by abolition of Octroi and not compensating them with necessary funds. Therefore, it is necessary to vest Powers with the Government to select the commodities for the purposes of levying entry tax and also to make the levy single point so that the cost of goods for common man may not increase.

Hence this Bill.

(Obtained from L.A. Bill No. 27 of 1987.)

XVI

Amending Act 5 of 1993.- Consequent to the re-designation of posts in the Commercial Tax Department, it has become necessary to make suitable amendments in the relevant Taxation Laws.

The full bench of our High Court in Shah Wallace case while overruling a Division Bench judgment of our High court in Janardhanacharya's case had held that the notifications issued under section 8A of the Karnataka Sales Tax Act, 1957 become inoperative when the relevant provisions of the Act are subsequently amended by way of insertion of any entry relating to the class of goods to which exemptions were given by the notifications. Therefore, it was considered necessary to suitably amend the said Act, to save the notifications already issued.

As the matter was urgent and both the Houses were not in session, the amendments were carried-out by promulgation of the Karnataka Taxation Laws (Amendment) Ordinance, 1992.

This Bill seeks to replace the above Ordinance, Hence the Bill.

(Obtained from LA Bill No. 29 of 1992.)

XVII

Amending Act 8 of 1993.- Consequent to the adding of several commodities to the net of Entry tax by the Karnataka Act 15 of 1992 and the Karnataka Ordinance 10 of 1992, the trading commodity went on a state-wide agitating demanding

abolition of entry tax on the ground that it has caused cascading effect and has caused additional burden of the maintenance of books of accounts. As these demands were detrimental to the Government revenue, after discussion with the trading community, it was considered necessary to provide for payment of entry tax of composition.

Opportunity is also taken to make certain consequential amendments.

As the matter was urgent and both Houses of the State Legislature were not in Session, the amendments were carried out by promulgation of the Karnataka Tax on Entry of Goods (Second Amendment) Ordinance, 1992.

This Bill seeks to replace the above Ordinance.

(Obtained from L.A. Bill No. 33 of 1992.)

XVIII

Amending Act 14 of 1994.- It is considered necessary to amend the Karnataka Tax on Entry of Goods Act, 1979,-

(i) to expand the definition of "local area" so as to include "panchayat area" declared under the Karnataka Panchayat Raj Act, 1993 in that definition;

(ii) to abolish tax on entry of goods used in the manufacture, repair or research and development of defence and defence related goods;

(iii) to enable the officers exercising the powers discharging the duties and performing the functions under the Karnataka Sales Tax Act, 1957 also to exercise the powers, discharge the duties and perform the functions under this Act.

(iv) to provide for continuation of the proceedings by succeeding authority of officer from the stage at which it was left by its or his predecessor;

(v) to omit section 5C and to provide for collection of tax from dealer who was permitted to pay tax under that section prior to such omission;

(vi) to validate levy and collection of tax in respect of textiles and tobacco;

(vii) to provide for exemption of tax in respect of entry of goods specified in Sl. No. 1 and 2 of the schedule to the Act as they stood prior to the 1st day of May, 1992.

Hence the Bill.

(Obtained from L.A. Bill No. 32 of 1993.)

XIX

Amending Act 18 of 1994.- It is considered necessary to amend the Karnataka Sales Tax Act, 1957, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, the Karnataka Tax on Entry of Goods Act, 1979, the

Karnataka Entertainments Tax Act, 1958, the Mysore Betting Tax Act, 1932 and the Karnataka Agricultural Income Tax Act, 1957 to give effect to the proposals made in the Budget speech and matters connected therewith.

Hence the Bill.

(Obtained from LA Bill No. 12 of 1994.)

XX

Amending Act 45 of 1994.- It is considered necessary to amend the Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposals made in the budget speech and matters connected therewith.

Hence the Bill.

(Obtained from L.A. Bill No 11 of 1994.)

XXI

Amending Act 3 of 1995.- The Karnataka Tax on entry of Goods Into Local Areas for Consumptions, Use or Sale Therein (second Amendment) Bill, 1987 was sent to the President for his assent. The Government of India requested to amend the said Bill incorporating a Schedule specifying the items on which entry Tax is leviable and also requested to send a draft ordinance incorporating those amendments. Accordingly, a draft Ordinance was sent. The Government of India while conveying the asset of the President to the said Bill also sent the previous instructions of the President for promulgation of the ordinance and requested the State Government to publish both the Amendment Act and the Ordinance simultaneously. Accordingly, the Karnataka Tax on entry of Goods Into Local Areas for Consumption, Use or Sale therein (Amendment) Ordinance, 1992 was promulgated incorporating Schedule I consisting of 103 items on which the Entry Tax may be levied.

This Bill seeks to replace the said Ordinance. Hence the Bill.

(Obtained from L.A. Bill No. 23 of 1992.)

XXII

Amending Act 6 of 1995.- It is considered necessary to amend the Karnataka Sales Tax Act, 1957, the Karnataka Agricultural Income Tax Act, 1957, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, the Karnataka Entertainment Tax Act, 1958, the Karnataka Tax on Entry of Goods Act, 1979, Karnataka Tax on Luxuries, (Hotels and Lodging House) Act, 1979, the

Mysore Betting Tax Act, 1932 and to give effect to the proposals made in the Budget speech and matters connected therewith.

Hence the Bill.

(Obtained from LA Bill No. 4 of 1995.)

XXIII

Amending Act 1 of 1996.- It is considered necessary to amend the Karnataka Agricultural Income Tax Act, 1957 to enhance the exemption limit for the purpose of composition from the existing ten acres to fifteen acres and to rearrange the slabs.

2) It is considered necessary to amend the Karnataka Sales Tax, 1957,—

(i) to exclude firms from the definition of “dealer” in clause (k) of sub-section (1) of section 2;

(ii) by inserting an explanation after the first proviso to sub-section (1A) of section 5 to clarify that the expression “turnover of goods on which tax has been levied” means “taxable turnover and shall not include tax”.

(iii) by inserting sub-section (1C) in section 5 and modifying Section 17, to provide for composition in the case of dealers in silks fabrics.

(iv) by inserting Section 25B and omitting Section 6BB with effect from the 13th day of October, 1995, to charge the system of levy of purchase tax and road cess on sugarcane from advalorem to tonnage basis.

3) It is considered necessary to omit Section 28 of the Karnataka Tax on Entry of Goods Act, 1979 providing for exemption to a person other than a dealer in goods in view of the judgement of the High Court in W.P. No. 27023/95 and other connected matters wherein the High Court has held that the exemption under Section 28 was equally available to an importer of motor vehicle under Chapter IIA.

Certain consequential amendments are also made.

Hence the Bill.

(Obtained from L.A. Bill No. 8 of 1996.)

XXIV

Amending Act 15 of 1996.- It is considered necessary to make amendments to the following enactments.

1. It is proposed to amend sub-section (7) of section 5 of the Karnataka Tax on Entry of Goods Act, 1979 to empower the Joint Commissioner instead of the Commissioner to defer the assessment.

2. x x x

3. x x x

4. x x x

5. Certain consequential amendments are also made.

(Obtained from LA Bill No. 23 of 1996.)

XXV

Amending Act 7 of 1997.- It is considered necessary to amend the Karnataka Tax on Luxuries (Hotels, Lodging Houses and Marriage Halls) Act, 1979 (Karnataka Act 22 of 1979), the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979), the Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976 (Karnataka Act 35 of 1976), the Karnataka Excise Act 1966 (Karnataka Act 21 of 1966), the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958), the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957), the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), the Mysore Betting Tax Act 1932 (Mysore Act IX of 1932), and to give effect to the proposals made in the Budget Speech and matters connected therewith. Certain consequential amendments are also made.

Hence, the Bill.

(Obtained from LA Bill No. 12 of 1997.)

XXVI

Amending Act 3 of 1998.- It is considered necessary to amend the Karnataka taxation Laws Amendment Act, 1997 (Karnataka Act 7 of 1997), the Karnataka Tax on Entry of Goods Act 1979 (Karnataka Act 27 of 1979), the Karnataka Tax on Luxuries (Hotel, Lodging Housed and Marriage Halls) Act, 1979 (Karnataka Act 22 of 1979), the Karnataka Entertainment Tax Act, 1958 (Karnataka Act 30 of 1958), the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) and to give effect to the proposals made in the Budget Speech and matters connected therewith. Certain consequential amendments are also made.

Hence, the Bill.

(Obtained from L.A. Bill No. 6 of 1998.)

XXVII

Amending Act 4 of 1999.- It is considered necessary to amend the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957), the Karnataka Tax on entry of goods Act 1979 (Karnataka Act 27 of 1979) the Karnataka Tax on Luxuries (Hotel, Lodging Housed and Marriage Halls) Act, 1979 (Karnataka Act 22 of 1979) and the

Karnataka Entertainment Tax Act, 1958 (Karnataka Act 30 of 1958) to give effect to the proposals made in the Budget Speech and matters connected therewith. Certain consequential amendments are also made.

Hence, the Bill.

(Obtained from L.A. Bill No. 6 of 1999.)

XXVIII

Amending Act 18 of 1999.- It is considered necessary to amend the Karnataka Sales tax Act, 1957 (Karnataka Act 25 of 1957), the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957) and to give effect to the proposals made to the Budget Speech and matters connected therewith. Certain consequential amendments are also made.

Further it is considered necessary to amend the Karnataka Tax on Entry of Goods Act, 1979 to clarify that the term "agricultural produce" does not include beedi leaves.

Hence the Bill.

(Obtained from L.A. Bill No. 20 of 1999.)

XXIX

Amending Act 5 of 2000.- It is considered necessary to amend the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 25 of 1957), the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979) and the Karnataka Entertainment Tax Act, 1958 (Karnataka Act 30 of 1958) to give effect to the proposals made in the Budget Speech and matters connected therewith. Certain consequential amendments are also made.

Hence, the Bill.

(Obtained from L.A. Bill. No. 6 of 2000.)

XXX

Amending Act 22 of 2000.- Note.- By this Act certain obsolete and spent Acts were repealed and some minor amendments were made to certain laws including Act 4 of 1999 amending Act 27 of 1979.

XXXI

Amending Act 5 of 2001.- To give effect to the proposals made in the Budget speech, it is considered necessary to amend the Karnataka State Tax Act, 1957 (Karnataka Act 25 of 1957), the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979), the Karnataka Tax on Luxuries Act, 1979 (Karnatak Act 22 of 1979), the Karnataka Entertainment Tax Act, 1958 (Karnatak Act 30 of 1958),

the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976) and the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957). Certain consequential amendments are also made.

Hence the Bill.

(Vide L.A. Bill No. 7 of 2001 File No. SAMVYASHAE 9 SHASANA 2001)

XXXII

Amending Act 5 of 2002.- It is considered necessary to amend the Karnataka Agriculture Income Tax, 1957, the Karnataka Sales Tax Act, 1957, the Karnataka Taxes on Luxuries Act, 1979, the Karnataka Taxes on Entry of Goods Act, 1979 and the Karnataka Entertainment Tax Act, 1958 to give effect to the proposal made in the Budget speech and matters connected therewith.

Certain consequential and incidental amendments are also made.

Hence the Bill.

(Vide L.A. Bill No. 12 of 2002 File No. SAMVYASHAE 18 SHASANA 2002)

XXXIII

Amending Act 7 of 2003.-To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Agricultural Income Tax Act, 1957, the Karnataka Sales Tax Act, 1957, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976, the Karnataka Tax on Luxuries Act, 1979, the Karnataka Tax on Entry of Goods Act, 1979 and the Karnataka Electricity (Taxation on Consumption) Act, 1959.

XXXIV

Amending Act 3 of 2003.- Section 4B of the Karnataka Tax on Entry of Goods Act, 1979 provides for levy of tax on causing entry by an importer, of any motor vehicle in to a local area for use or sale therein from outside the State. Constitutional validity of this section was questioned in the Karnataka High Court in writ petition No. 25590/97-98 and other connected matters on the ground that the section is violative of Article 301 and 304(a) of the constitution.

The High court in its judgement dated 26th July 1999 has held that while a person who causes entry of motor vehicle into a local area from any place outside the State for use or sale therein is liable to tax under section 4B, a motor vehicle manufactured within the State and moved from one local area to another within the State is not liable to entry tax and as such it is hit by Articles 301 and 304(a) of the Constitution. The State Government preferred a writ appeal against the aforesaid

judgement and the writ appeal has been dismissed by the High Court on 24th November, 1999. A special leave petition is filed before the Supreme Court and it is pending.

The High Court in its judgement dated 26th July 1999 has observed that there could be a provision by which no discrimination between imported goods and locally manufactured goods is made and the amount of entry tax is given adjustment in the total liability of sale tax or the amount of the sale tax could be given adjustment under the provision of Entry Tax Act. In the meantime the provision prevailing in the Maharashtra Tax on Entry of Motor Vehicles in the local areas Act, 1987 have been examined. The relevant provisions of the said Act, have been upheld by the Supreme Court and it is considered appropriate to modify the relevant provisions of the Karnataka Tax on Entry of Goods Act, 1979 on the lines of the provisions of the Maharashtra Act.

On account of the judgement of the High court, the Stae Government is unable to levy tax on entry of motor vehicles into the stae from outside the State. It is not certain whether Government will be able to obtain an early decision in the Apex Court. Therefore, it is considered necessary to amend the Karnataka Tax on Entry of Goods Act, 1979 to cure the anomalies pointed out by the High Court.

Hence the Bill.

(LA Bill No. 21 of 2000)

(Entry 52 of List –II of the Seventh Schedule to the Constitution of India)

(Vide file No. SAMVYASHAEE 26 SHASANA 2000)

XXXV

Amending Act 26 of 2004.- To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Mysore Betting Tax Act, 1932(Mysore Act IX of 1932), the Karnataka Sales Tax Act, 1957(Karnataka Act 25 of 1957), the Karnataka Entertainments Tax Act, 1958(Karnataka Act 30 of 1958), the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976(Karnataka Act 35 of 1976), the Karnataka Tax on Luxuries Act, 1979) and the Karnataka Tax on Entry of Goods Act, 1979(Karnataka Act 27 of 1979).

Opportunity is also taken to rationalize certain provisions of the said Acts and also to codify and make certain consequential amendments to implement reliefs already announced.

Hence the Bill.

[L.A. BILL No. 18 OF 2004]

(Entries 52, 54, 62, 60 of list II of Seventh Schedule to the Constitution of India)

XXXVI

Amending Act 11 of 2005.- To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), the Karnataka Sales Tax Act, 1957(Karnataka Act 25 of 1957), the Karnataka Entertainments Tax Act, 1958(Karnataka Act 30 of 1958), the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976(Karnataka Act 35 of 1976), the Karnataka Tax on Entry of Goods Act, 1979(Karnataka Act 27 of 1979), the Karnataka Tax on Lotteries Act, 2004 (Karnataka Act 3 of 2004), the Karnataka Special Tax on Entry of Certain Goods Act, 2004 (Karnataka Act 29 of 2004) and the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004).

Opportunity is also taken to rationalize certain provisions of the said Acts.

Hence the Bill.

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KARNATAKA ACT No 27 OF 1979

(First published in the Karnataka Gazette Extraordinary on the First day of June 1979)

THE KARNATAKA TAX ON ENTRY OF GOODS ACT, 1979.

(Received the assent of the President on the Seventeenth day of May, 1979)

(As Amended by Acts 12 of 1981, 13 of 1982, 38 of 1984, 28 of 1985, 12 of 1986, 41 of 1986, 42 of 1986, 43 of 1986, 11 of 1987, 8 of 1989, 18 of 1989, 9 of 1990, 14 of 1991, 15 of 1992, 5 of 1993, 8 of 1993, 14 of 1994, 18 of 1994, 45 of 1994, 3 of 1995, 6 of 1995, 1 of 1996, 15 of 1996, 7 of 1997, 3 of 1998, 4 of 1999, 18 of 1999, 5 of 2000 and 22 of 2000, 5 of 2001, 5 of 2002, 3 of 2003, 7 of 2003, 26 of 2004 and 11 of 2005)

An Act to provide for the levy of tax on entry of goods into local areas for consumption, use or sale therein.

WHEREAS it is expedient to provide for the levy by the State Government of a tax on the entry of goods into local areas for consumption, use or sale therein;

BE it enacted by the Karnataka State Legislature in the Thirtieth Year of the Republic of India as follows:-

CHAPTER I**PRELIMINARY**

1. Short title ¹[extent and commencement]¹.- (1) This Act may be called the ²[Karnataka Tax on Entry of Goods Act, 1979.]²

1.Substituted by Act 12 of 1981 w.e.f. 1-10-1980

2.Substituted by Act 15 of 1992 w.e.f.1-5-1992

(2) It extends to the whole of the State of Karnataka.

¹[(3) It shall come into force on the first day of October, 1980.]¹

1.Substituted by Act 12 of 1981 w.e.f. 1-10-1980

2. Definitions.- ¹[A]¹ In this Act, unless the context otherwise requires,-

²[(1) agricultural produce or horticultural produce shall not include tea³[beedi leaves]³, coffee, rubber, cashew, cardamom, pepper and cotton ; and such produce as has been subjected to any physical, chemical or other process for being made fit for consumption, save mere cleaning, grading sorting or drying]²;

1. Re-numbered by Act 28 of 1985 w.e.f.10.9.1985

2. Inserted by Act 15 of 1992 w.e.f.1.5.1992

3. Inserted by Act 18 of 1999 w.e.f.1-5-1992.

¹[(1a)]¹ “Appellate Tribunal” means the Appellate Tribunal constituted under the Karnataka Appellate Tribunal Act, 1976 (Karnataka Act 10 of 1976);

1. Renumbered by Act 15 of 1992 w.e.f.1-5-1992

¹[(1b) "assessee" means a person by whom tax is payable;]¹

1. Inserted by Act 15 of 1992 w.e.f.1-5-1992

¹[(2) “Assessing Authority” means any officer empowered to make an assessment under the Karnataka Sales Tax Act 1957;]¹ ²[or this Act by the Government or the Commissioner]²

1.Substituted by Act 14 of 1994 w.e.f.1-4-1994

2. Inserted by Act 11 of 2005 w.e.f.1-4-2005

¹[(2a) ²[Deputy Commissioner]² and the ²[Deputy Commissioner]² of Commercial Taxes appointed under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957)]¹

1. Inserted by Act 28 of 1985 w.e.f.10-9-1985

2. Substituted by Act 5 of 1993 w.e.f.9-11-1992

¹[(2b) business includes any trade, commerce or manufacture or any adventure or concern in the nature of trade, commerce or manufacture whether or not such trade, commerce, manufacture, adventure or concern is carried on with a motive to make gain or profit and whether or not any profit accrues from such trade, commerce, manufacture, adventure or concern and any transaction in connection with or incidental or ancillary to such trade, commerce, manufacture, adventure or concern.]¹

1. Inserted by Act 15 of 1992 w.e.f.1-5-1992

(3) “Commissioner” means the person appointed to be the Commissioner of Commercial Taxes in the State;

¹[(3a) “² [Joint Commissioner]²” means the ²[Joint Commissioner]² of Commercial Taxes appointed under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) ;]¹

1. Inserted by Act 28 of 1985 w.e.f.10-9-1985

2. Substituted by Act 5 of 1993 w.e.f.9.11.1992

¹[(4) ‘dealer’ means any person who in the course of business, whether on his own account or on account of a principal or any other person, brings, or causes to be brought into a local area any goods or takes delivery or is entitled to take delivery of goods on its entry into a local area and includes an occasional dealer.

Explanation I.- An industrial, commercial or trading undertaking of the Government of Karnataka, the Central Government or any other State Government, a local authority, a company, a Hindu undivided family, an Aliyasanthana family, a firm, a society, a club or an association which carries on such business shall be deemed to be a dealer for purposes of this Act.

Explanation II.- A society (including a co-operative society) club or firm or an association which, whether or not in the course of business, buys, sells, supplies or distributes goods from or to its members for cash, or for deferred payment or for commission, remuneration or other valuable consideration, shall be deemed to be a dealer for the purposes of this Act.

Explanation III.- The Central Government or a State Government other than the Government of Karnataka which whether or not, in the course of business, buys, sells, supplies or distributes goods, directly or otherwise, for cash or deferred payment or for commission, remuneration or other valuable consideration shall be deemed to be a dealer for the purposes of this Act.

Explanation IV.- When a consignee does not take delivery of goods upon its entry into a local area and such goods are sold under the provisions of any law, the buyer who takes delivery of such goods upon the goods being sold shall be deemed to be the dealer thereof.

Explanation V.- A person undertaking the execution of works contract involving the use or consumption of goods entering into a local area shall be deemed to be the dealer thereof.

Explanation VI.- Any person who brings or causes to be brought any goods into a local area but resides out side the State of Karnataka (hereinafter referred to as a non-resident dealer) including his agent or manager shall be deemed to be the dealer thereof.

Exception.- Any agriculturist who brings exclusively agricultural produce grown on land cultivated by him personally shall not be deemed to be a dealer within the meaning of this clause.]¹

1. Substituted by Act 15 of 1992 w.e.f.1-5-1992

¹[(4a) goods means all kinds of moveable property (other than newspapers, actionable claims, stocks and shares and securities) and includes livestock;

(4b) 'goods vehicle' means any kind of vehicle used for carriage of goods either solely or in addition to passengers (other than aeroplanes and rail

coaches) and includes push cart, animal drawn cart, tractor-trailer and the like.]¹

1. Inserted by Act 15 of 1992 w.e.f.1-5-1992

¹[(4c)]² “³[Additional Commissioner]³” means the ³[Additional Commissioner]³ of Commercial Taxes appointed under the Karnataka Sales Tax Act, 1957 (Karnataka Act of 1957);]¹

1. Inserted by Act 28 of 1985 w.e.f.10-9-1985

2. Re-numbered by Act 15 of 1992 w.e.f.1-5-1992

3. Substituted by Act 5 of 1993 w.e.f.1-5-1992

¹[(5) ‘local area’ means an area within the limits of the city under the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977), a Municipality under the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964), a Notified Area Committee, a Town Board, a Sanitary Board or a Contonment Board constituted or continued under any law for the time being in force and a Mandal under the Karnataka Zilla Parishads Taluk Panchayat Samithis, Mandal Panchayats and Nyaya Panchayats Act, 1983 (Karnataka Act 20 of 1985) ²[and panchayat area under the Karnataka Panchayat Raj Act, 1993 (Karnataka Act 14 of 1993)]².]¹

1. Substituted by Act 15 of 1992 w.e.f.1-5-1992

2. Inserted by Act 14 of 1994 w.e.f. 10.5.1993

¹[(5a) ‘occasional dealer’ means any person who, in the course of occasional transactions of business nature whether on his own account or an account of a principal, or any other person bring or causes to be brought into a local area any goods or takes delivery or is entitled to take delivery of goods on its entry into local area.

(5b) ‘place of business’ means any place where a dealer is doing business and includes,-

(i) any warehouse, godown, or other place where the dealer stores or processes his goods ;

(ii) any place where the dealer produces or manufactures goods;

(iii) any place where the dealer keeps his books of accounts ;

(iv) any place where the dealer carries on business through an agent (by whatever name called), the place of business of such agent;]¹

1. Inserted by Act 15 of 1992 w.e.f.1-5-1992

(6)“registered dealer” means a dealer registered under this Act;

¹[(7) “Schedule” means a schedule appended to this Act;]¹

1. Substituted by Act 15 of 1992 w.e.f.1-5-1992

(8) "tax" means tax leviable under this Act;

¹[(8a) 'Value of the goods' shall mean the purchase value of such goods, that is to say, the purchase price at which a dealer has purchased the goods inclusive of charges borne by him as cost of transportation, packing, forwarding and handling charges, commission, insurance, taxes, duties and the like , or if such goods have not been purchased by him, the prevailing market price of such goods in the local area.

(8b) "works contract" means any agreement for carrying out for cash, deferred payment or other valuable consideration, the construction, fitting out, improvement or repair of any building, road, bridge or any other immovable property, or manufacture, processing, fabrication, erection, installation, fitting out, improvement, modification, repair, conversion or commissioning of any movable property.]¹

1. Substituted by Act 15 of 1992 w.e.f.1-5-1992

¹[(9) 'year' means the year commencing on the first day of April]¹

1. Substituted by Act 15 of 1992 w.e.f.1-5-1992

¹[²(B)]² Words and expressions used in this Act, but not defined, shall have the meaning assigned to them in the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957.)¹

1. Inserted by Act 13 of 1982 w.e.f.1-4-1982

2. Re Numbered by Act 28 of 1985 w.e.f. 10.9.1985

CHAPTER II

levy of tax

¹[**3. Levy of tax.-** (1) There shall be levied and collected a tax on ²[entry of any goods specified in the FIRST SCHEDULE]² into a local area for consumption, use or sale therein, at such rates not exceeding five percent of the value of the goods as may be specified ³[retrospectively or prospectively by the State Government by notification and different dates]³ and different rates may be specified in respect of different goods or different classes of goods or different local areas.

1. Section 3 Substituted by Act 15 of 1992 w.e.f.1-5-1992

2. Substituted by Act 3 of 1995 w.e.f.1-5-1992

3. Substituted by Act 8 of 1993 w.e.f.30-9-1992.

(2) The tax levied under sub-section (1) shall be paid by every registered dealer or a dealer liable to get himself registered under this Act ¹[or the Central Government or a State Government other than the State Government of Karnataka]¹ who brings or causes to be brought into a local area the goods whether on his own account or on account of his principal or

any other person or who takes delivery or is entitled to take delivery of such goods on its entry into a local area.

1. Inserted by Act 5 of 2000 w.e.f. 1.4.2000

Explanation.- Where the goods are taken delivery of on its entry into a local area or brought into a local area by a person other than a dealer, the dealer who takes delivery of the goods from such person shall be deemed to have brought or caused to have brought the goods into the local area.

¹[(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), no tax shall be levied on and collected from a dealer who brings or causes to be brought into a local area any goods,-

(i) in respect of which tax has been paid or has become payable in any other local area under sub-section (1), or

(ii) ²[other than Gutkha]² in respect of which tax has been paid or has become payable under section 4-B of the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979)]¹.

1. Substituted by Act 7 of 1997 w.e.f.1-4-1997

2. Inserted by Act 5 of 2001 w.e.f.1.4.2000

¹[(4) The provisions of sub-sections (3) shall not apply unless the dealer preferring claim under the said sub-section furnishes to the assessing authority declaration in the prescribed form ²[issued]² by the dealer who is liable to pay tax on such goods under this Act or the stockist who is liable to pay tax on such goods under the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979), as the case may be.]¹

1. Substituted by Act 7 of 1997 w.e.f.1-4-1997

2. Inserted by Act 7 of 2003 w.e.f.1-4-2003

¹[(4A) Notwithstanding anything contained in sub-sections (2) and (3), where a dealer purchases any scheduled goods within the same local area from another dealer having more than one place of business in two different local areas, he shall not be eligible for preferring claim under sub-section (3) of section 3 unless such dealer furnishes to the assessing authority a declaration in the prescribed form obtained from the selling dealer.]¹

1. Inserted by Act 4 of 1999 w.e.f.1-4-1999

(5) Where a dealer brings or causes to be brought goods into a local area and claims exemption by furnishing a declaration as provided in sub-section (4) and it is found that the said declaration is false, he shall be liable to pay the tax on such goods in addition to the penalty if any payable under section 28A.

(6) No tax shall be levied under this Act on any goods ¹[specified in the SECOND SCHEDULE]¹ on its entry into a local area for consumption, use or sale therein.

1. Substituted by Act 3 of 1995 w.e.f.1-5-1992

¹[(6A) No tax shall be levied on a defence unit which causes entry of any goods liable to tax under the Act, into a local area for use by it in the manufacture, repair or research and development of defence and defence related goods.]¹

1. Inserted by Act 14 of 1994 w.e.f.1-5-1992

¹[(7) Every manufacturer who brings or causes to be brought any goods into a local area or every dealer who brings or causes to be brought any goods into the State, the aggregate value of which is not less than one lakh rupees in a year and any other dealer who brings or causes to be brought any goods into a local area, the aggregate value of which is not less than two lakh rupees, shall not be liable to pay tax for that year:]¹

1. Substituted by Act 6 of 1995 w.e.f. 1.4.1995

Provided that every non-resident dealer including his agent or manager, or every occasional dealer shall be liable to pay the tax each year at the rates specified irrespective of the aggregate value of the goods brought or caused to be brought into the local area during the year.

(8) The tax shall be assessed, levied and collected in such manner and in such installments if any, as may be prescribed.

(9) Subject to such rules as may be prescribed the Assessing Authority may assess a dealer for any year as if, the aggregate value of the goods brought or caused to be brought into local area in such year had been received as in the previous year.]¹

¹[3A. Collection of tax by registered dealer.- (1) A person who is not a registered dealer shall not collect any amount by way of tax or purporting to be by way of tax under this Act, nor shall a registered dealer collect any amount by way of tax or purporting to be by way of tax at a rate or rates exceeding the rate or rates specified in a notification issued under ²[section 3 ³[x x x]³]².

1. Section 3A and 3B Substituted by Act 38 of 1984 w.e.f.1.4.1983

2. Substituted by Act 8 of 1993 w.e.f. 1.5.1992

3. Omitted by Act 14 of 1994 w.e.f.1-4-1994

(2) No dealer shall collect any amount by way of tax or purporting to be way of tax in respect of the entry of any goods on which no tax is payable by him under the provisions of this Act.

¹[3AA. Collection of tax by Central Government or State Government.- Notwithstanding anything contained in this Act, the Central Government or the State Government shall be entitled to collect by way of tax any amount which a registered dealer would be entitled to collect by way of tax under this Act.]¹

1. Inserted by Act 18 of 1989 w.e.f.1-4-1989

¹[3B. Penalty for collection in contravention of section 3A.- If any person contravenes any of the provisions of section 3A the assessing authority may, after giving such person a reasonable opportunity of being heard by order in writing, impose upon him by way of penalty a sum not exceeding one and a half times of such amount :

Provided that no prosecution for an offence under section 21 shall be instituted in respect of the same contravention for which a penalty has been imposed under this section.]¹

1. Substituted by Act 18 of 1994 w.e.f.1-4-1994

¹[3BB. Payment and disbursement of amounts wrongly collected by dealers as tax.- (1) Where any amount is collected by way of tax or purporting to be by way of tax from any person by any dealer in contravention of section 3A, whether knowingly or not, such dealer shall pay the entire amount so collected to the assessing authority within twenty days after the close of the month in which such amount was collected, notwithstanding that the dealer is not liable to pay such amount as tax or that only a part of it is due from him as tax under this Act.

1. Inserted by Act 18 of 1994 w.e.f. 1.4.1994

(2) If default is made in payment of the amount in accordance with sub-section (1),-

(i) the whole of the amount outstanding on the date of default shall become immediately due and shall be a charge on the properties of the dealer ;

(ii) the dealer liable to pay the amount shall pay interest at the rate of ¹[one and a quarter per cent]¹ of such amount for each month of default; and

1. Substituted by Act 11 of 2005 w.e.f.1-4-2005

(iii) the whole of the amount remaining unpaid along with the interest calculated under clause (ii) of this sub-section shall be recoverable in the manner specified in section 8.

¹[**Explanation.-** For the purpose of this sub-section, non-payment during any period during which recovery of any amount due under this Section is stayed by an order of any authority or Court in any appeal or other proceedings disputing such amount, shall be deemed to be a 'default', unless the appeal or other proceeding is allowed by such Authority.]¹

1. Inserted by Act 11 of 2005 w.e.f.1-4-1994

(3) Notwithstanding anything contained in this Act or in any other law for the time being in force, any amount paid or payable by any dealer under sub-section (1) shall, to the extent it is not due as tax be forfeited to the State Government and be recovered from him and such payment or recovery shall discharge him of the liability to refund the amount to the person from whom it was collected.

(4) Where any amount is paid or recovered by or from any dealer under sub-section (1) or (3), a refund of such amount or any part thereof can be claimed from the State Government by the person from whom it was realised by way of tax provided an application in writing in the prescribed form is made to the Commissioner within two years from the date of the order of forfeiture. On receipt of any such application, the Commissioner shall hold such inquiry as he deems fit and if the Commissioner is satisfied that the claim is valid and admissible and that amount as claimed as refund is actually paid or recovered, he shall refund the amount or any part thereof, which is found due to the persons concerned.

(5) Where any amount is collected by way of tax or purporting to be by way of tax in contravention of section 3A at any time before the commencement of the Karnataka Taxation Laws (Amendment) Act, 1994 the provisions of sub-sections (3) and (4) shall apply to such amounts collected.]¹

¹[**3C.** x x x]¹

1. Inserted by Act 18 of 1989 and omitted by Act 5 of 1993 w.e.f.9.11.1992

¹[**4. Registration of dealers.-** (1) Every dealer,-

(a) who buys or receives goods liable to tax under this Act and who is doing business in a local area and ²[is registered or is liable for registration under section 10 of the Karnataka Sales Tax Act, 1957

(Karnataka Act 25 of 1957) ³[or section 22 of the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)]³² or

1. Section 4 Substituted by Act 15 of 1992 w.e.f.1.5.1992
2. Substituted by Act 5 of 1993 w.e.f. 11.9.1992
3. Inserted by Act 11 of 2005 w.e.f.1-4-2005

- (b) who brings or causes to be brought such goods into a local area or takes delivery or is entitled to take delivery of such goods, the aggregate value of which is not less than ¹[two lakhs]¹ rupees in a year.

shall get himself registered under this Act in such manner on payment of such fee and within such period as may be prescribed. The registration shall be renewed from year to year on payment of the prescribed fee until it is cancelled.

1. Substituted by Act 6 of 1995 w.e.f. 1.4.1995

¹[Provided that every manufacturer who buys or causes to be brought any goods into a local area or every dealer who brings or causes to be brought any goods into the State, shall get himself registered under this Act, if the aggregate value of such goods brought into a local area or into the State, as the case may be, is not less than one lakh rupees in a year.]¹

1. Inserted by Act 6 of 1995 w.e.f.1-4-1995

(2) Notwithstanding anything contained in sub-section (1),-

- (i) every dealer undertaking execution of works contract involving the use or consumption of goods entering into a local area;
- (ii) every non-resident dealer ;
- (iii) every occasional dealer ;
- (iv) every manager or agent or a non-resident dealer ; other than a dealer dealing exclusively in the goods specified in the schedule,

shall get himself registered irrespective of the value of such goods;

(3) No dealer who is already registered under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) ¹[or the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)]¹, shall be required to pay registration or renewal fee under this Act.

1. Inserted by Act 11 of 2005 w.e.f.1-4-2005

(4) Nothing contained in this section shall apply to any State Government or the Central Government.]¹

¹[CHAPTER IIA**1. Chapter IIA Sections 4A to 4E inserted by Act 45 of 1994 w.e.f.1-4-1995**

4A. Definitions.- In this Chapter, unless the context otherwise requires,-

(a) "accessories" means air-conditioners, music system and any other articles fitted to a motor vehicle and which are not included in the original invoices ;

(b) "entry of motor vehicle into a local area from outside the State" with all its grammatical variations and cognate expressions, means entry of motor vehicle into a local area from any place outside the State for use or sale therein;

(c) "importer" means a person who brings a motor into a local area from any place outside the State for use or sale therein and who owns the vehicle at the time of its entry into a local area;

(d) "motor vehicle" means a motor vehicle as defined in clause (28) of section 2 of the Motor Vehicles Act, 1988 ;

(e) "person" includes any company or association or body of individuals whether incorporated or not and also a Hindu Undivided family, a firm, a society, a club, an individual, the Central Government or the Government of any other State, Union Territory, or a local Authority ;

(f) "purchase value" means the value of motor vehicle as ascertained from the invoice and includes the value of accessories fitted to the vehicle, insurance, excise duty, countervailing duties, sales tax, transport fee, freight charges and all other charges incidently levied on the purchase of a motor vehicle :

Provided that, where purchase value of a motor vehicle is not ascertainable on account of non-availability or non-production of invoice or when the invoice produced is proved to be false or if the motor vehicle is acquired or obtained otherwise than by way of purchase, then the purchase value shall be at the value or price of being sold in open market ;

(g) "State" means the State of Karnataka.

¹[4B. Levy of Tax.- (1) Notwithstanding anything contained in Section 3, there shall be levied and collected a tax on the purchase value of a motor vehicle an entry of which is effected into a local area for use or sale therein and which is liable for registration or assignment of a new registration mark in the State under the Motor Vehicles Act, 1988, at such rate as may be fixed retrospectively or prospectively by the State Government by notification but not exceeding the rates specified in respect of motor vehicles

under the Karnataka Sales Tax Act, 1957: ¹[or the Karnataka Value Added Tax Act, 2003]¹

1. Inserted by Act 11 of 2005 w.e.f.1-4-2005

Provided that, no tax shall be levied and collected in respect of a motor vehicle which is registered in any Union Territory or any other State under the Motor Vehicles Act, 1988 fifteen months prior to the date on which a new registration mark is assigned in the State under the said Act.

(2) The tax levied under the section shall be paid by the importer in such manner and within such time as may be prescribed.

4-BB. Reduction of tax liability.- (1) Where a person liable to pay tax under this Act becomes liable to pay tax under the Karnataka Sales Tax Act, 1957 ¹[or the Karnataka Value Added Tax Act, 2003]¹ on the sale or purchase of such motor vehicles, then his liability under the Karnataka Sales Tax Act, 1957 ¹[or the Karnataka Value Added Tax Act, 2003]¹ shall be reduced to the extent of the tax paid under this Act on such motor vehicle.

1. Inserted by Act 11 of 2005 w.e.f.1-4-2005

(2) Where the liability to pay tax under this Act is in respect of motor vehicle subjected to tax under the Karnataka Sales Tax Act, 1957, then, the tax payable under this Act shall be reduced by an amount of tax already paid under the Karnataka Sales Tax Act, 1957 on such motor vehicle subject to production of proof.

(3) The amount of tax leviable under this Act shall, subject to such conditions as may be prescribed, be reduced to the extent of the amount of tax paid, if any, under the law relating to General Sales Tax or Central Sales Tax as may be in force in any other State or Union Territory by an importer who not being a dealer in motor vehicles had purchased the motor vehicle for his own use in that State.]¹

1. Section 4B and 4BB deemed to have been inserted by Act 11 of 2005 w.e.f.1-4-1995

4C. Levy and collection of tax and penalties.- The provisions of this Act in so far they relate to tax authorities registration, filing of returns, assessments, re-assessments, levy of penalties, collection and recovery of tax and penalties, appeals, revision, offences and prosecutions shall apply *mutatis mutandis* to the levy of tax on entry of motor vehicles into a local area for use or sale therein under this Chapter :

Provided that in the case of an importer other than a dealer liable for registration under this Act, causing entry of motor vehicle into a local area for use or sale therein, he shall pay tax to such authority as Commissioner may notify, within fifteen days from the date of entry of such vehicle into a

local area or before an application is made for registration of the said vehicle or assignment of a new registration mark to such vehicle under the Motor Vehicles Act, 1988, whichever is earlier.

¹[Provided further that in the case of a dealer in motor vehicles, he shall pay tax under this Act at the time when the tax under the Karnataka Sales Tax Act, 1957 is payable on the sale of such motor vehicle]¹

1. Inserted by Act 3 of 2003 w.e.f. 1.4.1995

4D. Exemption of Tax in certain circumstances.- Where any person is causing entry of motor vehicle into a local area within a period of fifteen months from the date of registration of such vehicle in any Union Territory or any other State under the Motor Vehicles Act, 1988, and that such entry is occasioned as a result of shifting the place of his residence from such Union Territory or State into this State ¹[Joint Commissioner]¹ may exempt such person from payment of entry tax on entry of such vehicle subject to production of proof in this regard by him.

1. Substituted by Act 3 of 1998 w.e.f. 1-4-1998

4E. Restriction to registration etc.- Notwithstanding anything contained in any other law for the time being in force where the liability to pay tax in respect of a motor vehicle arises under this Act and such motor vehicle is required to be registered or a new registration mark is required to be assigned to it in the State under the Motor Vehicles Act, 1988, no registering authority shall either register any such motor vehicle or assign any new registration mark to such motor vehicle unless payment of such tax has been made by the person concerned in respect of such vehicle.]¹

CHAPTER III

return, assesment, payment, recovery and collection of taxes

5. Returns and assesment.- (1) Notwithstanding anything contained in section 7, every registered dealer ¹[and every dealer who is liable to get himself registered under this Act]¹ shall every year submit a return to the assessing authority within such period and in such manner containing such particulars as may be prescribed.

1. Inserted by Act 13 of 1982 w.e.f. 1-4-1982

(2) Before any ¹[x x x]¹ dealer submits any return under sub-section (1) he shall in the prescribed manner pay in advance the full amount of tax payable by him on the basis of such return as reduced by any tax already

paid under section 7 and shall furnish along with the return satisfactory proof of the payment of such tax. After the final assessment is made, the amount of tax so paid shall be deemed to have been paid towards the tax finally assessed.

1. Omitted by Act 13 of 1982 w.e.f.1-4-1982

(3) If the assessing authority is satisfied that any return submitted under sub-section (1) is correct and complete he shall assess the dealer on the basis thereof.

(4) If no return is submitted by the dealer under sub-section (1) before the period prescribed or if the return submitted by him appears to the assessing authority to be incorrect or incomplete, he shall assess the ¹[x x x]¹ dealer to the best of his judgement recording the reasons for such assessment:

Provided that before taking action under this sub-section the registered dealer shall be given reasonable opportunity of proving the correctness and completeness of the return submitted by him.

1.Omitted by Act 13 of 1982 w.e.f.1-4-1982

(5) While making any assessment under sub-section (4), the assessing authority may also direct the dealer to pay in addition to the tax assessed a penalty not exceeding one and half times the amount of tax due that was not disclosed by the ³[x x x]³ dealer in his return or in the case of failure to submit a return one and a half times the tax assessed, as the case may be.

1.Omitted by Act 13 of 1982 w.e.f.1-4-1982

¹[(6) No assessment under this section for any year shall be made after a period of ²[three years]² from the date on which return under section 5 for that year is submitted by a dealer:

1.Sub-Sections (6) to (8) inserted by Act 28 of 1985 w.e.f. 10.9.1985

2. Substituted by Act 4 of 1999 w.e.f. 1.4.1997

¹²[Provided that the assessment proceeding relating to any year pending before the commencement of the Karnataka Taxation Laws (Amendment) Act, 1997 in respect of which a return under sub-section (1) has been submitted before such commencement, shall be completed within a period of ³[three years]³ from such commencement:]²

Provided further that nothing contained in this sub-section limiting the time within which the assessment may be made shall apply to an assessment made on the assessee or any person in consequence of, or to

give effect to any finding, direction or order made under section 13, 14, or 15 or any judgement or order made by any court;]¹

1. Substituted by Act 8 of 1989 w.e.f. 10.9.1985

2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

3. Substituted by Act 4 of 1999 as amended by item 21 of Second Schedule to Act 22 of 2000 w.e.f. 1.4.1997

(7) In computing the period of limitation for assessment under this section,-

(a) the time during which the proceedings for assessment in question have been deferred on account of any stay order granted by any court or any other authority shall be excluded ;

(b) the time during which the assessment has been deferred in any case or classes of cases by the ¹[Joint Commissioner]¹ for reasons to be recorded in writing shall be excluded:

1. Substituted by Act 15 of 1996 w.e.f. 5.9.1996

¹[Proviso x x x]¹

1.Omitted by Act 8 of 1989 w.e.f.10-9-1985

¹[(8) Where an assessment under this section is not concluded within the time specified under sub-section (6), the ²[turnover or value of taxable goods, as the case may be]² declared by a dealer in his annual return shall be deemed to have been assessed for that year on the basis of the said return and the provisions of the Act relating to assessment of the ²[such escaped turnover or purchase value of taxable goods as the case may be]², payment and recovery, appeal and revision shall mutatis mutandis apply to such deemed assessment.]¹

1.Substituted by Act 8 of 1989 w.e.f.9-9-1985

2. Substituted by Act 18 of 1994 w.e.f. 1.4.1994

¹**[5A. Security deposit.-** (1) The assessing authority may, for good and sufficient reasons, demand from any dealer liable to pay tax under this Act, security for the proper payment of tax payable by him and on such demand such dealer shall furnish the same within seven days from the date of receipt of an order demanding security from the aforesaid authority.

(2) The amount of security payable under sub-section (1) for any year shall not exceed an amount equivalent to one-half of the tax anticipated to be payable by the dealer for that year :

Provided that the assessing authority shall have power to demand at any time additional security if such authority has reason to believe that the security fixed was too low.

(3) The security paid under sub-section (2), in any year shall be maintained in full until it is dispensed with by the assessing authority on being satisfied that the reason for its demand no longer exists or until the registration certificate is cancelled, whichever is earlier.]¹

1. Inserted by Act 13 of 1982 w.e.f. 1.4.1982

¹[5-B. Self-assessment in the case of certain dealers.- (1) Notwithstanding anything contained in sub-sections (3) and (4) of section 5, in the case of a dealer who is eligible for self-assessment under section - 12C of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), the assessing authority shall subject to the same conditions and exceptions specified therein, assess such dealer on the basis of return filed without requiring the presence of the dealer or the production of books of account.

(2) Notwithstanding anything contained in sub-section (1), the assessing authority shall assess under sub-section (4) of section 5 in such cases as notified by the Commissioner under section 12-C of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957).

(3) If on scrutiny assessment in cases falling under sub-section (2), it is found that the amount of tax paid by any dealer for any year was less than the tax payable for that year as assessed by more than fifteen per cent, the assessing authority shall direct such dealer to pay, in addition to the tax, a penalty equivalent to three times the amount of the tax so paid in short.

(4) Every assessment completed under sub-section (1) shall be subject to the provisions of sections 6, 15 and 17]¹

²[(5) Notwithstanding anything contained in this Section or Section 5, the Government may notify, subject to such conditions as may be specified, that assessment of any specified class of dealers for any year shall be deemed to have been made on the basis of the return submitted in accordance with sub-section (1) of Section 5 without requiring the presence of the dealer or production of books of account by the dealer.]²

1. Substituted by Act 5 of 2001 w.e.f. 1.4.2001

2. Inserted by Act 26 of 2004 w.e.f. 1.8.2004

¹[5C. Cancellation of assesment in certain cases.- (1) Where an assessee within one month from the service of a notice of demand makes

an application and satisfies the assessing authority that he was prevented by sufficient cause from appearing as required under section 5, or that he did not receive the notice issued under that section or that he had not a reasonable opportunity of being heard, the assessing authority shall cancel the assessment and proceed to make a fresh assessment in accordance with the provisions of section 5:

Provided that no application under this sub-section shall be entertained by the assessing authority if tax admitted in the return is not paid.

(2) Nothing contained in sub-section (1) shall apply to an assessment which has been made the subject matter of an appeal under section 13.

(3) No appeal shall lie under section 13 against an order passed under this section.

(4) Every order passed under this section shall subject to the provisions of the sections 14, 15-A, 16 and 17, be final.]¹

1. Omitted by Act 14 of 1994 and inserted by Act 7 of 1997 w.e.f. 1.4.1997

6. Payment of tax for entry of goods escaping assessment.- ¹[(1) If the assessing authority has reasons to believe that the whole or any part of the turnover of a dealer or the value of taxable goods brought or caused to be brought into a local area by a dealer whether on his own account or on account of his principal or any other person or who has taken delivery or is entitled to take delivery of such goods on its entry into local area in respect of any period has escaped assessment to tax or has been under assessed or has been assessed at a rate lower than the rate at which it is assessable under this Act or any deduction or exemption have been wrongly allowed in respect thereof, the assessing authority may, notwithstanding the fact that whole or part of such escaped turnover or value of taxable goods, as the case may be, was already before the said authority at the time of original assessment or re-assessment, but subject to the provisions of sub-section (3) at any time within a period of eight years from the expiry of the year to which the tax relates, proceed to assess or re-assess to the best of its judgement the tax payable by a dealer in respect of such turnover or purchase value of such goods, as the case may be, after issuing a notice to the dealer and after making such enquiry as it may consider necessary.]¹

1. Substituted by Act 18 of 1994 w.e.f. 1.4.1994

(2) In making as assessment under sub-section (1) the assessing authority may, if it is satisfied that the escape from assessment is due to

willful non disclosure of the entry of such goods by the ¹[x x x]¹ dealer direct him to pay in addition to the tax assessed under sub-section (1) a penalty not exceeding one and half times the tax so assessed:

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

Provided that no penalty under this sub-section shall be directed to be paid unless the dealer affected has had a reasonable opportunity of showing cause against such imposition.

(3) In computing the period of limitation for assessment under this section the time during which an assessment has been deferred on account of any stay order granted by any court or other authority or by reason of the fact that an appeal or other proceedings is pending, shall be excluded:

¹[Provided that nothing contained in this section limiting the time within which any action may be taken or any order, assessment, or re-assessment may be made, shall apply to an assessment or re-assessment made on the assessee or any person in consequence of, or to give effect to, any finding, direction or order made under sections 13, 14, 15, 15-A or 16 or any judgement or order made by the Supreme Court, the High Court, or any other court.]¹

1. Inserted by Act 18 of 1994 w.e.f.1.4.1994

7. Payment of tax in advance.- (1) Subject to such rules as may be prescribed every registered dealer ¹[and every dealer liable to get himself registered under this Act]¹ shall send every month to the assessing authority a statement containing such particulars as may be prescribed and shall pay in advance the full amount or tax payable by him on the basis of the ²[goods]² brought by him during the preceding month into the local area ³[within twenty days after the close of the preceding month to which such tax relates]³ and the amount so payable shall for the purpose of sub-section (4) of section 8 be deemed to be an amount due under this Act from such dealer:

1. Inserted by Act 13 of 1982 w.e.f. 1.4.1982

2. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

3. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

¹[Provided that in the case of a dealer whose total turnover in any year under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) ²[or the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)]² is not more than seven lakh fifty thousand rupees, shall submit statements for each month in accordance with this sub-section once in a quarter and pay in

advance the full amount of tax payable for every quarter within twenty days after the close of that quarter to which such tax relates.]¹

1. Inserted by Act 5 of 2000 w.e.f. 1.4.2000

2. Inserted by Act 11 of 2005 w.e.f. 1.4.2005

¹[(2) If default is committed in the payment of tax for any month or quarter as the case may be, beyond ten days, whether or not a statement as required under sub-section (1) is filed; or if the amount of tax paid is less than the amount of tax payable for any month or quarter as the case may be, the dealer defaulting payment of tax or making short payment of tax shall, in addition to the tax, pay interest calculated at the rate of two per cent per month from the date of such default or short payment to the date of payment of such tax.]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000

¹[(3)]¹ If at the end of the year it is found that the amount of tax paid in advance by any ²[x x x]² dealer for any month or for the whole year in the aggregate was less than the tax payable for that month or the tax for the whole year as finally assessed, as the case may be, by more than fifteen percent the assessing authority may direct such dealer to pay in addition to the tax, by way of penalty, a sum ³[calculated at the rate of two per cent per month of the tax paid in short from the date of expiry of thirty days after the close of the month or the quarter or the year as the case may be to which such tax relates.]³

1. Re-numbered by Act 7 of 1997 w.e.f. 1.4.1997

2. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

3. Substituted by Act 5 of 2000 w.e.f. 1.4.2000

Provided that no penalty under this sub-section shall be imposed unless the dealer affected has had a reasonable opportunity or showing cause against such imposition.

¹[(4)]² If no such statement is submitted by a dealer under sub-section (1) before the date prescribed or if the statement submitted by him appears to the assessing authority to be incorrect or incomplete, the assessing authority may assess the dealer provisionally for that month to the best of his judgement, recording the reasons for such assessment, and proceed to demand and collect the tax on the basis of such assessment :

Provided that before taking action under this sub-section the dealer shall be given a reasonable opportunity of being heard.]¹

1. Inserted by Act 13 of 1982 w.e.f. 1.4.1982

2. Re-numbered by Act 7 of 1997 w.e.f. 1.4.1997

8. Payment and recovery of tax.- (1) The tax under this Act shall be paid in such manner and in such installments if any, ¹[and subject to such conditions and payment of such interest]¹ and within such time, as may be prescribed.

1. Inserted by Act 28 of 1985 w.e.f. 10.9.1985

(2) If default is made in making payment in accordance with sub-section (1),-

(i) the whole of the amount outstanding on the date of default shall become immediately due and shall be a charge on the property of the person or persons liable to pay tax under this Act;

¹[(ii) the person or persons liable to pay the tax or any other amount due under this Act shall pay ²[interest]² equal to ³[one and a quarter percent]³ of the amount of tax or any other amount due remaining unpaid for each month after the expiry of the time specified under sub-section (1).]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000

2. Substituted by Act 5 of 2001 w.e.f. 1.4.2001

3. Substituted by Act 11 of 2005 w.e.f. 1.4.2005

²[**Explanation I**]².- For the purposes of clause (ii) the ¹[interest]¹ payable for a part of a month shall be proportionately determined.

1. Substituted by Act 5 of 2001 w.e.f. 1.4.2001

2. Renumbered by Act 11 of 2005 w.e.f. 1.4.2005

¹[**Explanation II**]- For the purpose of this sub-section, non-payment during any period during which recovery of any amount due under the Act is stayed by an order of any authority or Court in any appeal or other proceedings disputing such amount, shall be deemed to be a 'default, unless such appeal or other proceeding is allowed by such Authority]¹

1. Inserted by Act 11 of 2005 w.e.f. 1.10.1980

(3) Notwithstanding anything contained in sub-section (2), ¹[where the amount of ²[interest]² does not exceed rupees five lakh, the Commissioner and in any other case, the State Government]¹ may subject to such conditions as may be prescribed remit the whole or any part of the ²[interest]² payable in respect of any period by any person or class of persons.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

2. Substituted by Act 5 of 2001 w.e.f. 1.4.2001

(4) Any tax assessed, or any other amount due under this Act from a ¹[x x]¹ dealer may without prejudice to any other mode of collection be recovered,-

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

(a) as if it were an arrear of land revenue, or

(b) by attachment and sale or by sale without attachment of any property of such dealer or any other person by the prescribed officer in accordance with such rules as may be prescribed;

(c) notwithstanding anything contained in the Code of Criminal Procedure, 1973 (Central Act 2 of 1974), on application to any Magistrate, by such Magistrate, as if it were a fine imposed by him:

Provided that where a ¹[x x x]¹ dealer who has appealed or applied for revision of any order made under this Act and has complied with an order made by the appellate or the revising authority in regard to the payment of tax or other amount no proceedings for recovery under this sub-section shall be made or continued until the disposal of such appeal or application for revision.

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

¹[8A. Power to withhold refund in certain cases.- (1) Where an order giving rise to refund is the subject matter of an appeal or further proceeding or where any other proceeding under this Act is pending and the authority competent to grant such refund is of the opinion that the grant of refund is likely to adversely affect the revenue, such authority may, with the previous approval of the Commissioner withhold the refund till such time as the Commissioner may determine.

(2) Where a refund is withheld under sub-section (1) the State Government shall pay interest at the rate of ²[six per cent]² per annum on the amount of refund ultimately determined to be due to the person as a result of the appeal or further proceedings, for the period from the date immediately following the expiry of ninety days from the date of the order referred to, in sub-section (1) to the date of refund.]¹

1. Inserted by Act 18 of 1994 w.e.f. 1.4.1994

2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997 and Again Substituted by Act 26 of 2004 w.e.f. 1.8.2004

9. Recovery of tax from certain other persons.- (1) The assessing authority may, at any time or from time to time, by notice in writing (a copy of which shall be forwarded to the ¹[x x x]¹ dealer from whom any tax assessed

is due at his last address known to the assessing authority) require any person from whom money is due to the '[x x x]' dealer or any person who holds or may subsequently hold money for or on account of the '[x x x]' dealer to pay to the assessing authority either forthwith upon the money becoming due or being held at or within the time specified in the notice (not being before the money becomes due or is held) so much of the money as is sufficient to pay the amount due by the '[x x x]' dealer in respect of arrears of tax or penalty or the whole of the money when it is equal to or less than that amount.

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

(2) The assessing authority may, at any time or from time to time, amend or revoke any such notice or extend the time for making any payment in pursuance of the notice.

(3) Any person making any payment in compliance with a notice under this section shall be deemed to have made the payment under the authority of the '[x x x]' dealer and the receipt of the assessing authority shall constitute a good and sufficient discharge of the liability of such person to the extent of the amount referred to in the receipt.

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

(4) Any person discharging any liability to the '[x x x]' dealer after receipt of the notice referred to in this section shall be personally liable to the assessing authority to the extent of the liability discharged or to the extent of the liability of the '[x x x]' dealer for the amount due under this Act, whichever is less.

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

(5) Where any person to whom a notice under this section is sent objects to it on the ground that the sum demanded or any part thereof is not due by him to the '[x x x]' dealer or that he does not hold any money for or an account of the '[x x x]' dealer, then nothing contained in this section shall be deemed to require such person to pay the sum demanded or any part thereof, to the assessing authority.

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

(6) Any amount which a person is required to pay to the assessing authority or for which he is personally liable to the assessing authority under this section shall, if it remains unpaid, be a charge on the properties of the said person and may be recovered as if it were an arrear of land revenue.

Explanation.- For the purposes of this section, the amount due to a '[x x x]' dealer or money held for or an account of a '[x x x]' dealer shall be computed after taking into account such claims, if any, as may have fallen due for payment by such '[x x x]' dealer to such person and as may be lawfully subsisting.

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

9A. x x x]

1. Omitted by Act 5 of 2000 w.e.f. 1.4.2000

10. Liability of firms.- (1) Where any firm is liable to pay any tax or other amount under this Act, the firm and each of the partners of the firm shall be jointly and severally liable for such payment.

(2) Where a partner of a firm liable to pay any tax or other amount under this Act retires, he shall, notwithstanding any contract to the contrary, be liable to pay the tax, or other amount remaining unpaid at the time of his retirement and any tax, or other amount due upto the date of retirement, through unassessed.

10A. Assessment of legal representative.- Where a dealer dies, his executor, administrator or other legal representative shall be deemed to be the dealer for the purposes of this Act and the provisions of this Act shall apply to him in respect of the business of the said deceased dealer:

Provided that, in respect of any tax, penalty or fee assessed as payable by any such dealer or any tax, penalty or fee which would have been payable by him under this Act if he had not died, the executor, administrator or other legal representative shall be liable only to the extent of the assets of the deceased in his hands.]¹

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

11. Tax payable on transfer of business, etc.- (1) When the ownership of the business of a '[x x x]' dealer liable to pay any tax or penalty, or any other amount under the provisions of this Act, is transferred, the transferrer and the transferee shall jointly and severally be liable to pay any tax or penalty or any other amount payable but remaining unpaid at the time of transfer, and for the purpose of recovery from the transferee, such transferee shall be deemed to be the '[x x x]' dealer liable to pay the tax or penalty or other amount under this Act.

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

(2) When a firm liable to pay the tax, or penalty is dissolved the assessment of the tax and imposition of penalty shall be made as if no dissolution of the firm had taken place, and every person who was at the time of dissolution a partner of the firm and the legal representative of any such person who is deceased, shall be jointly and severally liable to pay the tax or penalty assessed or imposed.

(3) When an undivided Hindu family or Aliyasanthana family liable to pay the tax or penalty is partitioned the assessment of the tax and the imposition of penalty shall be made as if no partition of the family had taken place and every person who was a member of the family before the partition shall be jointly and severally liable to pay the tax or penalty assessed or imposed.

(4) Where a ¹[x x x]¹ dealer dies, his executor, administrator or other legal representative shall be deemed to be the ¹[x x x]¹ dealer for the purposes of this Act and the provisions of this Act shall apply to him in respect of the business of the said deceased ¹[x x x]¹ dealer, provided that, in respect of any tax or penalty assessed as payable by any such dealer or any tax or penalty which would have been payable by him under this Act if he had not died, the executor, administrator or other legal representative shall be liable only to the extent of the assets of the deceased in his hands.

1.Omitted by Act 13 of 1982 w.e.f. 1.4.1982

¹[11A. Power of State Government to exempt or reduce tax.- ²[(1)]²

The State Government may, if in its opinion it is necessary in public interest so to do, by notification and subject to such restrictions and conditions and for such period as may be specified in the notification, exempt or reduce ³[either prospectively or retrospectively]³ the tax payable under this Act,-

(i) by any specified class of persons or class of dealers or in respect of any goods or class of goods ; or

(ii) on entry of all or any goods or class of goods into any specified local area.]¹

1.Substituted by Act 15 of 1992 w.e.f. 1.5.1992

2.Re-numbered by Act 18 of 1994 w.e.f. 1.4.94

3.Inserted by Act 4 of 1999 w.e.f. 1.4.1999

¹[(2) The State Government may, by notification cancel or vary any notification issued under sub-section (1).

(3) Where any restriction or condition specified under sub-section (1) is contravened or is not observed by a dealer or a declaration furnished under the said sub-section is found to be wrong, then such dealer shall be liable to

pay by way of penalty an amount equal to twice the difference between the tax payable at the rates specified by or under the Act and the tax paid at the rates specified under the notification on the value of such goods in respect of which such contravention or non-observance has taken place or a wrong declaration is furnished:

Provided that before taking action under the sub-section the dealer shall be given a reasonable opportunity of being heard.]¹

1. Inserted by Act 18 of 1994 w.e.f. 1.4.1994

CHAPTER IV TAX AUTHORITIES

¹[12. **The Authorities.**- ²[(1) The Officers exercising powers, discharging duties and performing functions under the Karnataka Sales Tax Act, 1957 in any area or in respect of any dealer or classes of dealer, shall exercise power, discharge duties and perform functions under this Act in respect of such area and such dealer or classes of dealers.]²

1. Substituted by Act 15 of 1992 w.e.f. 1.5.1992
2. Substituted by Act 14 of 1994 w.e.f. 1.4.1994

¹[(2) Notwithstanding anything contained in sub-section (1), the State Government or the Commissioner may, by notification, authorise officers to exercise powers and discharge duties and perform functions under this Act in respect of such area and such dealer or classes of dealers, or such cases or classes of cases as may be specified in the notification.]¹

1. Omitted by Act 14 of 1994 w.e.f. 1.4.1994 and again inserted by Act 11 of 2005 w.e.f. 1.4.2005

¹[(3) x x x]¹

1. Omitted by Act 14 of 1994 w.e.f. 1.4.1994

(4) The Commissioner may, by order in writing, at any time transfer any case pending before one officer to another officer and the officer to whom the case is so transferred may proceed either *de novo* or from the stage at which it was transferred.

(5) Where a case pending before an officer is transferred to another officer under sub-section (4), the officer to whom the case is transferred shall notwithstanding anything contained in this Act have the same powers and perform the same duties as those respectively conferred and imposed on the officer from whom the case is so transferred.

(6) The State Government and the Commissioner may, from time to time, issue such orders, instructions and directions to all officers and persons employed in the execution of this Act as they may deem fit for the administration of this Act and all such officers and persons shall observe and follow such orders, instructions and directions of the State Government and the Commissioner :

Provided that no such orders, instructions or directions shall be issued so as to interfere with the discretion of any appellate authority in the exercise of its appellate functions.

(7) Without prejudice to the generality of the foregoing power, the Commissioner may on his own motion or on an application by a dealer liable to pay tax under this Act, if he considers it necessary or expedient so to do, for the purpose of maintaining uniformity in the work of assessments and collection of revenue or for the removal of any doubt, clarify the rate of tax payable under this Act in respect of goods liable to tax under the Act or the doubts as the case may be, and all officers and persons employed in the execution of this Act shall observe and follow such clarification.

Explanation.- In this section, the word 'case' in relation to any dealer specified in any direction or order issued thereunder means all proceedings under this Act in respect of any year which may be pending on the date of such order or direction or which may have been completed on or before such date and includes also all proceedings under this Act which may be commenced after the date of such order or direction in respect of any year:]¹

¹[Provided that no such application shall be entertained unless it is accompanied by proof of payment of such fee paid in such manner as may be prescribed.]¹

1. Inserted by Act 18 of 1994 w.e.f. 1.4.1994

[12A. State Representative.- (1) The State Representative appointed or empowered under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), shall be the State Representative for the purposes of this Act.

(2) In proceedings before the Appellate Tribunal the State Representative shall be competent,-

- (i) to prepare and sign application, appeals and other documents ;
- (ii) to appear, represent, act and plead ;
- (iii) to receive notices and other processes ; and
- (iv) to do all other acts connected with such proceedings,

on behalf of the State Government or any officer appointed under this Act.]¹

1. Inserted by Act 15 of 1992 w.e.f. 1.5.1992

¹[**12B. Change of incumbent of an office.-** Whenever in respect of any proceeding under this Act, an assessing authority or any other officer ceases to exercise jurisdiction and is succeeded by another who has, and exercises jurisdiction, the authority or officer so succeeding may continue the proceeding from the stage at which the proceeding was left by his or its predecessor:

Provided that the assessee concerned may demand that before the proceeding is so continued the previous proceeding or any part thereof be re-opened or that before any order of assessment is passed against him, he be re-heard.]¹

1. Inserted by Act 14 of 1994 w.e.f. 1.4.1994

¹[**12-C. Provision for clarification and advance rulings.-** The 'Authority for Clarification and Advance Rulings', (hereinafter referred to in this section as Authority) constituted under section 4 of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) (hereinafter referred to as the 'said Act') shall be authorized to clarify the rate of tax applicable under this Act in respect of any goods liable to tax under the Act or the exigibility of any transaction to tax under the Act on an application by a dealer registered under the Act.

(2) All the provisions of the said Act including ²[provisions relating to appeal and]² the rules made thereunder relating to the manner of making an application for issue of clarification, payment of fee, disposal and implementation of the order passed by the Authority shall *mutatis mutandis* apply to this section]¹

1. Inserted by Act 7 of 2003 w.e.f. 1.4.2003

2. Inserted by Act 26 of 2004 w.e.f. 1.8.2004

CHAPTER V

APPEAL AND REVISION

13. Appeals.-¹[(1)Any person objecting to an order affecting him passed under the provisions of this Act by,-

(i) a Commercial Tax Officer, may appeal to the Deputy Commissioner; and

(ii) an Assistant Commissioner of Commercial Taxes or a Deputy Commissioner, may appeal to the Joint Commissioner:

Provided that any appeal preferred against the orders of the Commercial Tax Officer and pending before the date of commencement of this Act shall stand transferred to the Deputy Commissioner]¹

1. Substituted by Act 5 of 2001 w.e.f. 1.4.2001

(2) The appeal shall be preferred within thirty days,-

(i) in respect of an order of assessment, from the date on which the notice of assessment was served on the appellant, and

(ii) in respect of any other order, from the date on which the order was communicated to the appellant:

Provided that the appellate authority may admit an appeal preferred after the period of thirty days aforesaid ¹[but within a further period of one hundred and eighty days]¹ if it is satisfied that the appellant has sufficient cause for not preferring the appeal within that period.

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

(3) (a) No appeal against an order of assessment shall be entertained by the appellate authority unless it is accompanied by satisfactory proof of the payment of the tax and penalty not disputed in the appeal.

(b) Notwithstanding that an appeal has been preferred under sub-section (1), the tax or other amount shall be paid in accordance with the order against which the appeal has been preferred:

¹[Provided that the appellate authority may, in its discretion, stay payment of one half of tax, if the appellant makes payment of the other half of the tax along with the prescribed form of appeal.

Provided further that where any application made by an applicant for staying proceedings of recovery of any tax or other amount has not been disposed of by the Appellate Authority within a period of thirty days from the date of such application, it shall be deemed that the Appellate Authority has made an order staying proceedings for recovery of such tax or other amount subject to payment of one half of the tax disputed and furnishing of sufficient security to the satisfaction of the assessing authority in regard to the other half of such tax or amount within a further period of fifteen days.

Provided also that where an order staying proceedings of recovery of any tax or other amount is made in any proceedings relating to an appeal under sub-section (1), the Appellate Authority shall dispose of the appeal within a period of ninety days from the date of such order.

Provided also that if such appeal is not so disposed of within the period specified in the third proviso, the order of stay shall stand vacated after the expiry of the said period and the Appellate Authority shall not make any further order staying proceedings of recovery of the said tax or other amount.]¹

1. substituted by Act 26 of 2004 w.e.f. 1.8.2004

(4) The appeal shall be in the prescribed form and shall be verified in the prescribed manner.

¹[(4A) Notwithstanding anything contained in sub-section (1), the appeals filed before the Deputy Commissioner of Commercial Taxes on or before the date of commencement of Karnataka Taxation Laws (Amendment) Act, 2000 and pending on such date shall be deemed to have been filed before the Joint Commissioner and such appeals shall be disposed off by him in accordance with this section.]¹

1. Inserted by Act 5 of 2000 w.e.f. 1.4.2000

(5) In disposing of any appeal, the appellate authority may, after giving the appellant a reasonable opportunity of being heard,-

(a) in the case of an order of assessment or penalty,-

(i) confirm, reduce, enhance or annual the assessment or penalty or both;

(ii) ¹[xxx]¹

1. Omitted by Act 26 of 2004 w.e.f. 1.8.2004

(iii) pass such other orders as it may think fit; and

(b) in the case of any other order, confirm, cancel or vary such order.

¹[Provided that the Appellate Authority shall not set aside any order of assessment or any other order and direct the assessing authority or other authority to make a fresh assessment or to make a fresh order:

Provided further that the Appellate Authority shall pass an order disposing of an appeal, within a period of thirty days from the date on which the hearing of the case was concluded and where it is not practicable so to do on the ground of the exceptional and extraordinary circumstances of the case, the Appellate Authority shall fix a future date for passing the order, and such day shall not be a day beyond sixty days from the date on which the hearing of the case was concluded, and due notice of the day so fixed shall be given to the appellant.]¹

1. Inserted by Act 26 of 2004 w.e.f. 1.8.2004

(6) Every order passed on appeal under this section shall, subject to the provisions of sections 14 to 17, be final.

14. Appeal to the Appellate Tribunal.- (1) Any officer empowered by the State Government in this behalf or any other person objecting to an order passed by the appellate authority ¹[under section 13 or an order passed by a revisional authority under ²[sub-section (3)]² of section 15]¹ may appeal to the Appellate Tribunal within a period of sixty days from the date on which the order was communicated to him.

1. Inserted by Act 18 of 1994 w.e.f. 1.4.1994

2. substituted by Act 7 of 1997 w.e.f. 1.4.1997

(2) The Appellate Tribunal may admit an appeal preferred after the period of sixty days referred to in sub-section (1) ¹[but within a further period of one hundred and eighty days]¹ if it is satisfied that the appellant had sufficient cause for not preferring the appeal within that period.

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

¹[(2A) The officer authorised under sub-section (1) or the person against whom an appeal has been preferred, as the case may be, on receipt of notice that an appeal against the order of the ²[Deputy Commissioner]² or the ²[Joint Commissioner]² has been preferred under sub-section (1) by the other party, may, notwithstanding that he has not appealed against such order or any part thereof, file ³[at any time before the appeal is finally heard]³ a memorandum of cross objections, verified in the prescribed manner against any part of the order of the ²[Deputy Commissioner]² or the ²[Joint Commissioner]² as the case may be, and such memorandum shall be disposed of by the Appellate Tribunal as if it were an appeal presented within the time specified in sub-section (1).]¹

1. Inserted by Act 18 of 1989 w.e.f. 1.4.1989

2. substituted by Act 5 of 1993 w.e.f. 9.11.1992

3. Substituted by Act 14 of 1991 w.e.f. 1.4.1991

¹[(3)The appeal or the memorandum of cross objections shall be in the prescribed form, shall be verified in the prescribed manner, and in the case of an appeal preferred by any person other than an officer empowered by the State Government under sub-section (1) shall be accompanied by ²[proof of payment of one half of tax or other amount disputed and also]² a fee equal to two per cent of the amount of assessment objected to, provided that the sum payable in no case be less than two hundred rupees or more than one thousand rupees.

1. Sub-sections (3) to (11) substituted by Act 18 of 1994 w.e.f. 1.4.1994

2. Inserted by Act 26 of 2004 w.e.f. 1.8.2004

¹[(4) Notwithstanding that an appeal has been preferred under sub-section (1), and notwithstanding anything contained in any other law for the time being in force, tax or any other amount shall be paid in accordance with the assessment or other order made in the case:

Provided that the Appellate Tribunal may, in its discretion, stay payment of one half of tax or other amount disputed, if the appellant makes payment of the other half of the tax or other amount disputed along with the prescribed form of appeal:

Provided further that the Appellate Tribunal shall dispose of such appeal within a period of one hundred eighty days from the date of the order staying proceedings of recovery of one half of tax or other amount and, if such appeal is not so disposed of within the period specified, the order of stay shall stand vacated after the said period and the Appellate Tribunal shall not make any further order staying proceedings of recovery of the said tax or other amount.]¹

1. Substituted by Act 7 of 2003 w.e.f. 1.4.2003 and again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(5) The Appellate Tribunal shall, after giving both parties to the appeal a reasonable opportunity of being heard, pass such orders thereon as it thinks fit :

Provided that if the appeal involves a question of law on which the Appellate Tribunal has previously given its decision in another appeal and either a revision petition in the High Court against such decision or an appeal in the Supreme Court against the order of the High Court thereon is pending the Appellate Tribunal may defer the hearing of the appeal before it till such revision petition in the High Court or the appeal in the Supreme Court is disposed of :

Provided further that if as a result of the appeal any change becomes necessary in the assessment, which is the subject matter of the appeal, the Appellate Tribunal may authorise the assessing authority to amend the assessment, and the assessing authority shall amend the assessment accordingly and thereupon, any amount over paid by the assessee shall be refunded to him without interest, or any additional amount of tax due from

him shall be collected in accordance with the provisions of the Act, as the case may be.

(6) ¹[xxxxx]¹

1. Omitted by Act 26 of 2004 w.e.f. 1.8.2004

(7) (a) The Appellate Tribunal may, on the application either of the appellant or of the respondent, review any order passed by it under sub-section (5) on the basis of facts which were not before it when it passed the order :

Provided that no such application shall be preferred more than once in respect of the same order.

(b) The application for review shall be preferred in the prescribed manner within six months from the date on which the order to which application relates was communicated to the applicant ; and where the application is preferred by any person other than an officer empowered by the State Government under sub-section (1), it shall be accompanied by a fee equal to that which had been paid in respect of the appeal :

Provided that if the application for review is preferred within ninety days from the date on which the order to which application relates is communicated to the applicant, the application shall be accompanied by half the fee which had been paid in respect of the appeal.

(8) With a view to rectifying any mistake apparent from the record, the Appellate Tribunal may, at any time, within five years from the date of order passed by it under sub-section (5) or sub-section (7) amend such order :

Provided that no order under this sub-section shall be made without giving both parties affected by the order a reasonable opportunity of being heard.

(9) Except as provided in the rules made under this Act the Appellate Tribunal shall not have power to award costs to either of the parties to the appeal or review.

(10) Every order passed by the Appellate Tribunal under sub-section (5) or sub-section (7) or sub-section (8) shall be communicated to the appellant, the respondent the authority on whose order the appeal was preferred and the Joint Commissioner concerned if he is not such authority, and the Commissioner.

(11) Every order passed by the Appellate Tribunal under sub-section (5) shall, subject to the provisions of sub-section (6), sub-section (7) and section 15-A be final.]¹

¹[15. Revisional powers of Commissioner, Additional Commissioner, Joint Commissioner and Deputy Commissioner.- (1) The Commissioner may on his own motion call for and examine the record of any proceeding under this Act and if he considers that any order passed therein by any officer subordinate to him is erroneous in so far as it is prejudicial to the interests of the revenue, he may, if necessary, stay the operation of such order for such period as he deems fit and after giving the assessee an opportunity of being heard and after making or causing to be made such inquiry as he deems necessary pass such orders thereon as the circumstances of the case justify, including an order enhancing or modifying the assessment, or cancelling the assessment or directing a fresh assessment.

1. Sub-sections (1) to (4) substituted by Act 18 of 1994 w.e.f. 1.4.1994

(2) The Additional Commissioner may on his own motion call for and examine the record of any proceedings under this Act, and if he considers that any order passed therein by ¹[a Joint Commissioner, or an appellate authority of the rank of a Deputy Commissioner]¹ is erroneous in so far as it is prejudicial to the interests of revenue, he may, if necessary, stay the operation of such order for such period as he deems fit and after giving the assessee an opportunity of being heard and after making or causing to be made such inquiry as he deems necessary, pass such orders thereon as the circumstances of the case justify including an order enhancing or modifying the assessment or canceling the assessment or directing a fresh assessment.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

(3) The Joint Commissioner may on his own motion call for and examine the record of proceeding under this Act and if he considers that any order passed therein by any officer who is not above the rank of a Deputy Commissioner is erroneous in so far as it is prejudicial to the interests of revenue, he may, after giving the assessee an opportunity of being heard and after making or causing to be made such inquiry as he deems necessary, pass such order thereon as the circumstances of the case justify including an order enhancing or modifying the assessment, or canceling the assessment or directing a fresh assessment.

(4) The power under sub-sections (1) to (3) shall be exercisable only within a period of four years from the date of the order sought to be revised was passed.

Explanation.- In computing the period of limitation for the purpose of sub-section (4) any period during which any proceeding under this section is stayed by an order or injunction of any Court shall be excluded;]¹

¹[15A. Revision by High Court.- (1) Within ²[one hundred and twenty days]² from the date on which an order under sub-section (5) or clause (a) of sub-section (7) or sub-section (8) of section 14 was communicated to him, the appellant or the respondent may prefer a petition to the High Court against the order on the ground that the Appellate Tribunal has either failed to decide or decided erroneously any question of law :

Provided that the High Court may admit a petition preferred after the period of ²[one hundred and twenty days]² aforesaid if it is satisfied that the petitioner has sufficient cause for not preferring the petition within that period.

1. Sub-sections (1) to (8) inserted by Act 18 of 1994 w.e.f. 1.4.1994

2. Substituted by Act 11 of 2005 w.e.f. 1.4.2005

(2) The petition shall be in the prescribed form, shall be verified in the prescribed manner, and shall, when it is preferred by any person other than an officer empowered by the State Government, under sub-section (1) of section 14 be accompanied by a fee of one hundred rupees.

(3) If the High Court, on perusing the petition considers that there is no sufficient ground for interfering, it may dismiss the petition summarily :

Provided that no petition shall be dismissed unless the petitioner has had a reasonable opportunity of being heard in support thereof.

(4) (a) If the High Court does not dismiss the petition summarily, it shall, after giving both the parties to the petition a reasonable opportunity of being heard, determine the question or questions of law raised and either reverse, affirm or amend the order against which the petition was preferred or remit the matter to the Appellate Tribunal with the opinion of the High Court on the questions or question of law raised or pass such other order in relation to the matter as the High Court thinks fit.

(b) Where the High Court remits the matter to the Appellate Tribunal under clause (a) with its opinion on question of law raised, the latter shall amend the order passed by it in conformity with such opinion.

(5) Before passing an order under sub-section (4) the High Court may, if it considers necessary so to do remit the petition to the Appellate Tribunal

and direct it to return the petition with its finding on any specific questions or issue.

(6) Notwithstanding that a petition has been preferred under sub-section (1), the tax shall be paid in accordance with the assessment made in the case:

Provided that if as a result of the petition, any change becomes necessary in such assessment, the High Court may authorise the assessing authority, to amend the assessment and the assessing authority shall amend the assessment accordingly and thereupon the amount overpaid by the assessee shall be refunded to him without interest or the additional amount of tax due from him shall be collected in accordance with the provisions of this Act, as the case may be.

(7) With a view to rectify any mistake apparent from the record, the High Court may, at any time, within five years from the date of the order passed by it under sub-section (4) amend such order:

Provided that no order under this sub-section shall be made without giving both parties affected by the order a reasonable opportunity of being heard.

(8) In respect of every petition preferred under sub-section (1) or (7), the costs shall be in the discretion of the High Court]¹

¹[15B. Limitation in regard to passing orders in respect of certain proceedings.- (1) Notwithstanding anything contained in sections 6 and 15, where any proceedings is initiated under section 6 or any records have been called for under section 15, the authority referred to in the said sections shall pass orders within a period of ²[three years]² from the date of initiation of such proceedings or calling for the records, as the case may be:

Provided that in respect of the proceedings initiated or records called for before the date of commencement of the Karnataka Taxation Laws (Amendment) Act, 1997, orders shall be passed within a period of ³[four years]³ from such commencement.

(2) In computing the period specified in sub-section (1), the period during which a proceeding has been deferred on account of any stay granted by any court or any other authority shall be excluded.]¹

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

2. substituted by Act 4 of 1999 w.e.f. 1.4.1997

3. Substituted by Act 5 of 2000 w.e.f. 1.4.1997

16. Appeal to High Court.- (1) Any assessee objecting to an order passed under '[sub-sections (1) and (2) of section 15]'¹ may appeal to the High Court within sixty days from the date on which the order was communicated to him:

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

Provided that the High Court may admit an appeal preferred after the period of sixty days aforesaid if it is satisfied that the assessee had sufficient cause for not preferring the appeal within that period.

(2) The appeal shall be in the prescribed form shall be verified in the prescribed manner, and shall be accompanied by a fee of '[five hundred rupees.]'¹

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

(3) The High Court shall, after giving both parties to the appeal a reasonable opportunity of being heard pass such order thereon as it thinks fit.

17. Rectification of mistakes.- (1) With a view to rectifying any mistake apparent from the record, the assessing authority, appellate authority or revising authority may, at any time, within five years from the date of an order passed by it, amend such order :

Provided that an amendment which has the effect of enhancing an assessment or otherwise increasing the liability of the assessee shall not be made unless the assessing authority, appellate authority or revising authority, as the case may be, has given notice to the assessee of its intention to do so and has allowed the assessee a reasonable opportunity of being heard.

(2) Where an order has been considered and decided in any proceedings by way of appeal or revision relating to an order referred to in sub-section (1), the authority passing such order may, notwithstanding anything contained in any law for the time being in force, amend the order under that sub-section in relation to any matter other than the matter which has been so considered and decided.

(3) An order passed under sub-section (1) shall be deemed to be an order passed under the same provision of law under which the original order the mistake in which was rectified, had been passed.

CHAPTER VI

MISCELLANEOUS

¹[17A. Maintenance of accounts by dealers and issue of sale bills or cash memorandum.- (1) Every registered dealer and every dealer liable to get himself registered for the purposes of this Act shall maintain and keep true and complete accounts relating to his business as well as such other registers or records as may be prescribed in this regard. All such accounts, registers or records shall be retained by the dealer in his safe custody till his assessment or re-assessment, as the case may be, for the relevant year is completed or, in cases where any appeal, revision or other proceedings in respect of such year has been filed and is pending, the same is disposed of.

1. Section 17A Sub-section with (1) to (3) inserted by Act 13 of 1982 w.e.f. 1.4.1982

(2) Every registered dealer and every dealer liable to get himself registered for the purposes of this Act shall issue, in respect of all ¹[goods]¹ sold by him a bill or cash memorandum signed and dated by him or his servant, manager, or agent, showing particulars of his name, address, registration number, if any, and description, quantity and value of the good sold, and shall keep the counter foil or duplicate of such bill or cash memorandum with him and retain it in his custody for the period mentioned in sub-section (1) :

Provided that the selling dealer shall also obtain and record in the sale bill or cash memorandum, the name and full address of the buyer, together with his registration number, if any, where the buyer is a dealer, in cases where the sale price of goods is one thousand rupees or more ;

Provided further that the provisions of this sub-section shall not apply to a dealer whose total turn over in scheduled as well as other goods in a year does not exceed ²[fifty thousand rupees.]²

1. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

(3) Every sale bill or cash memorandum to be issued as per sub-section (2) shall be serially machine numbered;]¹

¹[18. Powers to order production of account and powers of entry, inspection and seizure.- (1) Any Officer empowered by the State Government ²[or the Commissioner]² in this behalf, may for the purpose of this Act, require any dealer carrying on business in any ³[goods]³ to produce before him the accounts and other documents, and to furnish any information relating to the stocks of the ³[goods]³ of or purchases, sales and deliveries of the ³[goods]³ by the dealer and also any other information relating to his business.

1. Section 18 Sub-section with (1) to (4) substituted by Act 9 of 1990 w.e.f. 1.4.1990

2. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

3. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

(2) (i) All accounts and registers maintained by dealers in the ordinary course of their business and documents relating to the stock of the ¹[goods]¹, or purchases, sales and deliveries of ¹[goods]¹ by any dealer ²[computer hardware and software used for data inputting, processing and storage of all such information]², the ¹[goods]¹ in their possession and their offices, shops, godowns, vessel, receptacles or vehicles, shall be open to inspection at all reasonable times by such officers as may be authorised by State Government in this behalf.

1. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

2. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

(ii) For the purposes of inspection referred to in clause (i), any such officer shall have power to enter and search any office, shop, godown, vessel, receptacle, vehicle or any other place of business or any building or place where such officer has reason to believe that the dealer keeps or is for the time being keeping, any accounts, registers or documents of his business:

Provided that no residential accommodation (not being a place of business-cum-residence) shall be entered into and searched by such officer except on the authority of a search warrant issued by a Magistrate having jurisdiction over the area, and all searches under this sub-section shall so far, as may be, made in accordance with the provisions of the Code of Criminal Procedure, 1973 (Central Act 2 of 1974).

(3) If any such officer has reason to suspect that any dealer is attempting to evade the payment of any tax, fee or other amounts due from him under this Act, he may, for reasons to be recorded in writing, seize such accounts, registers, records ¹[and computer hardware and software]¹, or other documents of the dealer as he may consider necessary and shall give the dealer a receipt for the same. The accounts registers, records ¹[and computer hardware and software]¹ and documents so seized shall be retained by such officer only for so long as may be necessary for their examination and for any inquiry or proceeding under this Act:

Provided that accounts, registers, records ¹[and computer hardware and software]¹ and other documents so seized shall not be retained by such officer for a period exceeding one hundred and eighty days from the date of seizure, unless the reasons for retaining the same beyond the said period are recorded by him, in writing and the approval of the next higher authority

is obtained and such approval in any case shall not be for more than sixty days at time.

1. Inserted by Act 7 of 1997 w.e.f 1.4.1997

(4) It shall be open to the State Government to authorise different classes of officer for the purpose of taking action under clause (i) of sub-section (2).¹

¹[18A. Recognition of sales tax check posts or barriers for the purposes of the Act.- (1) With a view to prevent or check evasion of tax under this Act, check posts or barriers or both, as the case may be established or erected under the provisions of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) (hereinafter referred to as the "Sales Tax Act") ²[or the Karnataka Value Added Tax Act, 2004 (Karnataka Act 32 of 2003) (hereinafter referred to as the "Value Added Tax Act")]² shall be recognised for the purposes of this Act.

1. Section 18A inserted by Act 38 of 1984 w.e.f. 1.4.1983

2. Inserted by Act 11 of 2005 w.e.f 1.4.2005

(2) The owner or person in charge of a goods vehicle carrying any of the ¹[goods]¹ shall carry with him the documents prescribed for the purpose of sub-section (2) of section 28A of the Sales Tax Act ²[or sub-section (2) of section 53 of the Value Added Tax Act]² and produce and give a copy of the same in the manner and to the officer prescribed in the said section.

1. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

2. Inserted by Act 11 of 2005 w.e.f 1.4.2005

¹[(2A) Where the owner or persons incharge of the goods vehicle carrying any goods is not required to carry the documents prescribed for the purpose of sub-section (2) of section 28A of the Karnataka Sales Tax Act, 1957, ²[or sub-section (2) of section 53 of the Value Added Tax Act]² he shall give a declaration in the prescribed form to the officer prescribed in the said section.]¹

1. Inserted by Act 15 of 1992 w.e.f. 1.5.1992

2. Inserted by Act 11 of 2005 w.e.f 1.4.2005

(3) The officer referred to in sub-section (4) of section 28A of the Sales Tax Act ²[or sub-section (12) of section 53 of the Value Added Tax Act]² may, in cases of the type and in the circumstances mentioned in the said sub-section levy ¹[a penalty, which,-

(a) shall not be less than the amount of tax leviable but shall not exceed one and half of the amount of tax leviable in respect of the goods under transport in contravention of clause (e) of sub-section (2) of Section 28-A of the Sales Tax Act, ¹[or clause (d) of sub-section (2) of section 53 of the Value Added Tax Act]¹ if a dealer registered under this Act accepts that he is the consignor or consignee of the goods,

(b) in cases other than those falling under clause (a), shall not be less than double the amount of tax leviable but shall not exceed two and half times the amount of tax leviable in respect of the goods under transport]¹

1. Substituted by Act 5 of 2002 w.e.f. 1.4.2002

2. Inserted by Act 11 of 2005 w.e.f 1.4.2005

¹[(3A) Where goods are delivered to a carrier or other bailee for transmission, the movement of the goods shall be deemed to commence at the time of such delivery and terminate at the time when delivery is taken from such carrier or bailee. Where before delivery is taken from him a carrier or bailee to whom goods are delivered for transmission, keeps the said goods in any office, shop, godown, vessel, receptacle, vehicle or any other place of business or any building or place, any officer empowered to exercise the powers under this section shall have power to enter into and search such office, shop, godown, vessel, receptacle, vehicle or other place of business or building or place, and to examine the goods and inspect all records relating to such goods. The carrier or bailee or the person-in-charge of the goods and records shall give all facilities for such examination or inspection and shall, if so required, produce the bill of sale or delivery note or other documents referred to in sub-section (2) and give a declaration containing such particulars as may be prescribed regarding the goods and give his name and address and the name and address of the carrier or the bailee and the consignee.

1. Sub-sections (3A) to (3F) inserted by Act 4 of 1999 w.e.f. 1.4.1999

(3B) If any officer empowered to enter into and search any office, shop, godown, vessel, receptacle, vehicle or any other place of business or any building or place where a carrier or bailee keeps the goods delivered to him for transmission, has reason to suspect that such carrier or bailee has colluded with the owner of the goods in evading payment of any tax, he may for reasons to be recorded in writing, seize accounts, registers, records or other documents of the bailee or carrier as he may consider necessary and shall give a receipt for the same. The accounts, registers, records and other

documents seized shall be retained by such officer only for so long as may be necessary for their examination and for any inquiry or proceeding under this Act:

Provided that all searches and seizures under sub-section (3A) or (3B) shall, so far as may be, made in accordance with the provisions of the Code of Criminal Procedure, 1973 (Central Act 2 of 1974):

Provided further that accounts, registers, records and other documents so seized shall not be retained by such officer for a period exceeding one hundred eighty days from the date of seizure, unless the reasons for retaining the same beyond the said period are recorded by him in writing and the approval of the next higher authority is obtained and such approval in any case shall not be for more than sixty days at a time.

(3C) Where the officer-in-charge of the checkpoint or barrier, or the officer empowered as aforesaid on interception of the goods vehicle or inspection of any godown, is of the opinion that further verification is necessary with respect to either accuracy of the particulars furnished in the documents accompanying the goods under transport or in transit, or as to the sufficiency and the cause adduced in respect of any contravention of sub-section (2), he may verify the particulars himself or if it is necessary cause it to be verified by referring the matter to any other officer and if such verification is not likely to be completed within a reasonable time, he may direct in writing the carrier or the person-in-charge of the goods vehicle or the godown not to deliver the goods until permitted to do so by him or such other officer to whom the matter is referred for verification and allow the intercepted vehicle, if any, to pass through.

(3D) The verification under sub-section (3C) shall be completed within a period of fifteen days from the date of the direction issued under that sub-section and where such verification cannot be completed within the aforesaid period the officer who has issued such direction, or, as the case may be, the officer to whom the matter is referred for verification shall obtain the permission in writing of the next higher authority to extend such period for completion of the verification, so however such extension shall not be permitted for the period exceeding fifteen days at a time.

(3E) Where such officer or other officer to whom the matter is referred, upon such verification is of the opinion that there is a non-compliance with sub-section (2), punishable under sub-section (3), he may, proceed against such goods in the custody of the carrier, or the person-in-charge of vehicle or the godown in accordance with sub-sections (3) and (4) of this section.

(3F) Where the officer-in-charge of the checkpost or any empowered officer has issued a notice for contravention of any of the provisions of this section, further proceedings in pursuance to such notice may, subject to such conditions and in such manner as may be prescribed, be continued by any other officer empowered by the Commissioner in this behalf, from the stage at which it is pending.]¹

(4) The provisions of section 28A of the Sales Tax Act ¹[or section 53 of the Value Added Tax Act]¹ relating to the recovery or penalty and appeals shall *mutatis mutandis* apply to the penalty leviable under sub-section (3) of this section.]¹

1. Inserted by Act 11 of 2005 w.e.f. 1.4.2005

¹[18B. Transit of goods by road through the State and issue of Transit pass.- ²[(1) Where a vehicle is carrying goods taxable under this Act,-

- (a) from any place outside the State and bound for any place outside the State and through this State; or
- (b) and which goods are imported into the State from any place outside the country and such goods are being carried to any place outside the State,

the driver or any other person-in-charge of such vehicle shall furnish the necessary information and obtain a transit pass in duplicate containing such particulars as may be prescribed, from the officer-in-charge of the first check post or barrier after his entry into the State or after movement has commenced from the State as the case may be, or from the officer empowered for the purposes of sub-section (3) of section 28A, upon interception of the goods vehicle after its entry into the State or after movement has commenced as the case may be;]²

1. Section 18B inserted by Act 15 of 1992 w.e.f. 1.5.1992

2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000

(2) The driver or the person incharge of the vehicle shall deliver within the stipulated time a copy of transit pass obtained under sub-section (1) to the officer-incharge at last checkpost or barrier before his exit from the State;

(3) If for any reason, the goods carried in a goods vehicle are, after entry into the State ¹[or after commencement of movement, as the case may be]¹ not moved out of the State within the time stipulated in the transit pass, the owner of the goods vehicle shall furnish to the officer empowered in this behalf the reasons for such delay and other particulars if any thereof and

such officer shall after due enquiry extend the time of exit by suitably amending the transit pass :

1. Inserted by Act 5 of 2000 w.e.f. 1.4.2000

Provided that where the goods carried by a vehicle are, after their entry into the State, ¹[or after commencement of movement, as the case may be]¹ transported outside the State by any other vehicle or conveyances, the onus of proving that the goods have actually moved out of the State shall be on the owner of the vehicle who originally brought the goods into the State.

1. Inserted by Act 5 of 2000 w.e.f. 1.4.2000

(4) If the driver or any other person incharge of the vehicle does not comply with sub-section (2), it shall be presumed that the goods carried thereby have been sold within the State by the owner of the vehicle and shall, notwithstanding anything contained in this Act, be assessed to tax by the officer empowered in this behalf in the prescribed manner.

(5) If the owner of the vehicle fails to obtain the transit pass as provided under sub-section (1), or fails to deliver the same as provided under sub-section (2), he shall be liable to pay by way of penalty a sum not exceeding double the amount of tax leviable on the goods transported.

(6) The amount of tax and the penalty levied under this section shall be recovered in the prescribed manner.

Explanation.- In case where a vehicle owned by a person is hired for transportation of goods by some other person, the hirer of the vehicle shall for the purposes of this section be deemed to be the owner of the vehicle.]¹

19. Forwarding agency, etc., to submit returns.- Every clearing of forwarding house or agency, transporting agency, shipping agency, shipping out-agency or steamer agency in the State shall submit to the assessing authority of the area such return as may be prescribed of all ¹[goods]¹ cleared, forwarded, transported or shipped by it into the concerned local area. The assessing authority concerned shall have the power to call for and examine the books of accounts or other documents in the possession of such agency with a view to verify the correctness of the return submitted.

1.Substituted by Act 15 of 1992 w.e.f. 1.5.1992

20. Submission of certain records, by owners, etc., of vehicles and boats.- The owner or other person in charge of a ¹[goods]¹ vehicle or boat shall in respect of the goods transported by him in such vehicle or boat submit to the assessing authority having jurisdiction over the local area in

which the ¹[goods]¹ are delivered, such particulars thereof and within such time and manner as may be prescribed.

1.Substituted by Act 15 of 1992 w.e.f. 1.5.1992

21. Offences and penalties.- (1) Any person who-

- ¹[(a) being a person obliged to get himself registered under this Act does not get himself so registered; or
- (b) being a dealer in goods fails to submit a return as required by the provisions of this Act or the rules made thereunder; or
- (c) fails to comply with a notice issued under section 6; or
- (d) fails to submit a statement as required by section 7; or
- (e) fails to pay within the time allowed any tax assessed on him or any penalty levied on him under this Act; or
- (f) being a sugar factory including a khandasari sugar factory fails to collect tax as required by sub-section (1) or having collected the tax fails to pay the tax so collected as required by sub-section (2) of section 9-A.
- (g) fails to issue a sale bill or cash memorandum in accordance with the provisions of sub-sections (2) and (3) of section 17-A; or
- (h) fails to keep true and complete accounts.]¹

shall , on conviction by a Magistrate, ²[be liable to a fine which shall not be less than ³[five hundred rupees]³ but which may extend to two thousand rupees.]²

1.Substituted by Act 3 of 1998 w.e.f. 1.4.1998

2. Substituted by Act 13 of 1982 w.e.f. 1.4.1982

3. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

(2) Any person who,-

- (a) wilfully submits an untrue return, or not being already an assessee under this Act, fails to submit a return as required by the provisions of this Act or the rules made thereunder, or ;
- (b) wilfully submits an untrue statement under section 7 ;
- (c) fraudulently evades the payments of any tax assessed on him, or other amount due from him under this Act, or
- (d) wilfully acts in contravention of any of the provisions of this Act or the rules made thereunder,

shall on conviction in addition to the recovery of any tax that may be due from him, be punishable with simple imprisonment ¹[which may extend to twelve months or with fine which shall not be less than ²[five thousand rupees]¹ or with both and

when the offence is a continuing one, with a daily fine not exceeding two hundred rupees]² during the period of the continuance of the offence.

1. Substituted by Act 13 of 1982 w.e.f. 1.4.1982

2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

22. Cognizance of offences.- (1) No court shall take cognizance of any offence punishable under sub-section (2) of section 21 except with the previous sanction of the ¹[Joint Commissioner.]¹

1. Substituted by Act 26 of 2004 w.e.f. 1.8.2004

(2) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (Central Act 2 of 1974) all offences punishable under sub-section (2) of section 21 shall be cognizable and bailable.

23. Composition of offences.- The prescribed authority may accept from any person who has committed or is reasonably suspected of having committed an offence punishable under this Act, by way of composition of such offence-

(a) where the offence consists of the failure to pay or the evasion of, any tax or other amount recoverable under this Act in addition to the tax or amount so recoverable, a sum of money not exceeding ¹[five thousand rupees]¹ or double the amount of the tax or amount recoverable, whichever is greater, and

(b) in other cases, a sum of money not exceeding ¹[two thousand rupees but not less than five hundred rupees]¹.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

24. Offences by Companies.- (1) If the person committing an offence under this Act is a company, the company as well as every person in charge of, and responsible, to the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1) where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or that the commission of the offence is attributable to any neglect on the part

of any director, manager, managing agent or any other officer of the company, such director, manager, managing agent or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.- For the purposes of this section,-

(a) "company" means any body corporate and includes a firm or other association of individuals ; and

(b) "director" in relation to a firm means a partner in the firm.

25. Assessment, etc., not to be questioned in prosecution.- The validity of the assessment of any tax or of the levy of any fee or other amount, made under this Act, or the liability of any person to pay any tax, fee or other amount so assessed or levied shall not be questioned in any criminal court in any prosecution or other proceeding whether under this Act or otherwise.

26. Bar of certain proceedings.- (1) No suit, prosecution or other proceeding shall lie against any officer or servant of the State Government, for any act done or purporting to be done under this Act without the previous sanction of the State Government.

(2) No officer or servant of the State Government shall be liable in respect of any such act in any civil or criminal proceeding if the act was done in good faith in the course of the execution of duties or the discharge of the functions imposed by or under this Act.

27. Courts not to set aside or modify assessment except as provided in this Act.- No suit or other proceedings shall except as expressly provided in this Act, be instituted in any court to set aside or modify any assessment made under this Act.

¹[28. x x x]¹

1. Omitted by Act 1 of 1996 w.e.f. 1.4.1995

¹[²28A. Burden of proof.- (1) For purposes of assessment of tax under this Act, the burden of proving that goods brought into or caused to be brought into a local area or taken delivery of by a dealer, is not liable to tax under this Act shall be on the such dealer.

1. Section 28A and 28B inserted by Act 13 of 1982 w.e.f. 1.4.1982

2. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

¹[(2) Notwithstanding anything contained in this Act or any other law, where any dealer or person prefers claim under sub-section (3) of section 3

that he is not liable to pay tax under this Act in respect of any goods on which tax is leviable, such dealer or person shall be deemed to be the dealer or person liable to tax under this Act, unless he proves that in respect of such goods tax under this Act has already been paid or has become payable or that tax under the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979) has already been paid or has become payable, as the case may be.]¹

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

¹[(3)]¹ Where a dealer furnishes, issues or produces bill of sale, voucher, the declaration, certificate or any other document which he knows or has reason to believe to be false with a view to support or make any claim that he or any other dealer is not liable to be taxed under this Act, the assessing authority shall on detecting such furnishing or issue or production direct the dealer furnishing, issuing or producing such a bill of sale, voucher, the declaration, the certificate or other documents to pay as penalty,-

1. Re-numbered by Act 7 of 1997 w.e.f. 1.4.1997

(i) in the case of first detection, three times the tax levied or leviable in respect of such goods; and

(ii) in the case of second or subsequent detection, five times the tax levied or leviable in respect of such goods:

Provided that before issuing any direction for payment of penalty under this sub-section, the assessing authority shall give to the dealer an opportunity of being heard against the levy of such penalty.]²

28B. Refund of tax in certain cases.- The tax paid by a registered dealer in respect of any ¹[goods]¹ shall be refunded to him, where such goods are sold by him in the course of export out of the territory of India.

1. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

Explanation.- (1) For the purposes of this section, the expression "export out of the territory of India" shall have the meaning assigned to it under the provisions of sub-section (1) of section 5 of the Central Sales Tax Act, 1956 (Central Act 74 of 1956.)

(2) The burden of proving that any ¹[goods]¹ were sold in the course of export out of the territory of India shall be on the registered dealer.]¹

1. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

29. Assignment of proceeds of the tax.- Subject to such conditions as may be prescribed there shall be paid to each local authority every year

such sum as may be determined by the Government from out of the tax collected under this Act.

30. Power to make rules.- (1) The State Government may, subject to the condition of previous publication, make rules, by notification, to carry out the purpose of this Act :

Provided that previous publication shall not be necessary where the rules are made for the first time after the commencement of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for,-

(a) all matters expressly required or allowed by this Act to be prescribed;

(b) the assessment to tax in respect of a business which is discontinued or the ownership of which has changed ;

¹[(b1) the procedure for assesment of Central and State Government Departments, statutory bodies and local authorities;]¹

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

(c) the assessment to tax in respect of a business owned by minors and other incapacitated persons or by persons residing outside the State of Karnataka ;

(d) the assessment of tax under this Act of any ¹[goods]¹ which have escaped assessment.

1. Sub-stituted Act 15 of 1992 w.e.f. 1.5.1992

(e) procedure for registration of dealers under section 4 ;

(f) refund of tax collected if the ¹[goods]¹ has not been consumed, sold or used within the local area ;

1. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

(g) compelling the submission of returns and the production of documents and enforcing the attendance of persons and examining them on oath or affirmation ;

¹[(g1) specifying the class of dealers who need not furnish statement under section 7;]¹

1. Inserted by Act 28 of 1985 w.e.f. 10.9.1985

(h) the duties and powers of officers appointed for the purpose of enforcing the provisions of this Act ;

- (i) generally regulating the procedure to be followed, and the forms to be adopted in proceedings under this Act;
- (j) any other matter including levy of fees for which there is no provision or no sufficient provision in this Act and for which provisions is, in the opinion of the State Government, necessary for giving effect to the purposes of this Act.

(3) In making a rule under sub-section (1) or sub-section (2), the Government may provide that a person guilty of a breach thereof shall, on conviction be punishable with fine which may extend to ¹[five thousand]¹ rupees and, where the breach is a continuing one, with further fine which may extend to ¹[one hundred rupees]¹ for every day after the first day during which the breach continues.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

(4) Any rule under this Act may be made to have effect retrospectively and when any such rule is made a statement specifying the reasons for making such a rule shall be laid before both Houses of the State Legislature along with the rule, under sub-section (5). All rules made under this Act, shall, subject to any modification made under sub-section (5), have effect as if enacted in this Act

¹[(5) x x x]¹

1. Omitted by Act 15 of 1992 w.e.f. 1.5.1992

¹[30A. Assessment of tax in certain cases.- ²[(1)]² Notwithstanding anything contained in this Act, every registered dealer and every dealer liable to get himself registered under this Act whose assessment year commenced on a date after the first day of April, 1986 shall complete his accounts and close them on thirty-first day of March, 1987. He shall be assessed to the period ending thirty-first March, 1987 in accordance with the procedure laid down in section 5 of this Act.]¹

1. Inserted by Act 11 of 1987 w.e.f. 1.4.1987

2. Re-numbered by Act 14 of 1994 w.e.f. 1.4.1994

¹[(2) Notwithstanding anything contained in this Act, where a dealer who is permitted to pay tax under section 5C has caused entry of goods into local area for use, sale or consumption therein and has not paid tax on such goods under that section up to the date of commencement of the Karnataka Tax on Entry of Goods (Third Amendment) Act, 1993 shall pay tax under section 3 at the rates prevailing on the date immediately prior to the date of such commencement.]¹

1. Inserted by Act 14 of 1994 w.e.f. 1.4.1994

¹[31. Laying of Rules and Notifications before the State Legislature.- Every rule made under this Act and every Notification issued under the provision of this Act shall be laid as soon as may be after it is published before each House of the State Legislature while it is in session for a total period of thirty days which may be comprised in one session or in two more successive sessions, and if before the expiry of the session in which it is so laid or the sessions immediately following both Houses agree in making any modification in the rule or notification or both Houses agree that the rule or notification should not be made, the rule or notification shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or notification.]¹

1. Inserted by Act 15 of 1992 w.e.f. 1.5.1992

¹[32]¹. Power to remove difficulties.- If any difficulty arises in giving effect to the provisions of this Act, the State Government may, by notification make such provisions as appear to it to be necessary or expedient for removing the difficulty.

1. Re-numbered by Act 15 of 1992 w.e.f. 1.5.1992

¹[FIRST SCHEDULE

(See Section 3 (1))

1. First Schedule with Serial Number 1 to 103 inserted by Act 3 of 1995 w.e.f. 1.5.1992

1. Air-conditioning plants, air coolers and airconditioners and parts thereof.
2. Arms of all kinds including guns, rifles, revolvers, pistols and ammunition for the same.
3. Batteries and parts thereof including dry cells and dry cell batteries.
4. Brass, bronze and copper articles including sheets circles, rods, rounds, squares, and flats made of brass, bronze and copper but excluding those specified elsewhere.
5. Bricks and tiles other than those specified elsewhere.
6. Bullion and specie and articles made of gold and silver other than those specified elsewhere.
7. Butter, ghee and chees.

8. Cassette tape recorders and players (audio and video) including audio and video cassettes.
9. Cement and water and weather proofing compounds.
10. Chemicals of all kinds.
11. Chinaware, porcelainware and stoneware (articles) other than those specified elsewhere.
12. Chicory powder.
13. Cigar and cigarette cases, holder and lighters, and tobacco pipes.
14. Cinematographic, photographic and other cameras, projectors, enlargers, lenses and parts and accessories thereof.
15. Clocks, time pieces and watches (all kinds) and parts thereof including watch straps and chains (made of base metals.)
16. Coir products including rubberised coir products
17. Confectionery, biscuits and cakes.
18. Coppersulphate.
19. Cotton yarn waste and cotton waste.
20. Crockery and cutlery.
21. Deodorants, disinfectants, germicides other than those falling under any other entry.
22. Dictaphones and other similar apparatus for recording sound and parts and accessories thereof.
23. Diesel engines and parts thereof.
24. Dry fruits including almonds, walnuts and pista
25. Druggets and durries.
26. Dyes.
27. Edible oils including hydrogenated oil and cooking medium.
28. Electrical and electronic goods, appliances, instruments and apparatus and parts and accessories thereof but excluding those specified elsewhere.
29. Fiberglass sheets and article made of fiberglass.
30. Films (all kinds) including X-ray films.
31. Fire fighting equipments and devices.
32. Fire works and colour matches.

33. Foamed rubber, plastic foam or any other synthetic foam articles such as sheets cushions, pillows mattresses and the like.
34. Food and non-alcoholic drinks that is to say :-
 - (i) Ready to serve foods, processed foods, semi cooked or semi processed food stuffs, fruits (other than dry fruits including almonds, walnuts and pista) and dried vegetables products (whether cooked or not), fruits and vegetables products when sold in tins, cans, bottles or in any kind of sealed containers.
 - (ii) Instant mix, such as jamoon mix, idli mix, ice cream mix, jelly mix and the like ; sambar and rasam powders and pastes, curry powder and pastes, and the like ; soft drink concentrates (other than fruit and vegetable concentrates) whether in liquid or powder or crystal form.
 - (iii) Aerated water including ready to drink soft drinks whether or not flavoured or sweetened and whether or not containing vegetable or fruit juice or fruit pulp when sold in bottles, tins, cans or in any kind of sealed containers but excluding soft drinks concentrates.
35. Food preservatives, food colours and food flavours.
36. Footwear and polishes.
37. Furniture of all kinds, including treasure chest, safes and lockers and parts and accessories thereof.
38. Furs and skins and articles made therefrom including hides and skins.
39. Glass sheets and all articles made of glass.
40. Gramaphones of every description and accessories and parts thereof.
41. Gramophone records and needles.
42. Hardware, that is to say :-
 - (i) fittings of doors, windows and furniture (made of base metal and alloy thereof).
 - (ii) bolts, nuts and rivets, screws of base metal or alloy thereof including bolt ends, screw studdings, self tapped screw, screw hooks, screw rings, wire nails, measuring tapes and scales.
 - (iii) Metallic barbed wire, metallic wire, metallic wire mesh and metallic wire nettings.
43. Industrial gas, such as oxygen, acetylene, nitrogen and the like.

44. Insecticides, pesticides, weedicides, fungicides and plant nutrients and plant regulators.
45. Ivory and sandal wood articles including sandal wood oil.
46. Jaggery.
47. Kitchen ware (all kinds) used for cooking as well as serving.
48. Laminated, impregnated or coated matting materials such as linoleum generally used for floor covering (other than floor tiles).
49. Leather goods other than footwear and those specified elsewhere.
50. Lifts, elevators and escalators whether operated by electrically or hydraulic power.
51. Liquor including arrack and toddy.
52. Machinery (all kinds) and parts and accessories thereof but excluding agricultural machinery.
53. Man made or synthetic staple fibres, fibre-yarn, or filament yarn (all kinds)
54. Marble slabs and articles made therefrom.
55. Medicinal and Pharmaceutical preparations.
56. Mill yarn (all kinds) excluding cotton yarn and those specified elsewhere.
57. Mineral water sold in container.
58. Motor vehicles (all kinds) and parts and accessories thereof including chassis of Motor Vehicles.
59. Non-edible oils (other than petroleum products and those specified elsewhere)
60. x x x'
1. Omitted by Act 6 of 1995 w.e.f. 1.4.1995
61. Oil cake.
62. Opium, Ganja and Bhang.
63. Optical goods (all kinds) including spectacles, sunglasses, goggles, lenses and frames including attachment parts and accessories thereof.
64. Paints, colours, varnishes, pigments, polishes, indigo, enamel, bale oil, white oil, turpentine (all kinds), thinners, primers and paint brushes.

65. Paper (all kinds) including carbon paper, blotting paper, water proof paper, PVC coated paper, ferro paper, ammonia paper, stencil paper, but excluding photographic paper; pulp boards, art boards, duplex boards, triplex boards, cardboards, corrugated boards and the like ; cellophane.
66. Packing materials namely :-
 - (i) fibre board cases, paper boxes, folding cartons, paper bags, carrier bags and card board boxes, corrugated board boxes and the like.
 - (ii) tin plate containers (cans, tins and boxes) tin sheets, aluminium foil, aluminium tubes, collapsible tubes, aluminium or steel drums, barrels and crates and the like ;
 - (iii) plastic, poly-vinyl chloride and polyethylene films bottles, pots, jars, boxes, crates, cans, carboys, drums, bags and cushion materials and the like ;
 - (iv) wooden boxes, crates, casks and containers and the like;
 - (v) gunny bags, bardan (including batars), hessian cloth, and the like;
 - (vi) glass bottles, jars and carboys and the like ;
 - (vii) laminated packing materials such as bitumanised paper and hessian based paper and the like ;
67. Petroleum products, that is to say, petrol, diesel, crude oil, lubricating oil, transformer oil, brake or clutch fluid, bitumen (asphalt), tar and others, but excluding aviation fuel, liquid petroleum gas (LPG), kerosene and naphtha for use in the manufacture of fertilizers.
68. Photographic paper and photo albums
69. Pipes, tubes and fittings of iron and steel other than those specified in section 14 of the Central Sales Tax Act, 1956), cement and asbestos.
70. Plastic sheets, granules and articles made from all kinds and all forms of plastic including articles made of polypropylene, polysterene and like materials
71. Playing cards of every description.

72. Precious stones namely diamonds, emeralds, rubies, real pearls and sapphires and articles in which such precious stones are set, semi-precious stones and articles in which such semi-precious stones are set..
73. Pressure cookers and parts and accessories thereof
74. Raw-wool, woolen yarn and woolen blended yarn
75. Readymade garments including caps, neck ties and bows
76. Refrigerators, including deep freezers, bottle coolers, water coolers, cold storage equipments and the like and parts thereof
77. Rolling shutters and collapsible gates whether operated manually, mechanically or electrically and their parts.
78. Roofing , light roofing and false roofing materials including cement and asbestos sheets, asphalt sheets, straw boards hard and soft boards, plywood, veneered boards and panels and laminated sheets.
79. Rubber, that is to say :-
 - (i) Rubber plates, sheets and strips unhardened whether vulcanised or not and whether combined with any textile material or otherwise.
 - (ii) Piping and tubing of unhardened vulcanised rubber.
 - (iii) Transmission, conveyor or elevator belts or belting of vulcanised rubber whether combined with any textile material or otherwise.
 - (iv) Synthetic rubber including butadiene rubber and butyls rubber, synthetic rubber latex including prevulcanised synthetic rubber latex.
 - (v) Rubber articles, that is, articles made wholly of rubber (other than those specified elsewhere).
- ¹[80. Raw materials component parts and inputs which are used in the manufacture of an intermediate or finished product]
1. Substituted by Act 5 of 2001 w.e.f. 1.4.2001
81. Rubber and other tyres, tubes and flaps other than those specified in Section 14 of the Central Sales Tax Act, 1956.
82. Sanitary fittings of every description excluding pipes and fittings of stoneware, cement, iron and steel.
83. Slotted angles and ready to assemble parts of steel racks.

84. Soaps, Soap flakes, soap powders, detergent powders and liquids and laundry brighteners.
85. Sound transmitting equipments including loudspeakers and Parts thereof excluding telephones and its parts.
86. Spirits and alcohol, that is to say,-
 - (i) denatured spirit :
 - (ii) rectified spirit :
 - (iii) ethyl-alcohol :
87. Stationery articles namely :-
 - (i) Account books, paper envelops, dairies, calenders, race cards, catalogues, greetings cards, invitation cards, humour post cards, picture post cards, cards for special occasion and stamps albums.
 - (ii) office desk materials.
88. Stones, that is to say:-
 - (i) Granite stones, slabs and chips
 - (ii) Cuddapah stones and slabs
 - (iii) Shahabad stones and slabs
89. Stoves and parts and accessories thereof.
90. Sugar other than confectionery and the like.
91. Suit cases, brief cases, attache cases and despatch cases including those made of leather but excluding steel trunks.
92. Silk yarn that is to say, twisted or thrown silk yarn, spun silk yarn and noil silk yarn.
93. Telephones of every description and parts thereof.
94. Textiles namely cotton, woolen or silk or artificial silk including rayon or nylon and other man-made or synthetic fabrics manufactured in mills or powerlooms and hosiery cloth in length, and including fabrics coated with or impregnated with P.V.C. or cellulose derivatives (whether or not manufactured in mills or powerlooms.)
95. Tiles (all kinds) used for floors and walls other than those specified elsewhere.

96. Tobacco products of all description including beedies, cigarettes, cigars, churuts, snuff, zarda-quimam etc.
97. Toilet articles (whether medicated or not) except toilet soaps but including razors and razor blades and cartidges.
98. Typewriters and parts and accessories thereof and typewriter ribbon.
99. Vacuum flasks and refills.
100. Weights and measures.
101. Wireless reception instruments and apparatus including televisions and components thereof ; amplifiers and synthesisers.
102. X-ray apparatus.
103. Goods other than those specified in any of entries in this schedule, but excluding those specified in the second schedule.]¹

¹[²[SECOND SCHEDULE]²]

(See section 3 (6))

1. Serial Number 1 to 35 substituted by Act 15 of 1992 w.e.f. 1.5.1992

2. Substituted by Act 3 of 1995 w.e.f. 1.5.1992

Sl. No.	Description of goods
1.	Agricultural implements.
2.	Agricultural produce including Tea, Coffee and cotton (whether ginned or unginned) ¹ [x x x] ¹
	1. Omitted by Act 3 of 1995 w.e.f. 1.5.1992
3.	Agricultural machinery.
4.	Aviation fuel.
5.	Books meant for reading.
6.	Bread.
7.	Ballot boxes.
8.	Contraceptives.
9.	Coal including coke.
10.	Cotton yarn.
11.	Charakas and its parts and accessories.
12.	Country bullock carts and spare parts thereof.
13.	Compost manure.
14.	Dinner leaves including plantain leaves.
15.	Electrical energy.

16. Earthen pots.
17. Fishmeal, poultry feed and processed animal feed .
18. Fodder.
19. Fish, eggs and meat except when sold in sealed containers.
20. Firewood and charcoal.
21. Gobar gas and Bio-gas plants, their parts and accessories.
22. Human blood.
23. Horns and bones.
24. Iron and steel as defined under section 14 of the Central Sales Tax Act, 1956.
25. Kum kum.
26. Mangalasutra.
27. Fresh milk.
28. News paper.
29. National flag.
- ¹[29A. All non-ferrous metal including ores and concentrates.]¹
1. Inserted by Act 6 of 1995 w.e.f. 1.4.1995
30. Plants.
31. Slate and slate pencils.
32. Stamp paper.
33. Salt.
- ¹[33A. Textiles namely cotton, wollen, silk or artificial silk including rayon or naylor and other man-made or synthetic fabrics manufactured in handlooms.]¹
1. Inserted by Act 3 of 1995 w.e.f. 1.5.1992
34. Vegetables and fruits except when sold in sealed containers.
35. Water other than mineral or aerated water.]¹

* * * *

NOTIFICATION

I

Bangalore, dated 31st March, 1995. [No. FD. 43 CET, 95 (1)]

In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Tax on Entry of Goods (Amendment) Act, 1994 (Karnataka Act 45 of 1994) the Government of Karnataka, hereby appoints the First day of April, 1995, as the date on which all provisions of the Act shall come into force.

By order and in the name of the Governor of Karnataka,

(M. KARIYAPPA),

Under Secretary to Government,
Finance Department (Taxes).

(Published in the Karnataka Gazette (Extraordinary) Part IV-2C(ii) as No. 433, dated 31-3-1995.)

II

Bangalore, dated 31st August, 1999. [No. FD. 211 CSL, 99]

In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Taxation Laws (Third Amendment) Act, 1999 (Karnataka Act 18 of 1999) the Government of Karnataka, hereby appoints the First day of September, 1999, as the date on which all the provisions of the said Act shall come into force.

By order and in the name of the Governor of Karnataka,

(K.M. ANAND),

Under Secretary to Government,
Finance Department (C.T.1).

(Published in the Karnataka Gazette (Extraordinary) Part IV-2C(ii) as No. 1091, dated 31-8-2000.)

* * * *

KARNATAKA ACT NO.5 OF 2001
THE KARNATAKA TAXATION LAWS
(AMENDMENT) ACT, 2001

ARRANGEMENT OF SECTIONS

Sections:

1. Short title and commencement
2. Amendment of Karnataka Act 22 of 1957
3. Amendment of Karnataka Act 25 of 1957
4. Amendment of Karnataka Act 30 of 1958
5. Amendment of Karnataka Act 35 of 1976
6. Amendment of Karnataka Act 22 of 1979
7. Amendment of Karnataka Act 27 of 1979
8. Validation of Assessments, etc.
9. Validation of certain notifications
10. Declaration.

STATEMENT OF OBJECTS AND REASONS

To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979), the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979), the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958), the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976) and the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957). Certain consequential amendments are also made.

Hence the Bill.

(Vide L.A.Bill No. 7 of 2001 File No. ಸಂವಿಶ್ವಾಸಿ 9 ಶಾಸನ 2001)

KARNATAKA ACT NO. 5 OF 2001

*(First Published in the Karnataka Gazette Extra-ordinary on
the thirty first day of March, 2001)*

**THE KARNATAKA TAXATION LAWS
(AMENDMENT) Act, 2001**

*(Received the assent of the Governor on the thirty first day of
March, 2001)*

An Act further to amend certain taxation laws as in force
in the State of Karnataka.

Whereas, it is expedient further to amend certain taxation
laws for the purposes hereinafter appearing.

Be it enacted by the Karnataka State Legislature in the
Fifty-second year of the Republic of India, as follows. -

1. Short title and commencement. - (1) This Act may
be called the Karnataka Taxation Laws (Amendment) Act, 2001.

(2) It shall come into force from the first day of April
2001.

2. Amendment of Karnataka Act 22 of 1957. - In the
Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22
of 1957), in section 42, in sub-section (1),-

(i) in clause (ii),

(a) for the words “a penalty”, the word “interest”
shall be and shall be deemed always to have
been *substituted*;

(b) for the words “one and one half per cent of
the tax remaining unpaid for each month for
the first three months”, the words “two per cent
of the amount of tax or any other amount due

remaining unpaid for each month” shall be *substituted*;

(c) clause (b) shall be omitted.

(ii) in the Explanation, for the words “a penalty”, the word “interest” shall be and shall be deemed always to have been *substituted*.

3. Amendment of Karnataka Act 25 of 1957. - In the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), -

(1) in Section 2, in sub-section (1), in clause (o-1), -

- (i) after the words “coffee curing works”, the punctuation mark and the words “, hulling of coffee beans and coffee seeds in a coffee hulling unit” shall be *inserted*;
- (ii) after the words “such works”, the words “or such unit” shall be *inserted*;
- (iii) in the explanation, after item (iii-a), the following shall be *inserted*, namely:-

“(iii-b) **“Coffee hulling unit”** means the plant and machinery with which and the premises including the precincts there of in which or in any part of which, hulling or curing coffee beans or coffee seeds is carried on;”

(2) in Section 5, after sub-section (3-C), the following shall be *inserted*, namely.-

“(3-CC) Notwithstanding anything contained in sub-section (3), in the case of any of the goods mentioned in column (2) of the Ninth Schedule whether such goods has already been subjected to tax or not under clause (a) of sub-section (3) by a dealer liable to tax under this Act, a tax at the rate specified in the corresponding entries

in column (3) of the said Schedule shall be levied at the point of second or subsequent sale in the State on the taxable turnover of sales of such dealer in each year relating to such goods.

Explanation.- For the purposes of this sub-section, second or subsequent sale shall be the sale by the dealer other than the dealer liable to tax under clause (a) of sub-section (3), to a consumer or another dealer and shall not include first sale in the State.”

(3) for Section 5-A, the following shall be *substituted*, namely:-

“5-A. Reimbursement of tax on Industrial Inputs:

(1) Where a registered dealer purchases any industrial input liable to tax under Section 5 from another registered dealer for use by the former as a component part or raw material or packing material of any other goods which he intends to manufacture inside the state for sale or purchases consumables liable to tax under Section 5 for use in such manufacture, he shall be eligible for reimbursement of tax,

(a) in respect of declared goods mentioned in column (2) of the Fourth Schedule, paid at a rate exceeding three per cent on the turnover relating to such purchase;

(b) in respect of any other goods, paid at a rate exceeding two per cent on the turnover relating to such purchase.

(2) Such amount shall be reimbursed to the registered dealer making such purchase,

(i) by adjustment towards tax payable by him for any month or year as the case may be, under the Act or the Central Sales Tax Act, 1956 (Central Act 74 of 1956) or the Karnataka Tax on Entry of Goods Act,

1979 (Karnataka Act 27 of 1979), in such manner and subject to such condition as may be prescribed;

- (ii) by refund in such manner and subject to such condition as may be prescribed.

Provided further that such re-imbusement shall be made only against a bill or cash memorandum issued by the seller showing separately the amount collected by way of tax.

Provided also that if any dealer, after claiming re-imbusement of tax on purchase of any inputs under the first proviso to this sub-section fails to make use of the whole or part of such inputs in the manufacture of other goods before the expiry of the accounting year immediately succeeding the one in which such inputs are purchased, either due to cessation of his manufacturing activity or for any other reason, but has not sold away such inputs, he shall be liable to pay the difference between the tax payable at the rate specified under Section 5 and the tax computed at the rate of two or three per cent, as the case may be, on the turnover relating to the sale of such quantity of these inputs to him as have remained unutilized with him for the declared purpose at the end of the period specified above.

(3) If any person,-

- (i) not having his manufacturing unit inside the State, purchases any inputs and claims reimbursement under sub-section (2), or
- (ii) having his manufacturing unit inside the State and claiming reimbursement on purchase of any inputs under sub-section (2), sells away such inputs contrary to such claim, the assessing authority, after giving such person a reasonable opportunity of being heard, shall, by order in writing, impose upon him by way of penalty a sum, which shall

not be less than double the amount of tax leviable under Section 5 on the sale of the inputs so purchased, but which shall not exceed three times the amount of such tax;

- (iii) having his manufacturing unit inside the State and claiming reimbursement on purchase of any inputs under sub-section (2), uses such inputs contrary to such claim, the assessing authority, after giving such person a reasonable opportunity of being heard, shall, by order in writing, impose upon him by way of penalty a sum which shall not be less than twice the amount of tax leviable under Section 5 but not exceeding thrice the amount of such tax on the inputs so purchased.

(4) (a) Every dealer who, during the course of the year, claims re-imburement of tax on purchase of any inputs under sub-section (2), shall maintain in the prescribed manner a day to day account of the opening balance, purchases, consumption and closing balance of every input, which is purchased by him under sub-section (2).

(b) If any dealer fails to maintain in the prescribed manner, true and complete accounts as required by clause (a) of this sub-section, the assessing authority shall, after giving such dealer a reasonable opportunity of being heard pass an order,-

- (i) disentitling such dealer from making use of re-imburement specified under sub-section (2); and
- (ii) imposing upon him a penalty not exceeding double the amount of tax leviable under the provisions of section 5 on the sale value of the inputs already purchased by him on which he has claimed re-imburement.

(c) If any dealer, in respect of whom an order has been passed under clause (b) of this sub-section, pays the penalty and complies with other terms of such order, the assessing authority may, in his discretion, permit such dealer to claim reimbursement on purchase of inputs in the State.

Explanation-I. - (1) For the purpose of this section, the expressions “industrial inputs”, mean either a “component part” or “raw material”, or packing materials but do not include cement, wood, bamboo, timber other than veneer, casuarina, eucalyptus, pulpwood and packing shooks and inputs falling under Serial Number 12 of Part “S” and Serial Number 10 of Part “M” of the Second Schedule.

(2) The expression “component part” means an article which forms an identifiable constituent of the finished product and which, along with others, goes to make up the finished product.

(3) The expression “raw material” means any material-

- (a) from which another product can be made, through the process of manufacture, either by itself or in combination with other raw materials; or
- (b) a processing or any other chemical solvent (including chemicals used for testing, analysis or research) used in the solvent extraction process or a catalyst required in the manufacturing process, but it does not include fuels and consumable stores of similar type.

(4) The expression “consumables” does not include petroleum products falling under Serial Number 11-A of Part ‘F’, Serial Number 12 of Part ‘M’ and Serial Number 5 of Part ‘P’ of the Second Schedule.

Explanation II. - For the purpose of this section, the expression “tax payable” shall not include the tax payable under Section 6-B of the Act.”

(4) in Section 6-D, for the words “Karnataka Infrastructure Development and Finance Corporation”, the words, brackets and figures “Infrastructure Development Corporation (Karnataka) Limited and Bangalore Mass Rapid Transit Limited in the proportion of 67:33 respectively” shall be deemed to have been *inserted* with effect from the First day of April, 1998.

(5) in Section 8-A,

(i) in sub-section (1), after the words “reduction in rate”, the words “either prospectively or retrospectively” shall be deemed to have been *inserted* from the First day of April, 2000 and shall be deemed to have been *omitted* from the First day of April, 2001.

(ii) in sub-section (3), after the words “by notification”, the words “either prospectively or retrospectively” shall be deemed to have been *inserted* from the First day of April, 2000 and shall be deemed to have been *omitted* from the First day of April, 2001.

(6) in Section 12,-

(i) after sub-section (1-A), the following shall be *inserted*, namely: -

“(1-B) If default is committed in the payment of full amount of tax payable in advance for any year as reduced by any amount of tax already paid under Section 12B, beyond thirty days after the close of the year, whether or not a return as required under sub-section (1) is filed; or if the amount of tax paid is less than the amount of tax so payable, the dealer defaulting payment of tax or making short payment

of tax shall, in addition to the tax, pay interest calculated at the rate of two per cent per month from the thirty first day to the date of payment of such tax or upto the date specified for payment of tax assessed under section 12, as the case may be.”;

(ii) in sub-section (4), the following proviso shall be *inserted*, namely. -

“Provided that no penalty shall be levied on any turnover that has been subject to penalty under sub-section (3-A) of Section 12-B.”

(7) in Section 12-B. -

(i) in sub-section (2), after the words “such tax”, the words and figures “or upto the date specified for payment of tax assessed under Section 12, as the case may be” shall be *inserted*.

(ii) after sub-section (3), the following shall be *inserted* namely.-

“(3-A) When making assessment under sub-section (3), the assessing authority may also direct the dealer to pay in addition to tax assessed, a penalty.-

(a) not exceeding one and a half times but not less than one half of the amount of tax due on turnover that was not disclosed by the dealer in his statement; or

(b) not exceeding one and half times the tax assessed in the case of failure to submit a statement.”

(iii) in sub-section (4), for the words “calculated at the rate of two per cent per month of the tax paid in short from the date of expiry of

thirty days after the close of the month or the quarter or the year as the case may be, to which such tax relates”, the words “ which shall not be less than one half of the tax so paid in short, but not exceeding one and half times the amount by which the tax so paid fall short” shall be *substituted*.

(8) for Section 12-C, the following shall be *substituted*, namely.-

“12-C. Self-assessment in the case of certain dealers.-

- (1) Notwithstanding anything contained in sub-section (3) of Section 12, the assessing authority in respect of any year commencing from the First day of April, 2000 shall assess a dealer engaged in,
 - (a) Selling of goods on the basis of return submitted in accordance with sub-section (1) of section 12 without requiring his presence or production of books of accounts subject to the conditions that. -
 - (i) such goods do not include Cement sold by a first seller, Iron and Steel, Liquor including Beer, Wine and Fenny, Spirits and Alcohol;
 - (ii) such dealer is not an oil company or is engaged in the execution of any works contract;
 - (iii) such dealer has furnished declarations or certificates prescribed along with the return or within a period of six months from the close of the assessment year or before the completion of assessment proceedings whichever is later, in case of claim to exemption from tax or concessional rate of

tax on turnovers relating to sales in terms of section 5-A or sales or purchases covered by notifications issued under section 8-A or 19C;

- (iv) such dealer has furnished declarations or certificates prescribed along with the return or within a period of six months from the close of the assessment year or before the completion of assessment proceedings whichever is later, in case of claim to exemption from tax or concessional rate of tax or non-liability to tax on sales or purchases or despatches referred to in Central Sales Tax Act, 1956 (Central Act 74 of 1956).
- (b) processing or manufacturing goods whose total turnover in any year is not more than twenty five lakh rupees, on the basis of return submitted in accordance with sub-section (1) of section 12 without requiring his presence or production of books of accounts subject to the conditions that.-
- (i) such dealer has furnished declarations or certificates prescribed along with the return or within a period of six months from the close of the assessment year or before the completion of assessment proceedings whichever is later, in case of claim to exemption from tax or concessional rate of tax on turnovers relating to sales in terms of section 5-A or sales or purchases covered by notifications issued under section 8-A or 19C;
 - (ii) such dealer has furnished declarations or certificates prescribed along with the return or within a period of six months from the close of the assessment year or before the

completion of assessment proceedings whichever is later, in case of claim to exemption from tax or concessional rate of tax or non-liability to tax on sales or purchases or dispatches referred to in Central Sales Tax Act, 1956 (Central Act 74 of 1956).

- (2) Where before completion of self-assessment, return submitted or any compliance furnished under sub-section (1) is found to involve mistake apparent on record, the assessing authority shall afford opportunity to the dealer to submit revised return or to rectify such mistake.
- (3) Self-assessment under sub-section (1) shall not be made in respect of a dealer for any year if;
 - (i) the return filed or any compliances furnished as required by sub-section (1) for any year is incomplete or incorrect or defective, save for mistakes apparent on record;
 - (ii) it is found that the dealer attempted to conceal any turnover to evade tax, for that year;
 - (iii) the dealer has ceased to do any business or has closed down business, for that year.
- (4) Notwithstanding anything contained in sub-section (1), the Commissioner shall, within a period of seventy five days from the close of the year to which the assessment relates, notify selection of cases for the purpose of scrutiny in entirety of the assessment records and in respect of such cases so found warranted, shall direct the assessing authority concerned to make assessment under sub-section (3) of Section 12.

- (5) The assessing authority shall, within a period of sixty days from the date of notification of cases for the purpose of scrutiny assessment under sub-section (4), serve upon the dealer, notice as prescribed demanding payment of tax or issue order of refund as prescribed, on the basis of self-assessment or communicate initiation of proceedings of scrutiny assessment under sub-section (4).
- (6) If on scrutiny assessment in cases falling under sub-section (4), it is found that the amount of tax paid by any dealer for any year was less than the tax payable for that year as assessed by more than fifteen per cent, the assessing authority shall direct such dealer to pay, in addition to the tax, a penalty equivalent to three times the amount of the tax so paid in short.
- (7) Every assessment completed under sub-section (1) shall be subject to the provisions of Sections 12-A, 21, 22-A and 25-A.”
- (9) Section 12-E shall be *omitted*.
- (10) in Section 13,
- (i) in sub-section (1), the following proviso shall be *inserted*, namely. -
- “Provided that where the amount paid falls short of the aggregate of the tax or any other amount due and interest payable, the amount so paid shall first be adjusted towards interest payable and the balance, if any, shall be adjusted towards the tax or any other amount due.”
- (ii) in sub-section (2), in clause (ii),
- a) after the words “liable to pay the tax”, the words, figures and letters

“other than tax payable in advance for any year under sections 12 and 12B” shall be *inserted*.

- b) for the word “penalty”, the word “interest” shall be *substituted*.
- c) in the explanation, for the word “penalty”, the word “interest” shall be *substituted*.

(iii) in sub-section (2-A), for the word “penalty”, in the two places it occurs, the word “interest” shall be *substituted*.

(11) in Section 17,

(i) in sub-section (4), in clause (i),

(a) after the words “including beer” and before the punctuation mark, the following words shall be inserted, namely.-

“or a hotelier or a restaurateur operating in the same premises or a premises attached to a place where liquor including beer is served”

(b) the words “whose total turnover in a year is not exceeding one hundred lakh rupees” shall be *omitted*;

(c) for the words “two per cent”, the words “four per cent” shall be *substituted*.

(ii) after sub-section (9), the following shall be inserted, namely.-

“(10). Subject to such conditions and such circumstances as may be prescribed, the Assessing Authority of the area may, if a dealer carrying on business in lottery tickets so elects, accept in lieu of the amount of tax payable by him during any year, under this Act, by way of composition, an amount at the following rates, namely,-

TABLE

SI.No.	Type of Draw	Rate per Draw
1	Weekly Draw	Twenty thousand rupees
2	Fortnightly Draw including any draw the period which is more than a week but less than a fortnight	Sixty thousand rupees
3	Monthly Draw including monthly Bumper Draw and every draw the period of which is more than a fortnight but less than a month	One lakh rupees
4	Special Bumper Draw or Festival Bumper Draw including any other draw not covered by any other category and any draw the period of which is more than a month	Four lakh rupees

(11) Notwithstanding anything contained in any other provisions of this Act, the tax payable under sub-section (10) shall be paid ten days prior to the draw.”

(12) in Section 18, in sub-section (1), in clause (b), after the words “any goods”, the words “or any transaction” shall be and shall be deemed always to have been *inserted*.

(13) in Section 20,-

(i) for sub-section (1), the following shall be *substituted*, namely.-

“(1) Any person objecting to an order affecting him passed under the provisions of this Act by,-

(i) a Commercial Tax Officer, may appeal to the Deputy Commissioner; and

(ii) an Assistant Commissioner of Commercial Taxes or a Deputy Commissioner, may appeal to the Joint Commissioner.”

Provided that any appeal preferred against the orders of the Commercial Tax Officer and pending before the date of commencement of this Act shall stand transferred to the Deputy Commissioner.”

(ii) in sub-section (3), after the proviso, the following provisos shall be *inserted*, namely.-

“Provided further that where an order staying proceedings of recovery any tax or other amount is made in any proceedings relating to an appeal under sub-section (1), the appellate authority

shall dispose of the appeal within a period of one hundred twenty days from the date of such order.

Provided also that if such appeal is not so disposed of within the period specified in the second proviso, the order of stay shall stand vacated after the expiry of the said period.”

- (iii) in sub-section (5), in clause (a), sub-clause (ii) shall be *omitted*.

(14) in Section 21, after sub-section (2), the following proviso shall be *inserted*, namely.-

“Provided that such power shall not include the power to set aside any assessment and directing the assessing authority to make a fresh assessment.”

(15) in Section 22-A, for the words “any proceeding”, the words “any order passed or proceeding recorded” shall be and shall be deemed to always to have been *substituted*.

(16) in Section 22-B, in sub-section (1), after the proviso, the following proviso shall be *inserted*, namely. -

“Provided further that no such time limit shall be applicable in respect of proceedings initiated by the Commissioner under Section 22-A.”

(17) in Section 28-A,-

- i) sub-section (3-A) shall be renumbered as clause (i) thereof and after clause (i) as so renumbered, the following clause shall be inserted, namely.-

“(ii) The power conferred by clause (i) shall also include,-

a) the power to seal any box or receptacle, godown or building or any part of the godown or building in which accounts or taxable goods are suspected to be kept or stored, where the carrier or bailee or person-in-charge of the place of business either leaves the premises or is not available or fails or refuses to open any box or receptacle, godown or building or any part of the godown or building when called upon to do so.

b) the power to break open the receptacle, godown or building or part of the godown or building where the carrier or bailee or the person-in-charge of the place of business leaves the premises or, after an opportunity having been given to him to do so, fails to open the receptacle, godown or building or part of the godown or building and the officer acting under this sub-clause shall prepare a list of the goods and documents found therein.”

ii) after sub-section (3-AA), the following shall be inserted, namely. -

“(3-AB) No person shall tamper with any seal put under clause (ii) of sub-section (3-A).”

iii) in sub-section (4),

a) for, the words and punctuation mark “levy a penalty, which,-” and including clause (a) and clause (b), but excluding the proviso, the words “levy a penalty which shall not be less than double the amount

of tax leviable and not exceeding three times the amount of tax leviable in respect of the goods under transport.” shall be *substituted*.

b) in the proviso, clause (ii) shall be *omitted*.

(18) for Section 28-B, the following shall be *substituted*, namely.-

“28-B. Registration of transporter, etc.-

(1) Every person or a clearing or forwarding house or agency, transporting agency, shipping agency, shipping-out agency or steamer agency or air-cargo agency or courier agency engaged in the business of transporting taxable goods in the State shall,

(a) get itself or himself registered in such manner as may be prescribed; and

(b) submit to the authority prescribed in this behalf, return as may be prescribed of all taxable goods cleared, forwarded, transported or shipped by it or him.

(2) The authority prescribed in this behalf, shall have the power to call for and examine the books of account or other documents in the possession of such person or agency with a view to verify the correctness of the return submitted.

(3) Nothing contained in this section shall apply to any State Government or the Central Government.”

(19) Section 28-C shall be omitted.

(20) in Section 29,

(i) in sub-section (1), after the words “to one year”, the words “where the amount of tax assessed or penalty levied is not less than ten lakh rupees and where the amount of tax assessed or penalty levied is less than ten lakh rupees, to a simple imprisonment for a period of not less than six months but which may extend to one year” shall be *inserted*.

(ii) in sub-section (2), after clause (a), the following shall be *inserted*, namely. -

“(aa) being a transporter obliged to be registered himself or itself under Section 28-B does not get himself or itself registered; or”.

(ii) in clause (k), after the word and figures “Section 28”, the words, figures, brackets and letters “clause (ii) of sub-section (3-A) of Section 28-A” shall be *inserted*.

(21) in the Second Schedule. -

(i) in the entries relating to Serial Number 3-A of Part ‘A’, in column (1), after the words “Rotary Ditcher”, the punctuation mark and words “, Threshers, Chaff cutters” shall be *inserted*.

(ii) in the entries relating to Serial Number 5-A of Part ‘A’, in column (3) for the words “Four per cent”, the words “Two per cent” shall be *substituted*.

(iii) in the entries relating to Serial Number 7 of Part ‘A’, in column (3) for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(iv) after the entries relating to Serial Number 7 of Part ‘B’, the following shall be inserted, namely.-

“7-A. Books other than those mentioned
in the Fifth Schedule. Four per cent”

- (v) in the entries relating to Serial Number 8-A of Part ‘B’, in column (2), for the words “sold under brand name”, the words “and bun” shall be *substituted*.
- (vi) in the entries relating to Serial Number 1 of Part ‘C’, in column (3), for the words “Eight per cent”, the words “Four per cent” shall be *substituted*.
- (vii) in the entries relating to Serial Number 2 of Part ‘C’, in column (3), for the words “Eight per cent”, the words “Four per cent” shall be *substituted*.
- (viii) in the entries relating to Serial Number 4 of Part ‘C’, in column (3), for the words “Eight per cent”, wherever they occur, the words “Four per cent” shall be *substituted*.
- (ix) in the entries relating to items (ii) and (iii) of Serial Number 5 of Part ‘C’, in column (3), for the words “Ten per cent”, wherever they occur the words “Twelve per cent” shall be *substituted*.
- (x) in the entries relating to item (ii) of Serial Number 7 of Part ‘C’, in column (3), for the words “Fifteen per cent”, the words “Ten per cent” shall be *substituted*.
- (xi) in the entries relating to item (v) of Serial Number 8 of Part ‘C’, in column (3), for the words “Eight per cent”, the words “Two per cent” shall be *substituted*.
- (xii) after the entries relating to Serial Number 17 of Part ‘C’, the following shall be *inserted*, namely. -

**“17-A. Coconut oil sold under
brand name Fifteen percent”**

- (xiii) in the entries relating to item (iii) of Serial Number 18 of Part ‘C’, in column (3), for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (xiv) in the entries relating to item (i) of Serial Number 19 of Part ‘C’, in column (3), for the words “Eight per cent”, the words “Four per cent” shall be *substituted*.
- (xv) in the entries relating to Serial Number 20 of Part ‘C’,-
- (a) in item (i) in column (2), the words “consisting of monitor, key board, mouse, floppy drives, cartridge tape drives, CD ROM drives, DAT drives, hard disks” shall be deemed always to have been *omitted*.
- (b) in item (i) in column (3) for the words “Eight Percent” wherever they occur, the words “Four percent” shall be *substituted*.
- (c) after the entries relating to item (iv) the following shall be *inserted*, namely,-
- “(v) Computer Software Four per cent”**
- (xvi) in the entries relating to item (ii) of Serial Number 21 of Part ‘C’, in column (3), for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (xvii) in the entries relating to Serial Number 25 of Part ‘C’, in column (3), for the words “Eight per cent”, the words “Four per cent” shall be *substituted*.

- (xviii) in the entries relating to Serial Number 25-A of Part 'C', in column (3), for the words "Eight per cent", the words "Four per cent" shall be *substituted*.
- (xix) in the entries relating to Serial Number 25-B of Part 'C', in column (3), for the words "Eight per cent", the words "Four per cent" shall be *substituted*.
- (xx) in the entries relating to Serial Number 1 of Part 'E', in column (2), after the words "other than", the words "coconut oil sold under brand name and" shall be *inserted*.
- (xxi) in Serial Number 2 of Part 'E',
 - (a) in item (ii), in column (3), for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.
 - (b) in item (iii), in column (3), for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.
- (xxii) in the entries relating to sub-item (b) of item (v) of Serial Number 8 of Part 'F', in column (2), after the word "in", the words "or by" shall be *inserted*.
- (xxiii) in the entries relating to Serial Number 4 of Part 'G', in column (3) for the words "Eight per cent", the words "Four per cent" shall be *substituted*.
- (xxiv) in the entries relating to Serial Number 4-A of Part 'G', in column (3) for the words "Eight per cent", the words "Four per cent" shall be *substituted*.

- (xxv) in the entries relating to Serial Number 7 of Part 'G', in column (3) for the words "Eight per cent", the words "Four per cent" shall be *substituted*.
- (xxvi) in the entries relating to Serial Number 2 of Part 'H', in column (3) for the words "Eight per cent", the words "Four per cent" shall be *substituted*.
- (xxvii) in the entries relating to Serial Number 1 of Part 'I', in column (3) for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.
- (xxviii) in the entries relating to Serial Number 2 of Part 'J', in column (2), for the words "and silver", the punctuation mark and words ", silver and other noble metals," shall be *substituted*.
- (xxix) in the entries relating to item (iii) of Serial Number 1A of Part 'K', in column (3), for the words "Four per cent", the words "Eight per cent" shall be *substituted*.
- (xxx) in the entries relating to Serial Number 7 of Part 'L', in column (3), for the words "Eight per cent", the words "Four per cent" shall be *substituted*.
- (xxxi) in the entries relating to item (i) of Serial Number 14 of Part 'M', in column (3), for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.
- (xxxii) for the entries relating to Serial Number 15 of Part 'M', the following shall be *substituted*, namely.-
- "15. (i) Indian Musical Instruments
and parts and accessories
thereof. Four percent**

(ii) Musical Instruments and parts
and accessories thereof
not covered by item (i)
above. Twelve per cent”

(xxxiii) in the entries relating to Serial Number 1 of Part
‘N’, in column (3), for the words “Eight per cent”,
the words “Four per cent” shall be *substituted*.

(xxxiv) in the entries relating to Serial Number 3 of
Part ‘O’,-

(a) for item (ii) the following shall be *substituted*,
namely.-

“(ii) Spectacles, lenses and frames
including attachments, parts and
accessories thereof. Ten per cent”

(b) after the entries relating to item (ii) as so
substituted the following shall be *inserted*,
namely. -

“(iii) sun glasses, goggles, lenses and
frames including attachments, parts
and accessories thereof. Twelve per cent”

(xxxv) in the entries relating to Serial Number 1 of Part
‘P’, in column (3), for the words “Ten per cent”, in
the two places where they occur the words
“Twelve per cent” shall be *substituted*.

(xxxvi) after the entries relating to Serial Number 1 of
Part ‘P’, the following entries shall be *inserted*,
namely.-

“1-A. Pan masala Twenty per cent”

(xxxvii) in the entries relating to Serial Number 7 of
Part ‘P’,-

- (a) in item (i), in column (3), for the words “Eight per cent”, the words “Four per cent” shall be *substituted*.
- (b) in the entries relating to item (ii), in column (3), for the words “Eight per cent”, the words “Four per cent” shall be *substituted*.
- (xxxviii) in the entries relating to Serial Number 3 of Part ‘S’, in column (3), for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (xxxix) for the entries relating to Serial Number 13 of Part ‘S’, the following shall be *substituted*, namely.-
- “13.** Sports goods (indoor and outdoor)
including body building equipments,
trophies, medals, shields but excluding
wearing apparels. Four per cent”
- (xl) after the entries relating to Serial Number 18-A of Part ‘S’, the following shall be *inserted*, namely. -
- “18-B.** Sugar imported from outside
the country Twelve per cent”
- (xli) in the entries relating to Serial Number 19 of Part ‘S’, in column (3), for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (xlii) in the entries relating to Serial Number 2 of Part ‘T’, in column (3), for the words “Eight per cent”, the words “Four per cent” shall be *substituted*.
- (xliii) in the entries relating to Serial Number 5 of Part ‘T’,-
- (a) in item (i), in column (3) for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(b) in item (ii) in column (3) for the words “Ten percent” the words “Eight percent” shall be substituted.

(xiv) for the entries relating to Serial Number 6 of Part ‘T’, the following shall be *substituted*, namely:-

“**6.** Telephones of every description including cellular phones and their parts. Four per cent”

(xiv) in the entries relating to Serial Number 7-A of Part ‘T’, in column (3), for the words “Eight per cent”, the words “Four per cent” shall be *substituted*.

(x/vi) after the entries relating to Serial Number 7-A of Part ‘T ‘ as so substituted the following shall be inserted, namely:-

“**7-B.** Textiles and fabric imported from outside the country. Twelve percent”

(xlvii) in the entries relating to Serial Number 8 of Part ‘ T ‘,

(a) in item (i), in column (3), for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(b) in item (ii), in column (3), for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(c) in item (iii), in column (3), for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(d) in item (iv), in column (3), for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(e) in item (v), in column (3), for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(xlviii) after the entries relating to Serial Number 9-A of Part ‘T’, the following shall be *inserted*, namely.-

“ **9-B.** Tobacco products imported from
outside the country Twelve per cent”

(xlix) in the entries relating to Serial Number 10 of Part ‘T’, in column (3), for the words “Twelve per cent”, in the two places where they occur the words “Fifteen per cent” shall be *substituted*.

(22) in the Fifth Schedule. -

(i) after the entries relating to Serial Number 2, the following shall be and shall be deemed to have been *inserted* from the First day of January 2000 and shall be deemed to have been *omitted* from the Seventh day of October 2000, namely.-

“2-A. All steel radial tyres for heavy vehicles (trucks and buses)”

(ii) in the entries relating to Serial Number 8-A as it existed prior to the First day of April, 1998, after the words “cloth in lengths”, the words and brackets “(produced or manufactured in India)” shall be and shall be deemed always to have been *inserted*;

(iii) in the entries relating to Serial Number 3, as it exists with effect from the First day of April 1998, after the words “cloth in lengths”, the words and brackets “(produced or manufactured in India)” shall be and shall be deemed always to have been *inserted*;

- (iv) for the entries relating to Serial Number 13, the following shall be *substituted*, namely.-
- “13. Books printed or supplied or prescribed or written as per the Study syllabus specified by the Universities, Academies, Government recognized education boards and Councils and also including Books printed or supplied by the Government Departments.”
- (v) in the entries relating to Serial Number 31-A as it existed prior to the First day April, 1998, after the words “its products”, the words and brackets “(produced or manufactured in India)” shall be and shall be deemed always to have been *inserted*;
- (vi) in the entries relating to Serial Number 31-B as it existed prior to the First day of April, 1998, after the words “Sugar”, the words and brackets “(produced or manufactured in India)” shall be and shall be deemed always to have been *inserted*;
- (vii) in the entries relating to Serial Number 51, as it exists from the First day of April 1998, after the word “Sugar”, the words and brackets “(produced or manufactured in India)” shall be and shall be deemed always to have been *inserted*;
- (viii) in the entries relating to Serial Number 53, as it exists from the First day of April 1998, after the words “its products”, the words and brackets “(produced or manufactured in India)” shall be and shall be deemed always to have been *inserted*;
- (ix) after the entries relating to Serial Number 53, the following entries shall be and shall be deemed to have *inserted* with effect from the First day of April, 2000 and shall be and shall be deemed to have

been *omitted* with effect from the First day of April, 2001, namely.-

“53-A. Transfer of the right to use computer software.”

- (x) after the entries relating to Serial Number 58, the following entries shall be deemed to have been *inserted* with effect from the First day of April, 1986 and shall be and shall be deemed to have been *omitted* with effect from the First day of April, 1994, namely. -

“59. Ragi flour.”

(23) After the Eighth Schedule, the following shall be *inserted*, namely. -

“NINTH SCHEDULE

[See Section 5(3-CC)]

Sl.No.	Description of Goods	Rate of tax
(1)	(2)	(3)
1.	Aerated water including soft drinks whether or not flavoured or sweetened and whether or not containing vegetable or fruit juice or fruit pulp when sold under brand name in bottles, tins, cans or in any kind of sealed containers but excluding soft drink concentrates.”	Four per cent.

4. Amendment of Karnataka Act 30 of 1958. - In the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958). -

(1) in Section 2, in clause (i), after sub-clause (iv), the following shall be *inserted*, namely.-

“(iv-a) any payment for any purpose whatsoever connected with an entertainment including sponsorship fee and advertisement charges, which is paid to the proprietor or any person connected with conducting or organizing such entertainment, by a person attending the entertainment which enables entry of any other person into the entertainment.”

(2) in Section 3, in sub-section (2),

- i) after the words, figure and brackets “contained in sub-section (1)”, the words, figure, letter and brackets “and sub-section (1-A)” shall be *inserted*.
- ii) after the words, figure and brackets “specified in sub-section (1)”, the words, figure, letter and brackets “and sub-section (1-A)” shall be *inserted*.
- iii) after sub-section (2), the following shall be *inserted*, namely. -

“(3) Notwithstanding anything contained in sub-section (1-A) there shall be levied and paid to the State Government on every admission made by the proprietor of an entertainment on payment as defined in sub-clause (iv-a) of clause (i) of Section 2, the entertainment tax at the rate specified in sub-section (1-A) in respect of such entertainment as if full payment had been made for admission to the entertainment according to the class of seat or accommodation which the person admitted occupies or uses; and for the purpose of this Act, the person admitted shall be deemed to have been admitted on payment.

Provided that where the admission made to an entertainment whether or not having different classes of seat or accommodation inside the place

of entertainment is wholly on payment as defined in sub-clause (iv-a) of clause (i) of Section 2, the payment made to such entertainment shall be deemed to have been made by the person or persons admitted.”

(3) in Section 4-A, in sub-section (1), after the words “local authority”, the words and brackets “(but excluding a cantonment board)” shall be *inserted*.

(4) in Section 4-B, in sub-section (1), for the words “two thousand five hundred rupees”, the words “five thousand rupees” shall be *substituted*.

(5) in Section 4-D, in the Table, in column (3),

- i) for the words “Rupees one thousand five hundred per month”, the words “Rupees three thousand rupees per month” shall be *substituted*.
- ii) for the words “Rupees one thousand per month”, the words “Rupees two thousand per month” shall be *substituted*.
- iii) for the words “Rupees seven hundred per month”, the words “Rupees one thousand five hundred per month”, shall be *substituted*.
- iv) for the words “Rupees three hundred per month”, the words “Rupees six hundred per month” shall be *substituted*.

(6) in Section 6,

- i) in sub-section (1), including the explanation after the words “complimentary ticket”, the words “or pass or invitation” shall be *inserted*.
- ii) for sub-section (3), the following shall be *substituted*, namely.-

“(3) Where the payment for admission to an entertainment is made wholly or partly by means of a lumpsum paid as a subscription or contribution or sponsorship fee or advertisement charges or by whatever name called to any institution or any other person, for a season ticket or for the right of admission to a series of entertainments or to any entertainment during a certain period of time, the entertainments tax shall be paid on the amount of the lumpsum, but where the Commissioner is of opinion that the payment of a lumpsum or any payment for a ticket represents payment for other privileges, rights or purposes besides the admission to an entertainment, or covers admission to an entertainment during any period during which tax has not been in operation, the tax shall be levied on such an amount as appears to the Commissioner to represent the right of admission to entertainments in respect of which the entertainments tax is payable.”

(7) in Section 7, after sub-section (1), the following proviso shall be and shall be deemed to have been *inserted* from the First day of April, 2000, namely.-

“Provided that for development of any recognized sport the State Government may grant exemption to a specified event of such sport.”

(8) in Section 9,

i) in sub-section (2),

a) in clause (ii), for the word “penalty”, the word “interest” shall be *substituted*.

b) in the explanation, for the word “penalty”, the word “interest” shall be *substituted*.

ii) in sub-section (3), for the word “penalty”, the word “interest” shall be *substituted*.

(9) after Section 9-AA, the following shall be *inserted*, namely.-

“9-AAA. Furnishing of return, etc..-

(1) Every owner or other person in charge of any place of entertainment who is not the proprietor of any entertainment conducted or organized in such place shall submit to the Entertainment Tax Officer having jurisdiction over the area in which the entertainment is conducted a return containing such particulars within such period as may be prescribed.

(2) If any owner or other person in charge of any place of entertainment fails to submit the return in accordance with sub-section (1), such person and the proprietor of the entertainment shall jointly and severally be liable to pay any tax or penalty or any other amount due by the proprietor of the entertainment.”

(10) for Section 10-A, the following shall be *substituted*, namely. -

“10-A. Registration of distributors, etc.-

(1) Every distributor in the State shall,

(a) get himself registered in such manner as may be prescribed;

(b) submit to the authority prescribed in this behalf,

return as may be prescribed of all feature films sold, supplied, distributed, rented or hired for exhibition.

(2) The authority prescribed in this behalf, shall have the power to call for and examine the books of account or other documents in the possession of such distributors with a view to verify the correctness of the return submitted.

(3) Nothing contained in this section shall apply to any State Government or the Central Government.”

(11) in Section 12,

- i) for the words “two thousand rupees” wherever they occur, the words “five thousand rupees” shall be *substituted*.
- ii) in sub-section (1), for the words “five thousand rupees”, the words “ten thousand rupees” shall be *substituted*.

(12) in Section 13, for the words “two thousand rupees” in the two places where they occur, the words “five thousand rupees” shall be *substituted*.

5. Amendment of Karnataka Act 35 of 1976. - In the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976), in the Schedule.-

- i) in Serial Number 1, for item (e), the following shall be *substituted*, namely.-
“(e) Rs.15,000 and above Rs.200 per month.”
- ii) the entries relating to item (f) shall be *omitted*.
- iii) after Serial Number 20-T, the following shall be *inserted*, namely.-

- “20-U.(a) Persons operating mobile telephone service Rs.2,500 per annum
- (b) Persons providing internet service running internet cafes, information kiosks Rs.2,500 per annum
- (c) Persons operating e-commerce business Rs.2,500 per annum
- (d) Persons operating Air taxi and helicopter services Rs.2,500 per annum
- (e) Persons running clubs including recreation clubs Rs.2,500 per annum
- (f) Persons operating Gymnasium Rs.2,500 per annum
- (g) Persons organizing events, pageants, fashion shows and the like.” Rs.2,500 per annum
- iv) in explanation 4, after the figures, hyphen and alphabet “20-T”, the figures, hyphen and alphabet “20-U” shall be *inserted*.

6. Amendment of Karnataka Act 22 of 1979. - In the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979).-

(1) in Section 2,

(i) in clause (2)

- (a) for the words “in a hotel” the words “in a hotel or a marriage hall” shall be *substituted*.
- (b) for the words “by a hotel”, the words “by the proprietor of a hotel or a marriage hall” shall be *substituted*.

(ii) for clause (5-A), the following shall be *substituted*, namely.-

“(5-A) **“Luxury Tax Officer”** means an Assistant Commissioner of Commercial Taxes or Deputy Commissioner of Commercial Taxes appointed under Section 3 of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957)”

(iii) after clause (6-B), the following exception shall be *inserted*, namely.-

“Exception. - A handloom or power loom weaver (other than one whose establishment falls within the definition of a “Factory” under the Factories Act, 1948 (Central Act 63 of 1948)) who is in possession of stock of silk fabrics manufactured by him in Karnataka shall not be deemed to be a stockist for the purpose of this Act.”

(2) after Section 2-A, the following shall be *inserted*, namely.-

“2-B. Jurisdiction of officers.-

(1) The Joint Commissioners shall perform their functions in respect of such areas or of such proprietors or stockists or classes of proprietors or stockists or of such cases or classes of cases as the Commissioner may direct.

(2) The Luxury Tax Officers shall perform their functions in respect of such areas or of such proprietors or stockists or classes of proprietors

or stockists or such cases or classes of cases as the Commissioner may direct.

2-C. Change of incumbent of an office. -

Whenever in respect of any proceeding under this Act, a Luxury Tax Officer or any other officer ceases to exercise jurisdiction and is succeeded by another who has and exercises jurisdiction, the authority or officer so succeeding may continue the proceeding from the stage at which the proceeding was left by his predecessor:

Provided that the proprietor or stockist may demand that before the proceeding is so continued the previous proceedings or any part thereof be re-opened or that before any order of assessment is passed against him, he be re-heard.”

(3) after Section 4-A, the following shall be inserted, namely.-

“4-AA. Declaration of charges for marriage

hall.-

- (1) Every proprietor of a marriage hall liable to pay tax under this Act, shall declare the normal rate fixed for luxury provided by him in such manner and within such period as may be prescribed.
- (2) Where luxury provided in a marriage hall to any person is not charged at all, or is charged at a concessional rate, then the tax on such luxury, shall be levied and collected as if full charges for such luxury were paid to the proprietor of the marriage hall.”

(4) after Section 4-B, the following shall be *inserted*, namely.-

“4-C. Reduction in tax liability. -Where a stockist liable to pay tax under this Act, being a dealer in such goods excluding gutkha becomes liable to pay tax under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) as a result of the sale of such goods, then the amount of tax payable under the said Act shall be reduced by the amount of tax paid under this Act.”

(5) in Section 5-A, after sub-section (2), the following shall be *inserted*, namely. -

“(2-A) If default is committed in the payment of tax for any month beyond ten days whether or not a statement as required under sub-section (1) is filed; or if the amount of tax paid is less than the amount of tax payable for any month, the dealer defaulting payment of tax or making short-payment of tax shall, in addition to the tax, pay interest calculated at the rate of two per cent per month from the date of such default or short-payment to the date of payment of such tax or upto the date specified for payment of tax assessed under section 6, as the case may be.”

(6) in Section 7, the following proviso shall be *inserted*, namely. -

“Provided that no penalty shall be imposed for failure to furnish a return or pay tax on turnover of stock of luxury as required relating to Gutkha if such return is furnished or tax is paid within thirty days from the date of commencement of the Karnataka Tax on Luxuries (Amendment) Act, 2001.”

(7) in Section 8, in sub-section (1-A), in clause (ii), for the word “proprietor”, the words “proprietor or stockist” shall be

and shall be deemed to have been *inserted* with effect from the First day April 1997.

(8) for Section 13, the following shall be *substituted*, namely.-

“13. Offences and Penalties.- (1) Any proprietor or stockist who.-

- (a) is obliged to get himself registered under this Act does not get so registered; or
- (b) fails to submit a return as required by the provisions of this Act, or the Rules made thereunder; or
- (c) fails to submit a statement as required under Section 5-A; or
- (d) fails to pay within the time allowed any tax assessed on him or any penalty levied on him under this Act; or
- (e) fails to keep true and complete accounts; or
- (f) fails to issue a bill or cash memorandum in accordance with the provisions of sub-sections (2) and (3) of Section 12-B; or
- (g) fails to comply with a notice issued under sub-section (1) of Section 17,

shall on conviction be punished with a simple imprisonment for a term which may extend to six months or with fine which shall not be less than one thousand rupees which may extend to five thousand rupees or with both.

(2) Any person who.-

- (a) carries on business as a proprietor or stockist without furnishing the security demanded under sub-section (4) of Section 4-A; or
- (b) willfully submits an untrue return, or not being already an assessee under this Act, fails to submit a return as required by the provisions of this Act or the rules made thereunder; or
- (c) willfully submits an untrue statement under sub-section (1) of Section 5-A; or
- (d) fraudulently evades the payment of any tax or other amount payable by him under this Act; or
- (e) collects any amount by way of tax or purporting to be by way of tax in contravention of sub-section (1) of Section 6-A; or
- (f) prevents or obstructs inspection, entry, search or seizure by an Officer empowered under this Act; or
- (g) prevents or obstructs inspection of any vehicle or boat or goods transported otherwise or seizure of goods by an Officer-in-charge of a check post or barrier or any Officer empowered under this Act; or
- (h) dishonestly objects to or fails to comply with the terms of a notice issued to him under Section 8-A; or
- (i) willfully acts in contravention of any of the provisions of this Act or the rules made thereunder,

shall, on conviction in addition to the recovery of any tax or other amount that may be due from him, be punishable with simple imprisonment which may extend to twelve months or with a fine which shall not be less than five thousand rupees but which may extend to twenty-five thousand rupees or with both and when the offence is a continuing one, with a daily fine not exceeding two hundred rupees during the period of continuance of the offence.”

(9) in Section 17,

- ii) in the heading, for the words “search of hotels”, the words “search of hotel, etc.” shall be *inserted*.
- iii) in sub-section (1), for the words “the business of the hotel or business of the stockist”, the words “his business “ shall be *substituted*.

(10) in the Schedule,

- i) in the entries relating to Serial Number 2 as it existed prior to the Twenty third day of January 2001, in column (2), the word and punctuation mark “gutmka,” shall be and shall be deemed to have been omitted from the First day of April, 2000.
- ii) after the entries relating to Serial Number 2 as it existed prior to the Twenty third day of January 2001, the following entries shall be and shall be deemed to have been inserted from the First day of April 2000 and shall be deemed to have been

in force upto the Twenty second day of January, 2001, namely.-

“ 3. Gutkha 20 per cent.”

iii) after the entries relating to Serial Number 3, the following entries shall be *inserted*, namely. -

“4. Silk fabrics Two per cent.

5. All kinds of electronic goods

imported from outside the

country.

Twelve per cent.”

7. Amendment of Karnataka Act 27 of 1979. - In the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979). -

(1) in Section 3, in sub-section (3), in clause (ii), before the words “in respect”, the words “other than Gutkha” shall be and shall be deemed to have been *inserted* with effect from the First day of April, 2000.

(2) for Section 5-B, the following shall be *substituted*, namely.-

“5-B. Self-assessment in the case of certain dealers.-

(1) Notwithstanding anything contained in sub-sections (3) and (4) of Section 5, in the case of a dealer who is eligible for self-assessment under Section 12-C of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), the assessing authority shall subject to the same conditions and exceptions specified therein, assess such dealer on the basis of return filed without requiring the presence of the dealer or the production of books of account.

(2) Notwithstanding anything contained in sub-section (1), the assessing authority shall assess under sub-section (4) of Section 5 in such cases as notified by the Commissioner under Section 12-C of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957).

(3) If on scrutiny assessment in cases falling under sub-section (2), it is found that the amount of tax paid by any dealer for any year was less than the tax payable for that year as assessed by more than fifteen per cent, the assessing authority shall direct such dealer to pay, in addition to the tax, a penalty equivalent to three times the amount of the tax so paid in short.

(4) Every assessment completed under sub-section (1) shall be subject to the provisions of Sections 6, 15 and 17.”

(3) in Section 8,

i) in sub-section (2),

a) in clause (ii), for the words “a penalty”, the word “interest” shall be *substituted*.

b) in the explanation, for the word “penalty”, the word “interest” shall be *substituted*.

ii) in sub-section (3), for the word “penalty”, wherever it occurs, the word “interest” shall be *substituted*.

(4) in Section 13, for sub-section (1), the following shall be *substituted*, namely.-

“(1) Any person objecting to an order affecting him passed under the provisions of this Act by,-

- (i) a Commercial Tax Officer, may appeal to the Deputy Commissioner; and
- (ii) an Assistant Commissioner of Commercial Taxes or a Deputy Commissioner, may appeal to the Joint Commissioner.

Provided that any appeal preferred against the orders of the Commercial Tax Officer and pending before the date of commencement of this Act shall stand transferred to the Deputy Commissioner.”

(5) in the First Schedule, for the entries relating to Serial Number 80, the following entries shall be *substituted*, namely.-

“80. Raw materials, component parts and inputs which are used in the manufacture of an inter-mediate or a finished product.”

8. Validation of assessments, etc.- Notwithstanding anything contained in any judgment, decree or order of any Court, Tribunal or other authority to the contrary, anything done or any action taken or purporting to have been done or taken (including any notices or orders issued and all proceedings held for the levy, assessment and collection of tax or amount purported to have been collected by way of tax in relation to such levy, assessment and collection) under the provisions of the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979), (in short the said Act) before the commencement of this Act shall be and shall be deemed to be valid and effective as if such levy, assessment or collection or action or thing had been made, taken or done under the said Act, as amended by clauses (i) and (ii) of sub-section (10) of Section 6 of this Act and accordingly.-

- (a) all acts proceedings or things taken or done by any authority in connection with the assessment, levy or collection of such tax shall, for all purposes be deemed to be, and to have always been taken or done in accordance with law;
- (b) no suit or other proceedings shall be maintained or continued in any Court or Tribunal or before any authority for the refund of any such tax; and
- (c) no Court shall enforce any decree or order directing the refund of any such tax.

9. Validation of certain notifications.- No notification issued or purporting to have been issued under sub-section (1) or sub-section (3) of section 8A of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) (in short the said Act) with retrospective effect during the period from the First day of April 2000 and till the First day of April 2001 shall be deemed to be invalid or ever to have been invalid merely on the ground that such notification was issued with retrospective effect and accordingly every such notification and any action or thing taken or done (including collection of tax or other amount) thereunder shall be as valid and effective as if the provisions of sub-sections (1) and (3) of section 8A of the said Act as amended by sub-section (5) of section 3 of this Act were in force at all relevant times when such notification was issued or action or thing was taken or done; and

(a) no suit or proceedings shall be maintained or continued in any court, tribunal or before any authority for refund of any such tax or other amount, or

(b) no court shall enforce any decree or order directing refund of any such tax or amount.

10. Declaration.- For the removal of doubts it is hereby declared that the amendments made by the Karnataka Taxation Laws (Amendment) Act, 2000 (Karnataka Act 5 of 2000) to the Karnataka Sales Tax Act 1957 (Karnataka Act 25 of 1957) (in short 1957 Act) shall, notwithstanding anything contained in any law for the time being in force, for all purposes, be deemed to have been made after the amendments made to the 1957 Act by the Karnataka Sales Tax (Amendment) Ordinance 1999 (Karnataka Ordinance 8 of 1999) replaced by the Karnataka Sales Tax (Amendment) Act 2000 (Karnataka Act 9 of 2000) and be deemed have been incorporated in the 1957 Act.

KARNATAKA ACT NO. 5 OF 2002
THE KARNATAKA TAXATION LAWS
(AMENDMENT) Act, 2002
Arrangement of Sections

Sections:

1. Short title and commencement
2. Amendment of Karnataka Act 22 of 1957
3. Amendment of Karnataka Act 25 of 1957
4. Amendment of Karnataka Act 22 of 1979
5. Amendment of Karnataka Act 27 of 1979
6. Amendment of Act 30 of 1958
7. Validation of assessments, etc.

STATEMENT OF OBJECTS AND REASONS

It is considered necessary to amend the Karnataka Agriculture Income Tax, 1957, the Karnataka Sales Tax Act, 1957, the Karnataka Taxes on Luxuries Act, 1979, the Karnataka Taxes on Entry of Goods Act, 1979 and the Karnataka Entertainment Tax Act, 1958 to give effect to the proposal made in the Budget speech and matters connected therewith.

Certain consequential and incidental amendments are also made.

Hence the Bill.

(L.A. Bill No. 12 of 2002)

KARNATAKA ACT NO. 5 OF 2002

(First published in the Karnataka Gazette Extra-ordinary on the thirtieth day of March, 2002)

**THE KARNATAKA TAXATION LAWS
(AMENDMENT) ACT, 2002**

(Received the assent of Governor on the thirtieth day of March, 2002)

An Act further to amend certain taxation laws as in force in the State of Karnataka.

Whereas it is expedient further to amend certain taxation laws for the purpose hereinafter appearing:

Be it enacted by the Karnataka State Legislature in Fifty-third year of the Republic of India, as follows:-

1. Short title and commencement. - (1) This Act may be called the Karnataka Taxation Laws (Amendment) Act, 2002.

(2) It shall come into force with effect from the first day of April, 2002.

2. Amendment of Karnataka Act 22 of 1957. - In the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957),

(1) in Section 18, in sub-section (1), after the proviso, the following proviso shall be inserted, namely -

"Provided further that the return of agricultural income for the previous year ending on the 31st day of March, 2001, shall be filed before the expiry of Sixteen months from the end of such previous year".

(2) in Section 66,

(Published in the Karnataka Gazette Part IV-A Extra Ordinary No. 475 dated 30-3-2002 in Notification No. ÉâªÀâXµÖE 18 µÖÉâ}â 2002)

- (a) in sub-section (5), the words, figure and brackets “and shall continue to be in force for the next two years immediately following or until such time the extent of land holding exceeds the maximum specified in sub-section (1), whichever is earlier” shall be *omitted*.
- (b) in sub-section (6), the words “of three years” shall be *omitted*.

3. Amendment of Karnataka Act 25 of 1957. - In the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957). -

- (1) in Section 2, in sub-section (1), for clause (f-1b), the following shall be *substituted*, namely.-

“ (f-1b) **Brand name** means a name or trade mark registered or pending registration or pending registration of transfer under the Trade and Merchandise Marks Act, 1958 (Central Act 43 of 1958) and includes a name or a mark such as a symbol, monogram, label, signature or invented words or any writing which is used in relation to a product, for the purpose of indicating, or so as to indicate, a connection in the course of trade between the product and a dealer whose total turnover during any year exceeds one hundred lakh rupees, using such name or mark with or without any indication of the identity of the said dealer; ”

- (2) in Section 3-A, in sub-Section (3), before the words “Joint Commissioner”, the words “Additional Commissioner or” shall be inserted;
- (3) after Section 3-C, the following section shall be *inserted*, namely.-

“ 4. Provision for clarification and advance rulings .-

(1) The Commissioner may constitute a State level ‘Authority for Clarification and Advance Rulings’, (here in after referred to in this section as Authority) consisting of three Additional Commissioners, to clarify the rate of tax applicable under this Act in respect of any goods liable to tax under the Act or the exigibility of any transaction to tax

under the Act on an application by a dealer registered under the Act.

(2) The application shall be in such form and shall be accompanied by proof of payment of such fee, paid in such manner, as may be prescribed.

(3) An applicant may withdraw an application within thirty days from the date of application.

(4) On receipt of an application, the Authority shall cause a copy thereof to be forwarded to the assessing or registering authority concerned and call for any information or records.

(5) The Authority may, after examining the application and any records called for, by order, either, allow or reject the application.

Provided that the Authority shall not allow the application where the question raised in the application,-

(i) is already pending before any officer or authority of the Department or Appellate Tribunal or any Court;

(ii) relates to a transaction or issue which is designed apparently for the avoidance of tax.

Provided further that no application shall be rejected under this sub-Section unless an opportunity has been given to the applicant of being heard and where the application is rejected, reasons for such rejections shall be recorded in the order.

(6) A copy of every order made under sub-Section (5) shall be sent to the applicant and the officer concerned.

(7) Where an application is allowed under sub-Section (5), the Authority shall after examining such further material as may be placed before it by the applicant or obtained by the Authority, pass such order as deemed fit on the questions specified in the application, after giving an opportunity to the applicant of being heard, if he so

desires. The authority shall pass an order within four weeks of the receipt of any application and a copy of such order shall be sent to the applicant and to the officer concerned.

(8) No officer or any other authority of the Department or the Appellate Tribunal shall proceed to decide any issue in respect of which an application has been made by an applicant under this Section and is pending.

(9) The order of the Authority shall be binding only,-

(i) on the applicant who had sought clarification;

(ii) in respect of the goods or transaction in relation to which a clarification was sought; and

(iii) on all the officers other than the Commissioner.

(10) The order of the Authority under sub-section (7) shall be binding as aforesaid unless there is a change in law or facts on the basis of which the order was passed.

(11) Where the Authority on a representation made to it by any officer or otherwise finds that an order passed by it was obtained by the applicant by fraud or misrepresentation of facts, it may, by order, declare such order to be void *ab initio* and thereupon all the provisions of this Act shall apply to the applicant as if such order had never been made.

(12) A copy of the order made under sub-Section (11) shall be sent to the applicant and the Commissioner or the officer concerned."

(4) in Section 5,

(i) in sub-Section (1), for the words, "ten per cent", the words "twelve per cent" shall be *substituted*.

- (ii) in sub-Section (1-B), for the words, “ten per cent”, the words “twelve per cent” shall be *substituted*
- (iii) in sub-section (3), in clause (a), after the fifth proviso, the following shall be *inserted*, namely.-

“ Provided also that where goods are sold, under a brand name by the trade mark holder or the brand name holder or any other dealer having the right as proprietor or otherwise to use the said name or trade mark either directly or through another on his own account or on account of others, exclusively to a marketing agent or distributor or wholesaler or any other dealer, subsequent sale of such goods by the latter shall also be liable to tax under this Section and the tax so payable shall be reduced by the amount of tax already paid on the sale of such goods by the former.

(iv) sub-section (3-CC) shall be *omitted*.

(v) in sub-Section (4) the words “and only at the point”, shall be *omitted*.

(5) in Section 5-A, Explanation II shall be and shall be deemed always to have been *omitted*;

(6) for Section 5-A , the following shall be *substituted*, namely,-

“5-A.Taxation of Industrial Inputs.-(1) Notwithstanding anything contained in Section 5, the tax payable by a registered dealer, in respect of the sale of any industrial input liable to tax under the Act to another registered dealer for use by the latter as a component part or raw material or packing material of any other goods which he intends to manufacture inside the State for sale or in respect of sale of consumables liable to tax under the Act to another registered dealer for use in such manufacture, shall be at

the rate of four percent or the rate specified in Section 5, whichever is lower, on the taxable turnover relating to such sale.

Provided that where the rate of tax in respect of such industrial input as specified in Section 5 is four percent and above, the provisions of this sub-Section shall not apply, unless the dealer selling the industrial inputs furnishes to his assessing authority in the prescribed manner a declaration by the buying dealer in the prescribed form obtained from the prescribed authority or where the buying dealer's total turnover for the year ending thirty first day of March 2001 as declared in the return for such period exceeds one hundred lakhs rupees, such buying dealer shall give a declaration in such form and in such manner as may be prescribed.

Provided further that if any dealer, after purchasing any inputs, in respect of which he has furnished a declaration under the first proviso to this Sub-section fails to make use of the whole or part of such inputs in the manufacture of other goods specified in the declaration before the expiry of the accounting year immediately succeeding the one in which such inputs are purchased, either due to cessation of his manufacturing activity or for any other reason, but has not sold away such inputs, he shall be liable to pay the difference between the tax payable at the rate specified under Section 5 and the tax computed at the rate of four percent on the turnover relating to the sale of such quantity of these inputs to him as have remained unutilized with him for the declared purpose at the end of the period specified above.

(2) Notwithstanding anything contained in clause (b) of sub-Section (3) of Section 5 or Section 6, the tax payable by a registered dealer in respect of the purchase of any Industrial input liable to tax under the Act for use by him as a component part or raw material or packing material of any other goods which he intends to

manufacture inside the State for sale shall be at the rate of four percent or the rate specified in Section 5, whichever is lower, on the taxable turnover relating to such purchase.

(3) If any person :

(i) not having his manufacturing unit inside the State , purchases any inputs by furnishing a declaration under the first proviso to sub-Section (1) or pays tax on purchase of inputs under sub-Section (2); or

(ii) having his manufacturing unit inside the State and having purchased any inputs by furnishing a declaration under the first proviso to Sub-section (1) or paying tax on purchase of any inputs under sub-Section (2), sells away such inputs contrary to such declaration or condition,

the assessing authority, after giving such person a reasonable opportunity of being heard, shall, by order in writing, impose upon him by way of penalty a sum, which shall not be less than the amount of tax leviable under Section 5 on the sale of the inputs so purchased or tax leviable under clause (b) of sub-Section (3) of Section 5 or Section 6 on the inputs so purchased, but which shall not exceed one and half times the amount of such tax;

(iii) having his manufacturing unit inside the State and having purchased any inputs by furnishing a declaration under first proviso to sub-Section (1) or having paid tax on any inputs under sub-Section (2), uses such inputs contrary to such declaration or , the assessing authority, after giving such person a reasonable opportunity of being heard, shall, by order in writing, impose upon him by way of penalty a sum which shall not be less than twice the amount of tax leviable under Section 5 or 6 but not exceeding two and half times the amount of such tax on the inputs so purchased.

(4) (a) Every dealer who, during the course of the year, purchases any inputs by furnishing a declaration under the first proviso to sub-Section (1), shall maintain in the prescribed manner a regular account of the receipt and issue of such declaration forms as are received or issued by him.

(b) Every such dealer shall also submit a statement as prescribed containing particulars of such purchases in any month to the assessing authority along with the statement to be submitted under section 12-B.

(c) Every such dealer shall also maintain in the prescribed manner an account giving the opening balance, purchases, consumption and closing balance of every input, which is purchased by him by furnishing a declaration under the first proviso to sub-Section (1) or purchased by him under sub-Section (2).

(d) If any dealer fails to maintain, in the prescribed manner, true and complete accounts or submit a statement as required by clause (a) or clause (b) or clause (c) of this sub-Section, the assessing authority shall, after giving such dealer a reasonable opportunity of being heard pass an order,-

(i) disentitling such dealer from making use of any declaration forms prescribed under the first proviso to sub-Section (1) and requiring him to surrender forthwith the declaration forms already issued to him, if any or disentitling such dealer to pay tax on inputs under sub-Section (2); and

(ii) imposing upon him a penalty not below one half of the amount of tax payable but not exceeding the amount of tax leviable, under the provisions of Section 5 on the sale value of the inputs already purchased by him against prescribed declaration forms up to the date of surrender of the unused forms by him or under the provision of Section 5 or Section 6 on the purchase value of inputs already purchased by him under sub-Section (2) up to the date of disentitlement.

(e) If any dealer, in respect of whom an order has been passed under clause (d), of this sub-Section, pays the penalty and complies with other terms of such order, the assessing authority may, in his discretion, permit such dealer, to obtain the prescribed declaration forms afresh or issue the prescribed declaration forms and to make use of the same for the purchase of inputs in the State at concessional rate of tax or to pay tax under sub-Section (2) on purchase of inputs.

Explanation :

(1) For the purpose of this Section, the expressions `industrial inputs` or inputs, mean either a `Component part` or `raw material` or packing material, but do not include Cement, and inputs falling under Serial Number 12 of Part `S` and Serial Number 10 of Part `M` of the Second Schedule.

(2) The expression `component part` means an article which forms an identifiable constituent of the finished product and which along with others, goes to make up the finished product.

(3) The expression `raw material` means any material-

(a) from which another product can be made, through the process of manufacture, either by itself or in combination with other raw materials; or

(b) a processing or any other chemical solvent (including chemicals used for testing, analysis or research) used in the solvent extraction process or a catalyst required in the manufacturing process, but it does not include fuels, and consumable stores of similar type.

(4) The expression `Consumables` does not include petroleum products falling under Serial Number 11-A of Part `F`, Serial Number 12 of Part `M` and Serial Number 5 of Part `P` of Second Schedule. ”

(7) in Section 6-A, in sub-Section (2),

(i) after the proviso, the following shall be deemed and deemed to have always been *inserted* namely,-

“Provided further that, in respect of any assessments other than an assessment already completed, for the years ending Thirty First day of March, 1996 and Thirty First day of March 1997, the buying dealer may prove, in the prescribed manner, that the goods purchased have already been subjected to tax notwithstanding his failure to furnish the declaration specified. ”

(ii) the provisos shall be *omitted*.

(8) for Section 6-B, the following shall be *substituted*, namely,-

“6-B. Levy of resale tax.- Every registered dealer and every dealer who is liable to get himself registered under sub-Sections (1) and (2) of Section 10 whose total turnover in a year is not less than the turnovers specified in the said sub-Sections, shall be liable to pay tax at the rate of one and half per cent of such portion of the total turnover which is not liable to tax under Sections 5, 5-A, 5-B, 5-C or 6.

Provided that no tax under this sub-Section shall be payable on that part of such turnover which relates to,-

- (i) sale or purchase of goods specified in the Fifth Schedule;
- (ii) sale or purchase of goods in the course of interstate trade or commerce;
- (iii) sale or purchase of goods in the course of export out of the territory of India or sale or purchase in the course of import into the territory of India;
- (iv) all amounts collected by way of tax under the provisions of this Act or the Central Sales Tax Act, 1956 (Central Act 74 of 1956);
- (v) all amounts falling under the head `Freight`, when specified and charged for by the dealer separately without including such amounts in the price of the goods sold;

- (vi) all amounts allowed as discount, provided that such discount is allowed in accordance with the regular practice of the dealer or is in accordance with the terms of a contract or agreement entered into a particular case and provided also that the accounts show that the purchaser has paid only the sum originally charged less discount;
- (vii) (a) all amounts allowed to purchasers in respect of goods returned by them to the dealer when the goods are taxable on sales provided that the goods were returned within a period of six months from the date of delivery of the goods and the accounts show the date on which the goods were returned and the date on which and the amount for which refund was made;

(b) all amounts received from the sellers in respect of goods returned to them by the dealer, when the goods are taxable on the purchase value provided that the goods were returned within a period of six months from the date of delivery of the goods and the accounts show the date on which the goods were returned and the date on which and the amount for which refund was received;
- (viii) such amounts towards labour charges and other like charges not involving any transfer of property in goods, actually incurred in connection with the execution of works contract, or calculated at the rates prescribed;
- (ix) all amounts realized by a dealer by the sale of his business as a whole;
- (x) the total amount paid or payable by the dealer as a consideration for the purchase of any of the goods in respect of which tax is leviable at the point of sale;

- (xi) the total amount paid or payable to the dealer as a consideration for the sale of any of the goods in respect of which tax is leviable at the point of purchase;

Provided further that, save as otherwise provided in this sub-Section, no other deduction shall be made from the total turnover of a dealer for the purposes of this Section.

(2) The provisions of this Act and the rules made thereunder shall, so far as may be, apply in relation to the assessment, collection or refund of the resale tax, as they apply in relation to the assessment, collection or refund of tax under the other provisions of this Act.”

(9) Section 6-D shall be *omitted*;

(10) in Section 8-A, in clause (a) of sub-Section (5), after the words, “a sum”, the words “not less than one half but” shall be *inserted*.

(11) in Section 12, in sub-Section (4),

(a) in clause (a), for the words, “one and a half times”, the words, “ an amount equivalent to the tax due” shall be *substituted*;

(b) in clause (b), for the words, “one and half times”, the words “ an amount equivalent to tax but not less than one half of ” shall be *substituted*;

(c) in clause (c), for the words, “one and a half times ”, the words, “ an amount equivalent to the tax due” shall be *substituted*;

(12) in Section 12-A, in sub-Section (1-A), for the words, “one and a half ”, the words “an amount equivalent to tax but not less than one half of” shall be *substituted*;

(13) in Section 12-B, in sub-Section (4), the words, “one and half times”, shall be *omitted*;

(14) in Section 12-C, in sub-Section (1),

(a) in clause (a),

(i) after the words "selling of goods", the words "whose total turnover in a year is not more than fifty lakh rupees, " shall be *inserted*;

(ii) after sub-clause (iv), the following shall be *inserted*, namely.-

"(v) such dealer has got his accounts audited under Section 26-A and submitted to the assessing authority a copy of the audited statement of accounts and certificates in the prescribed manner."

(b) in clause (b),

(a) for the words, "twenty-five lakhs", the words "one hundred lakhs" shall be *substituted*;

(b) after sub-clause (ii), the following shall be *inserted*, namely.-

"(iii) such dealer has got his accounts audited under Section 26-A and submitted to the assessing authority a copy of the audited statement of accounts and certificates in the prescribed manner."

(15) after Section 12-D the following shall be *inserted*, namely.-

"12-E. Re-assessment in certain cases.- (1) Where an assessee within one year from the service of a notice of demand makes an application that failure to furnish declarations prescribed under Section 5-A prevented him from claiming the concessional rate of tax on sale of inputs, the assessing authority shall cancel the assessment and proceed to re-assess such assessee to the extent of claims made under Section 5-A.

Provided that no application under this sub-section shall be entertained by the assessing authority if the tax assessed is not paid and the declarations prescribed under section 5-A are not furnished together with such application.

(2) Nothing contained in sub-section (1) shall apply to an assessment which has been made the subject – matter of an appeal under Section 20.

(3) No appeal shall lie under Section 20 against an order passed under this Section.

(4) Every order passed under this Section, shall subject to the provisions of Sections 22, 23, 24 and 25-A, be final."

(16) in Section 13, explanation to sub-Section (2) shall be renumbered as Explanation-I and after Explanation-I as so renumbered, the following Explanation shall be and shall be deemed always to have been *inserted*, namely.-

“Explanation – II. – For the purpose of this sub-Section non- payment during any period during which recovery of any tax or other amount due under the Act is stayed by an order of any authority or Court in any appeal or other proceedings disputing such tax or amount, shall be deemed to be a ‘default’.”

(17) in Section 17,-

(i)in sub-section (4),

(a) in clause (i), for the words " or a dealer being a woman catering food and drinks", the words " or a dealer catering food and drinks in places other than where liquor including beer is served (excluding in the premises of a club registered under the Karnataka

Societies Registration Act, 1960) or a registered club including a dealer serving food and drinks in the premises of such club" shall be *substituted*.

(b) in clause (ii), for the words " or a dealer being a woman catering food and drinks", the words " or a dealer catering food and drinks or a registered club including a dealer serving food and drinks in such club" shall be substituted.

(ii) for sub-Section (7), the following shall be *substituted*,

namely.-

" (7) Nothing contained in sub-Section (6) shall apply to a dealer who purchases or receives goods from outside the State for the purpose of using such goods in the execution of works contract. "

(ii) in sub-section 10, for the table, the following shall be *substituted*, namely.-

" TABLE

Sl.no	Type of draw	Rate per draw
1.	Weekly Draw	Fifteen thousand rupees
2.	Fortnightly Draw including any draw the period which is more than a week but less than a fortnight.	Forty thousand rupees
3.	Monthly Draw including monthly Bumper Draw and every draw the period of which is more than a Fortnight but less than a month.	Seventy thousand rupees

Sl.no	Type of draw	Rate per draw
4.	Special Bumper Draw or Festival Bumper Draw including any other draw not covered by any other category and any draw the period of which is more than a month.	One lakh and seventy five thousand rupees

(18) in Section 18, sub-Section (3) shall be *omitted*;

(19) in Section 18-A, for the words, “not exceeding one and a half times”, the words “not less than one half but not exceeding an amount equivalent to ” shall be substituted;

(20) in Section 20, in sub-section (5),

(i) in clause (a), after sub-clause (ia), the following shall be *inserted*, namely.-

“(ii) set-aside the assessment and direct the assessing authority to make a fresh assessment after such further enquiry as may be directed; ”

(ii) the following proviso shall be and shall be deemed to have been *inserted* with effect from the First day of April, 2001, namely.-

“ Provided that the appellate authority shall not set aside any assessment and direct the Assessing Authority to make a fresh assessment.”

(iii) for the proviso so inserted, the following proviso shall be substituted, namely.-

“ Provided that the appellate authority shall not set-aside any assessment for not more than one time and, such fresh assessment shall be completed within a period of ninety days from the date of receipt of records after such remand. ”

(21) in Section 21, the proviso to sub-Section (2) shall be *omitted*;

(22) in Section 22,

(i) sub-Section (3-A), shall be omitted.

(ii) in sub-Section (5), after the proviso, the following shall be *inserted*, namely.-

“Provided further that the Appellate Tribunal may, in case of any appeal against an order passed by the Deputy Commissioner or Joint Commissioner under Section 20, in its discretion, stay payment of one half of tax, if the appellant makes payment of the other half of the tax disputed:

Provided also that the Appellate Tribunal shall dispose of such appeal falling under second proviso within a period of one hundred eighty days from the date of the order staying proceedings of recovery of one half of tax and, if such appeal is not so disposed of within the period specified, the order of stay shall stand vacated after the said period. ”

(23) In section 24 in sub-section (1), after the words, figures and letter "under section 22A" the words and figure " or a dealer aggrieved by the order of the Authority under section 4 " shall be inserted.

(24) in Section 28, in sub-section (3-A), in clause (iv).-

(i) for the words and punctuation marks “ levy a penalty, which .- ”, the words “ levy a penalty which shall not be less than double the amount of tax leviable and not exceeding three times the amount of tax leviable in respect of the goods stocked. ” shall be *substituted*;

(ii) sub-clauses (a) and (b) excluding the proviso shall be *omitted*.

(25) in Section 28-A,

(i) in sub-section (2) the following proviso shall be *inserted*, namely,-

“ Provided that where the seller’s total turnover for the year ending Thirty first day of March 2001 as declared in the return for such period is not less than fifty lakh rupees, or where the goods are carried within the limits of a local authority or an industrial area not as a result of sale, the delivery note shall be the one in the prescribed form permitted to be so issued by him.”

(ii) in sub-Section (4), for the words, “levy a penalty which shall not be less than double the amount of tax leviable and not exceeding three times the amount of tax leviable in respect of goods under transport ”, the following shall be *substituted*, namely.-

“ levy a penalty, which, -

(a) shall not be less than the amount of tax leviable but shall not exceed one and half of the amount of tax leviable in respect of the goods under transport in contravention of clause (e) of sub-section (2), if a dealer registered under the Act accepts that he is the consignor or consignee of the goods,

(b) in cases other than those falling under clause (a), shall not be less than double the amount of tax leviable but shall not exceed three times the amount of tax leviable in respect of the goods under transport . ”

(iii) in sub-section (7), for clause (a) including the proviso, the following shall be *substituted* namely,

“ (a) The person aggrieved by the levy of penalty under this section may, appeal within thirty days from

the date on which the notice of penalty was served on the person, -

- (i) to the Appellate Joint Commissioner of Commercial Taxes of the area, if the levy made is by a Deputy Commissioner of Commercial Taxes or by an Assistant Commissioner of Commercial Taxes; and
- (ii) in other cases to the Appellate Deputy Commissioner of the area concerned.

Provided that where the person aggrieved is a dealer registered under the Act, such person may appeal to the appropriate appellate authority of the area in which he is registered.

Provided further that where an order staying proceedings of recovery of any penalty levied is made in any order relating to an appeal, the Appellate Authority shall dispose of such appeal within a period of ninety days from the date of such order and, if such appeal is not so disposed of within the said specified period, the order of stay shall stand vacated after the expiry of the said period.

Provided also that where an appeal made to the Appellate Joint Commissioner under this clause prior to the date of the Karnataka Taxation Laws (Amendment) Act, 2002 in respect of any matter for which an appeal lies to the Deputy Commissioner after such date is pending on such date it shall stand transferred to the concerned Appellate Deputy Commissioner who shall dispose of the same as if such appeal was made to him.”

(26) for Section 28-B, the following shall be *substituted*, namely.-

“ **28-B. Transporter, etc., to furnish information.-** (1) Every person or a clearing or forwarding house or agency, transporting agency, shipping agency, shipping out agency or steamer agency or air-cargo agency or courier agency engaged in the business of transporting taxable goods in the State shall furnish to any officer empowered under sub-section (3) of Section 28-A, the particulars of all taxable goods, cleared, forwarded, transported or shipped by it or him for any period, in the area of jurisdiction of such officer.

(2) The empowered officer shall have the power to call for and examine the books of accounts or other documents in the possession of such person or agency with a view to verify the correctness of any information furnished.”

(27) in Section 29,

(i) in sub-section (1), for the words, letter and brackets “be liable in case of contravention referred to in clause (c) to a simple imprisonment for a period of not less than six months but which may extend to one year where the amount of tax assessed or penalty levied is not less than ten lakh rupees and where the amount of tax assessed or penalty levied is less than ten lakh rupees, to a simple imprisonment for a period of not less than six months but which may extend to one year or with fine of not less than rupees five thousand but which may extend to rupees ten thousand and or both and in other cases liable to fine which shall not be less than five hundred rupees but which may extend to five thousand rupees. ”, the following shall be *substituted*, namely, -

“(i) in case of contravention referred to in clause (c) to a simple imprisonment for a period of not less than six months but which may extend to one year, where the

amount of tax assessed or penalty levied is not less than ten lakh rupees".

(ii) in case of contravention referred to in clause (c) and where the amount of tax assessed or penalty levied is less than ten lakh rupees, to a simple imprisonment for a period of not less than six months but which may extend to one year or with fine of not less than rupees five thousand but which may extend to rupees ten thousand and or both, and

(iii) in other cases to fine which shall not be less than five hundred rupees but which may extend to five thousand rupees.

(ii) in sub-section (2), for clause (aa), the following clause shall be substituted, namely:-

"(aa) is required to furnish information under section 28-B fails to furnish such information."

(28) in section 30, in sub-Section (1), after the words "punishable under", the words, figure and brackets "clause (i) of sub-Section (1) or " shall be *inserted*.

(29) in the Second Schedule,

(i) in Part 'A',

(a) in the entries relating to serial number 1, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(b) in the entries relating to serial number 2, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(c) in the entries relating to serial number 4, in column 3, for the words "Fifteen per cent", the words "Twenty per cent" shall be *substituted*.

(d) in serial number 5,

(i) in the entries relating to item (i), in column 3, for the words “Ten per cent”, the words “Four per cent” shall be *substituted*.

(ii) in the entries relating to item (ii), in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(iii) in the entries relating to item (iii), in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(iv) in the entries relating to item (iv), in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(v) in the entries relating to item (v), in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(vi) in the entries relating to item (vi), in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(vii) in the entries relating to item (vii), in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(e) in the entries relating to serial number 5-A, in column 3, for the words “Two per cent”, the words “Four per cent” shall be *substituted*.

(f) in the entries relating to serial number 8, in column 3, for the words “Eight per cent”, the words “Four per cent” shall be *substituted*.

(g) in the entries relating to serial number 9, in column 3, for the words “Fifteen per cent”, the words “Twenty per cent” shall be *substituted*.

(ii) in Part ‘B’,

(a) in the entries relating to serial number 2, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(b) in the entries relating to serial number 4, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(c) in the entries relating to serial number 6, in column 3, for the words "Eight per cent", the words "Four per cent" shall be *substituted*.

(d) in serial number 8,

(i) in the entries relating to item (i), in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(ii) in the entries relating to item (ii), in column 3, for the words "Four per cent", the words "Eight per cent" shall be *substituted*.

(iii) in the entries relating to item (iii), in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(e) in serial number 10,

(i) in the entries relating to item (i), in column 3, for the words "Four per cent", the words "Eight per cent" shall be *substituted*.

(ii) in the entries relating to item (ii), in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(f) in the entries relating to serial number 12, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(iii) in Part 'C',

(a) in the entries relating to serial number 3, in column 3, for the words "Fifteen per cent", the words "Twenty per cent" shall be *substituted*.

(b) in serial number 5, in the entries relating to item (i), in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(c) in the entries relating to serial number 6, in column 3, for the words "Eight per cent", the words "Four per cent" shall be *substituted*.

(d) in serial number 7, in the entries relating to item (ii), in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(e) in the entries relating to serial number 8-A, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(f) in the entries relating to serial number 9, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(g) in the entries relating to serial number 12, in column 3, for the words "Eight per cent", the words "Four per cent" shall be *substituted*.

(h) in the entries relating to serial number 13, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(i) in the entries relating to serial number 14, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(j) in the entries relating to serial number 15, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(k) in the entries relating to serial number 15-A, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(l) in the entries relating to serial number 16, in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

(m) in the entries relating to serial number 17, in column 3, for the words “Ten per cent”, the words “Four per cent” shall be *substituted*.

(n) in the entries relating to serial number 17-A, in column 3, for the words “Fifteen per cent”, the words “Twenty per cent” shall be *substituted*.

(o) in serial number 18,

(i) in the entries relating to item (ii), in column 3, for the words “Ten per cent”, the words “Eight per cent” shall be *substituted*.

(ii) in the entries relating to item (iii), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

(iii) in the entries relating to item (iv), in column 3, for the words “Ten per cent”, the words “Four per cent” shall be *substituted*.

(p) in the entries relating to serial number 19, in item (ii), in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(q) in serial number 20,

(i) in the entries relating to item (ii), in column 3, for the words “Eight per cent”, the words “Four per cent” shall be *substituted*.

(ii) in the entries relating to item (iii), in column 3, for the words “Eight per cent”, the words “Four per cent” shall be *substituted*.

(iii) in the entries relating to item (iv), in column 3, for the words "Eight per cent", the words "Four per cent" shall be *substituted*.

(r) in serial number 21,

(i) in the entries relating to item (i), in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(ii) in the entries relating to item (ii), in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(s) in the entries relating to serial number 22-A, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(t) in serial number 23,

(i) in the entries relating to item (i), in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(ii) in the entries relating to item (ii), in column 3, for the words "Four per cent", the words "Eight per cent" shall be *substituted*.

(iii) in the entries relating to item (iii), in column 3, for the words "Ten per cent", the words "Four per cent" shall be *substituted*.

(iv) in the entries relating to item (iv), in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(u) in serial number 26,

(i) in the entries relating to item (i), in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(ii) in the entries relating to item (ii), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

(iv) in Part ‘D’,

(a) in serial number 1, in Column (3) for the words “ Ten per cent ”, the words “ Twelve per cent ” shall be *substituted*.

(b) in serial number 2, in Column (3) for the words “ Ten per cent ”, the words “ Twelve per cent ” shall be *substituted*.

(c) in serial number 3, in Column (3) for the words “ Ten per cent ”, the words “ Twelve per cent ” shall be *substituted*

(d) in serial number 4, in Column (3) for the words “ Twelve per cent ”, the words “ Fifteen per cent ” shall be *substituted*.

(e) in serial number 6, in Column (3) for the words “ Ten per cent ”, the words “ Twelve per cent ” shall be *substituted*.

(iii) in Part ‘E’,

(a) serial number 2,

(i) in the entries relating to item (i), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

(ii) in the entries relating to item (iv), in column 3, for the words “Eight per cent”, the words “Twelve per cent” shall be *substituted*.

(iii) in the entries relating to item (v), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

(iv) in the entries relating to item (vi), in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(b) in the entries relating to serial number 3, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(c) in the entries relating to serial number 4, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(iv) in Part 'F',

(a) in the entries relating to serial number 1, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(b) in the entries relating to serial number 3, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(c) in the entries relating to serial number 5, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(d) in the entries relating to serial number 6, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(e) in serial number 7, in the entries relating to item (i), in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(f) in serial number 8,

(i) in the entries relating to item (i), in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(ii) in the entries relating to item (ii), in column 3, for the words "Eight per cent", the words "Fifteen per cent" shall be *substituted*.

(iii) in the entries relating to item (iii), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

(iv) in item (v), , in the entries relating to in sub-item (a), in column 3, for the words “Ten per cent”, the words “twelve per cent” shall be *substituted*.

(v) in the entries relating to in item (vi), in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(vi) in the entries relating to in item (vii), in column 3, for the words “Four per cent”, the words “Eight per cent” shall be *substituted*.

(g) in the entries relating to serial number 9, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(h) in the entries relating to serial number 10, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(i) in the entries relating to serial number 11, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(j) in the entries relating to serial number 11-A, in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

(k) in serial number 12,

(i) in the entries relating to item (i), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

(ii) in the entries relating to item (ii), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

(l) in the entries relating to serial number 13, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(m) in the entries relating to serial number 14, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(v) in Part 'G',

(a) in the entries relating to serial number 1, in column 3, for the words "Ten per cent", the words "Eight per cent" shall be *substituted*.

(b) in the entries relating to serial number 2, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(c) in the entries relating to serial number 3, in column 3, for the words "Ten per cent", the words "Eight per cent" shall be *substitute*.

(d) in the entries relating to serial number 5, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(e) in the entries relating to serial number 6, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(viii) in Part "H",

(a) in serial number 1,

(i) in the entries relating to item (i), in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*

(ii) in the entries relating to item (ii), in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(iii) in the entries relating to item (iii), in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(iv) in the entries relating to in item (iv), in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(b) in the entries relating to serial number 1-A, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(c) in the entries relating to serial number 2, in column 3, for the words "Four per cent", the words "Eight per cent" shall be *substituted*.

(ix) in Part 'I',

(a) in the entries relating to serial number 1, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(b) in the entries relating to serial number 3, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(c) in the entries relating to serial number 4, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(d) in serial number 6,

(i) in the entries relating to item (i), in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(ii) in the entries relating to item (ii), in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.

(x) in Part-J, in Serial Number 3, in Column 3 for the words “ Ten per cent ”, the words “ Twelve per cent ” shall be *substituted*.

(xi) in Part ‘K’,

(a) in the entries relating to serial number 1, in column 3, for the words “Ten per cent”, the words “Fifteen per cent” shall be *substituted*.

(b) in serial number 1-A,

(i) in the entries relating to item (i), in column 3, for the words “Four per cent”, the words “Eight per cent” shall be *substituted*.

(ii) in the entries relating to item (ii), in column 3, for the words “Four per cent”, the words “Eight per cent” shall be *substituted*.

(c) in the entries relating to serial number 2, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(d) in the entries relating to serial number 3, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

(xii) in Part ‘L’

(a) in the entries relating to serial number 1, in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

(b) in the entries relating to serial number 3, in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

(c) in the entries relating to serial number 4, in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

(d) in the entries relating to Serial Number 7, in column 3, for the words "Four per cent", the words "Twenty per cent" shall be *substituted*.

(xiii) in Part 'M'

(a) in serial number 1,

(i) in item (i), in the entries relating to sub-item (b), in column 3, for the words "Eight per cent", the words "Twelve per cent" shall be substituted.

(ii) in item (ii), in the entries relating to sub-item (b), in column 3, for the words "Eight per cent", the words "Four per cent" shall be deemed to have been *substituted* with effect from the first day of April 2001 .

(iii) in item (iii), in the entries relating to sub-item (a), in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(iv) in item (iii), in the entries relating to sub-item (c), in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(v) in item (iii), in the entries relating to sub-item (d), in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(b) in the entries relating to Serial Number 4, in column 3, for the words "Fifteen per cent", the words "Twenty per cent" shall be *substituted*.

(c) in the entries relating to serial number 5, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

(d) in the entries relating to serial number 6, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.

- (e) in the entries relating to serial number 7, in column 3, for the words “Ten per cent”, the words “Four per cent” shall be *substituted*.
- (f) in the entries relating to serial number 7-A, in column 3, for the words “Ten per cent”, the words “Four per cent” shall be *substituted*.
- (g) in the entries relating to serial number 9, in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
- (h) in the entries relating to serial number 10, in column 3, for the words “Twenty per cent”, the words “Twenty-five per cent” shall be *substituted*.
- (i) in the entries relating to serial number 11, in column 3, for the words “Eight per cent”, the words “Twelve per cent” shall be *substituted*.
- (j) in serial number 12,
 - (i) in the entries relating to item (i), in column 3, for the words “Twenty two per cent”, the words “Thirty per cent” shall be *substituted*.
 - (ii) in the entries relating to item (ii), in column 3, for the words “Fifteen and half per cent”, the words “Twenty five per cent” shall be *substituted*.
- (k) in serial number 14,
 - (i) in the entries relating to item (ii), in column 3, for the words “Eight per cent”, the words “Twelve per cent” shall be *substituted*.
 - (ii) in the entries relating to item (iii), in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (l) in serial number 15,

- (i) in the entries relating to item (i), in column 2, for the words “Indian Musical Instruments and parts and accessories thereof”, the words “Indian Musical Instruments namely ‘Veena, Violin, Tambura, Mridanga, Ghatam, Khanjira, Flute, Sitar, Sarod, Santoor, Dilruba, Nadaswara, Dolu, Tabla, Shehnai, Pakwaz, Vichitra Veena, Gotu Vadyam, Morsing, Chande, Triangle, Rudraveena and Sarangi, and parts and accessories thereof ” shall be *substituted*.
- (ii) in the entries relating to item (ii), in column 3, for the words
“Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
- (xiv) in Part ‘O’ ,
- (a) in the entries relating to serial number 1-A, in column 3, for the words “Ten per cent”, the words “Four per cent” shall be *substituted*.
- (b) in the entries relating to serial number 2, in column 3, for the words “Twenty per cent”, the words “Twenty five per cent” shall be *substituted*.
- (c) in serial number 3,
- (i) in the entries relating to item (i), in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (ii) in the entries relating to item (ii), in column 3, for the words
“Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (xv) in Part ‘P’,
- (a) in serial number 1,

- (i) in the entries relating to item (i), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
- (ii) in the entries relating to item (ii), in column 3, for the words
“Twelve per cent”, the words “fifteen per cent” shall be *substituted*.
- (b) in the entries relating to serial number 1-A, in column 3, for the words “Twenty per cent”, the words “Twenty five per cent” shall be *substituted*.
- (c) in the entries relating to serial number 4, in column 3, for the words “Eight per cent”, the words “Twelve per cent” shall be *substituted*.
- (d) in serial number 5,
 - (i) in the entries relating to item (i), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
 - (ii) in the entries relating to item (ii), in column 3, for the words
“Twelve per cent”, the words “fifteen per cent” shall be *substituted*.
 - (iii) in the entries relating to item (iii), in column 3, for the words
“Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (e) in the entries relating to serial number 6, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (f) in serial number 7, in the entries relating to item (iii) , in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

- (g) in the entries relating to serial number 8, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (h) in the entries relating to serial number 10, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (i) in serial number 12,
 - (i) in the entries relating to item (i), in column 3, for the words “Eight per cent”, the words “Four per cent” shall be *substituted*.
 - (ii) in the entries relating to item (ii), in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
 - (iii) in the entries relating to item (iii), in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (xvi) in Part ‘R’,
 - (a) in the entries relating to serial number 2, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
 - (b) in the entries relating to serial number 4, in column 3, for the words “Ten per cent”, the words “Fifteen per cent” shall be *substituted*.
 - (c) in the entries relating to serial number 5, in column 3, for the words “Four per cent”, the words “Eight per cent” shall be *substituted*.
 - (d) in the entries relating to serial number 5-A, in column 3, for the words “Ten per cent”, the words “Four per cent” shall be *substituted*.

- (e) in serial number 6, in the entries relating to item (i), in column 3, for the words “Fifteen per cent”, the words “Twenty per cent” shall be *substituted*.
- (f) in the entries relating to serial number 8, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (g) in serial number 9,
 - (i) in the entries relating to item (i), in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
 - (ii) in the entries relating to item (ii), in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (h) in serial number 10,
 - (i) in the entries relating to item (i), in column 3, for the words “Eight per cent”, the words “Twelve per cent” shall be *substituted*.
 - (ii) in the entries relating to item (ii), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
 - (iii) in the entries relating to item (iii), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
 - (iv) in the entries relating to item (iv), in column 3, for the words

“Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

- (i) in the entries relating to serial number 11, in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
- (j) in the entries relating to serial number 12, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (xvii) in Part ‘S’,
 - (a) in the entries relating to serial number 2, in column 3, for the words “Twelve per cent”, the words “Four per cent” shall be *substituted*.
 - (b) in the entries relating to serial number 3, in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
 - (c) in the entries relating to serial number 4, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
 - (d) in the entries relating to serial number 5, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
 - (e) in the entries relating to serial number 5-A, in column 3, for the words “Eight per cent”, the words “Four per cent” shall be *substituted*.
 - (f) in the entries relating to serial number 7, in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
 - (g) in serial number 9,
 - (i) in the entries relating to item (i), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

- (ii) in the entries relating to item (ii), in column 3, for the words

“Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

- (iii) in the entries relating to item (iii), in column 3, for the words

“Ten per cent”, the words “Twelve per cent” shall be *substituted*.

- (iv) in the entries relating to item (iv), in column 3, for the words

“Ten per cent”, the words “Twelve per cent” shall be *substituted*.

- (h) in serial number 15,

- (i) in the entries relating to item (i), in column 3, for the words “Eight per cent”, the words “Twelve per cent” shall be *substituted*.

- (ii) in the entries relating to item (i-a), in column 3, for the words

“Eight per cent”, the words “Twelve per cent” shall be *substituted*.

- (iii) in the entries relating to item (ii), in column 3, for the words

“Eight per cent”, the words “Twelve per cent” shall be *substituted*.

- (iv) in the entries relating to item (ii-a), in column 3, for the words

“Eight per cent”, the words “Twelve per cent” shall be *substituted*.

- (i) in the entries relating to serial number 15-A, in column 3, for the words “Eight per cent”, the words “Twelve per cent” shall be *substituted*.

- (j) in serial number 17, in item (i), in the entries relating to sub-items(a),(b)and (c), in column 3, for the words "Twelve per cent", the words "Twenty per cent" shall be *substituted*.
- (k) in the entries relating to serial number 18, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.
- (l) in the entries relating to serial number 18-A, in column 3, for the words "Eight per cent", the words "Four per cent" shall be *substituted*.
- (m) in the entries relating to serial number 18-B, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.
- (n) in the entries relating to serial number 19, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.
- (o) in the entries relating to serial number 21, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.
- (p) in the entries relating to serial number 22, in column 3, for the words "Four per cent", the words "Eight per cent" shall be *substituted*.
- (q) in the entries relating to serial number 24, in column 3, for the words "Twelve per cent", the words "Fifteen per cent" shall be *substituted*.
- (xviii) in Part 'T',
- (a) in the entries relating to serial number 1-A, in column 3, for the words "Eight per cent", the words "Twelve per cent" shall be *substituted*.

- (b) in the entries relating to serial number 3, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (c) in serial number 5,
- (i) in the entries relating to item (i), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
 - (ii) in the entries relating to item (ii), in column 3, for the words “Eight per cent”, the words “Twelve per cent” shall be *substituted*.
- (d) in the entries relating to serial number 6-A, in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
- (e) in the entries relating to serial number 7, in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
- (f) in the entries relating to serial number 7-A, in column 3, for the words “Four per cent”, the words “Eight per cent” shall be *substituted*.
- (g) in the entries relating to serial number 7-B, in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
- (h) in serial number 8,
- (i) in the entries relating to item (i), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
 - (ii) in the entries relating to item (ii), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

- (iii) in the entries relating to item (iv), in column 3, for the words
“Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
- (iv) in the entries relating to item (v), in column 3, for the words
“Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
- (v) in the entries relating to item (vi), in column 3, for the words
“Eight per cent”, the words “Four per cent” shall be *substituted*.
- (i) in the entries relating to serial number 9-A, in column 3, for the words “Twenty per cent”, the words “Twenty Five per cent” shall be *substituted*.
- (j) in the entries relating to serial number 9-B, in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
- (k) in serial number 10,
 - (i) in the entries relating to item (i), in column 3, for the words “Fifteen per cent”, the words “Twenty per cent” shall be *substituted*.
 - (ii) in the entries relating to item (ii), in column 3, for the words “Fifteen per cent”, the words “Twenty per cent” shall be *substituted*.
- (l) in the entries relating to serial number 10-A, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.

- (m) in serial number 10-B, in the entries relating to item (ii), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
- (xix) in Part ‘V’,
- (a) in the entries relating to serial number 1, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
 - (b) in the entries relating to serial number 2, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
- (xx) in Part ‘W’,
- (a) in the entries relating to serial number 3, in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
 - (b) in the entries relating to serial number 4, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
 - (c) in the entries relating to serial number 4-A, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
 - (d) in the entries relating to serial number 5, in column 3, for the words “Ten per cent”, the words “Twelve per cent” shall be *substituted*.
 - (e) in serial number 6,
 - (i) in the entries relating to item (i), in column 3, for the words “Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.
 - (ii) in the entries relating to item (ii), in column 3, for the words
“Twelve per cent”, the words “Fifteen per cent” shall be *substituted*.

- (f) in the entries relating to serial number 7, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.
- (g) in the entries relating to serial number 8, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.
- (xxi) in Part 'X', in the entries relating to serial number 1, in column 3, for the words "Ten per cent", the words "Twelve per cent" shall be *substituted*.
- (30) in the third Schedule,
- (a) in the entries relating to serial number 1, in column 3, for the words "Ten per cent", the words "Four per cent" shall be *substituted*.
- (b) in serial number 6, in the entries relating to item (ii), in column 3, for the words "Four per cent", the words "Eight per cent" shall be *substituted*.
- (31) in the Fourth Schedule,
- (a) in the heading, the words "a single point" shall be *omitted*.
- (b) after the entries relating to Serial Number 1, the following entries shall be *inserted*, namely :-
- " 1-A. Aviation Turbine Fuel sold to a
Turbo - Prop Aircraft 4% "
- (c) in the entries relating to Serial Number 2, in item (a), in sub-item (i), for the words " pig iron and ", the words " pig iron, sponge iron and " shall be and shall be deemed to have been *substituted* with effect from the First day of April, 2001.
- (d) explanations II and III shall be omitted.
- (e) after explanation IV-A, the following explanation shall be and shall be deemed to

have been *inserted* with effect from the First day of April, 2001, namely.-

“ **Explanation V.** - For the purpose of Serial Number 1-A, “ Turbo-Prop Aircraft ” means an aircraft deriving thrust, mainly from propeller, which may be driven by either turbine engine or piston engine. ”

(32) in the fifth Schedule the entries relating to serial numbers 3, 51 and 53 shall be *omitted*

(33) in the sixth Schedule, in column 3, for the words “Ten per cent”, wherever they occur, the words “Twelve per cent” shall be *substituted*.

(34) ninth Schedule shall be *omitted*.

4. Amendment of Karnataka Act 22 of 1979. - In the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979).-

(i) in section 4-B, in sub-section (3), for clause (iii), the following clause shall be and shall be deemed to have been *substituted* with effect from the First day of April, 2000, namely.-

“(iii) other than relating to gutka on which tax under the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979) has been levied or has become leviable.”

(ii) in the Schedule, for the entries relating to Serial Number 5, the following entries shall be and shall be deemed to have been *substituted*, with effect from the First day of April, 2001, namely.-

“5. Electronic goods imported from outside the country namely.-

i) Television sets

- ii) Telephones of every description including cellular phones
 - iii) Audio and Video cassette / disks players and recorders
 - iv) Photographic and video cameras
 - v) Music and home theatre systems; speakers
 - vi) Electronic toys and games
 - vii) Electronic clocks, time pieces and watches
 - viii) Electronic calculators
 - ix) Digital diaries
 - x) Musical instruments. Twelve percent "
- (iii) after the Schedule, the following explanation shall be and shall be deemed to have been *inserted*, with effect from the First day of April, 2001, namely.-

“ **Explanation.-** Where the rate of tax payable on any electronic goods by a stockist, under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) is lower than the rate of tax payable on the said goods under this Act, then the rate of tax payable under this Act shall be at such lower rate. ”

5. Amendment of Karnataka Act 27 of 1979.- In the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979), in Section 18-A, in sub-section (3), for the words “penalty not exceeding double the amount of tax leviable under this Act in respect of the goods under transport”, the following shall be substituted, namely,

“a penalty, which, -

(a) shall not be less than the amount of tax leviable but shall not exceed one and half of the amount of tax leviable in respect of the goods under transport in contravention of clause (e) of sub-section (2) of Section 28-A of the Sales Tax

Act, if a dealer registered under this Act accepts that he is the consignor or consignee of the goods,

(b) in cases other than those falling under clause (a), shall not be less than double the amount of tax leviable but shall not exceed two and half times the amount of tax leviable in respect of the goods under transport . ”

6. Amendment of Act 30 of 1958,- In the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958),-

(1) in section 2,

(a) clause (ba) shall be renumbered as clause (bb) and before clause (bb) as so renumbered, the following clause shall be inserted, namely:-

" (ba) " Amusement " means any amusement for which persons are required to make payment for admission to any amusement arcade or amusement park or theme park or by whatever name called."

(b) in clause (e),

(i) in sub-clause (iii) after the words " any amusement" the words " or recreation or any entertainment provided by a multi system operator" shall be inserted.

(ii) in the explanation, the words " billiards, snooker" shall be omitted.

(iii) after clause (g), the following shall be inserted, namely:-

" (gg) " Multi System Operator" means person engaged in the business of receiving and distributing satellite television signals, communication network, including production and transmission of programmes and packages."

(iv) in clause (i), in sub-clause (iv-a), for the words "by a person attending the entertainment which enables entry of

any other person in to the entertainment ", the words "with a view to promote goodwill, brand name or any business interest directly or indirectly which enables entry of any person into the entertainment" shall be *substituted*.

(v) after clause (k), the following shall be inserted, namely:-

" (l) " Recreation parlour" means any place where a game such as bowling, billiards, snooker or the like by whatever name called is provided, for which persons are required to make payment for admission or participation. "

(2) in section 3,

(i) in sub-section (1), for the figures "80", the figures " 70" shall be substituted.

(ii) in sub-section (1A), in the table, in serial number (a), for the words "one hundred rupees" the words " two hundred and fifty rupees" shall be substituted;

(3) in section 3C, in sub-section (1), after clause (a),

(i) the following proviso shall be deemed to have been inserted with effect from the First day of April, 1996, namely:-

" Provided that in case of a Kannada Film which is remake of a film of other language, which has secured a Censor Certificate from the Central Board of Film Certification on or before 31st day of March, 2002, no tax shall be levied under section 3 up to 31st day of March, 2002."

(ii) after the proviso as so inserted, the following proviso shall be inserted, namely:-

" Provided further that tax at the rate of seventy-five per cent of the tax payable under section 3 shall be levied from 1st day of April, 2002 on a Kannada film which is a remake of a film of other language and which has secured a Censor Certificate from the Central Board of Film Certification.

(4) in Section 4-AA, in the table, in the entries relating to serial number (a), in column (3), for the words " one rupee", the words "one Rupee fifty paise " shall be substituted.

(5) in section 4B, in sub-section (1), for the words, " at the rate of five thousand rupees per month " the words " at the following rates " shall be substituted, namely:-

1	2	3
(i)	Within the limits of City Municipal Corporations constituted under the Karnataka Municipal Corporations Act, 1976 and Cantonment Boards	Rs.15,000/- per month
(ii)	Within the limits of All Municipal Councils constituted under the Karnataka Municipalities Act, 1964	Rs.7,500/- per month
(iii)	Places other than (i) and (ii) above	Rs.5,000/- per month

(6) after section 4D, the following sections shall be *inserted*, namely:-

" **4E. Tax on amusement-** There shall be levied and collected a tax calculated at the rate of twenty per cent on each payment for admission to an amusement. The tax so levied shall be paid by the proprietor.

4F. Tax on recreation parlours- There shall be levied and collected a tax calculated at the rate of twenty per cent on each payment for admission to

recreation parlour. The tax so levied shall be paid by the proprietor.

4G. Tax on Multi System Operator- Notwithstanding anything contained in sections 4C and 4D, there shall be levied and collected a tax at the rate of ten percent on the amounts received by a Multi System Operator towards distributing satellite television signals, communication network, including production and transmission of programmes and packages. "

(7) in section 6A, in sub-section (3) for the words, figure and letter " and 4D" the words, figures and letters " 4D, 4E, 4F and 4G " shall be *substituted*.

(8) in section 6B, in sub-section (1),

- (i) in clause (i), for the words, letter and figure " and section 4D" the words, letters and figures " Section 4D, section 4E and section 4F " shall be substituted.
- (ii) after clause (ii), the following clause shall be *inserted*, namely:
" (ii-a) any tax payable under section 4G has escaped assessment to tax ;"
- (iii) in clause (iii), for the words, letter and figure " and section 4D, " the words, figures and letters "or section 4D or section 4E or section 4F or section 4G" shall be *substituted*.
- (iv) in the last paragraph, after the words, figure and letter " or section 4D", the words, letters and figures " or section 4E or section 4F or section G" shall be *inserted*.

(9) in section 10, in sub-section (1), clauses (a) and (aa) shall respectively be renumbered as clauses (aa) and (aaa) and before clause (aa) as so

renumbered, the following clause shall be *inserted*, namely:-

" (a) officer empowered by the State Government or by the Commissioner in this behalf, may for the purpose of this Act, require any proprietor to produce before him the accounts and other documents and also to furnish any information relating to his business."

(10) in section 12,

- (i) in sub-section (1), for the words " which shall not be less than five thousand rupees but which may extend to ten thousand rupees" the words " which shall not be less than rupees ten thousand for the first offence and not less than rupees fifteen thousand for the second or subsequent offence during the financial year" shall be *substituted*.
- (ii) in sub-section (1A), for the words " which shall not be less than five thousand rupees but which may extend to ten thousand rupees" the words " which shall not be less than rupees ten thousand for the first offence and not less than rupees fifteen thousand for the second or subsequent offence during the financial year" shall be *substituted*.
- (iii) in sub-section (1B), for the words " which shall not be less than five thousand rupees but which may extend to ten thousand rupees" the words " which shall not be less than rupees ten thousand for the first offence and not less than rupees fifteen thousand for the second or subsequent offence during the financial year" shall be *substituted*.

(iv) in sub-section (1C), for the words " which may extend to five thousand rupees" the words " which shall not be less than rupees ten thousand for the first offence and not less than rupees fifteen thousand for the second or subsequent offence during the financial year" shall be *substituted*.

(11) in section 13,

(i) in clause (a), for the words " not exceeding five thousand rupees or double the amount of tax payable, whichever is greater" the words " not less than ten thousand rupees for the first offence and not less than fifteen thousand rupees for any second or subsequent offence during the financial year but not exceeding the double the amount of tax whichever is greater " shall be *substituted*.

(ii) in clause (b), for the words " not exceeding five thousand rupees " the words " not less than ten thousand rupees for the first offence and not less than fifteen thousand rupees for any second or subsequent offence during the financial year " shall be *substituted*.

7. Validation of assessments, etc.- (1)

Notwithstanding anything contained in any judgment, decree or order of any Court, Tribunal or other authority to the contrary, anything done or any action taken or purporting to have been done or taken (including any notices or orders issued and all proceedings held for the levy, assessment and collection of tax or amount purported to have been collected by way of tax in relation to such levy, assessment and collection) under the

provisions of the Karnataka Sales Tax, 1957 (Karnataka Act 25 of 1957), (hereinafter referred to as the said Act) before the commencement of the Karnataka Taxation Laws (Amendment) Act, 2001 (hereinafter referred to as the Amendment Act) shall be and shall be deemed to be valid and effective as if such levy, assessment or collection or action or thing had been made, taken or done under the said Act, as amended by sub-clauses (vi) and (vii) of clause (22) of Section 3 of the Amendment Act and accordingly.-

- (a) all acts, proceedings or things taken or done by any authority in connection with levy, the assessment or collection of such tax shall, for all purposes be deemed to be, and to have always been taken or done in accordance with law;
- (b) no suit or other proceedings shall be maintained or continued in any Court or Tribunal or before any authority for the refund of any such tax; and
- (c) no Court shall enforce any decree or order directing the refund of any such tax.

(2) Notwithstanding anything contained in any judgment, decree or order of any Court, Tribunal or other authority to the contrary, anything done or any action taken or purporting to have been done or taken (including any notices or orders issued and all proceedings held for the levy, assessment and collection of tax or amount purported to have been collected by way of tax in relation to such levy, assessment and collection) under the provisions of the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979), (hereinafter referred to as the said Act) before the commencement of this Act shall be and shall be deemed to be valid and effective as if such levy, assessment or collection or action or thing had been made,

taken or done under the said Act, as amended by clause (i) of Section 4 of this Act and accordingly.-

- (a) all acts, proceedings or things taken or done by any authority in connection with levy ,the assessment or collection of such tax shall, for all purposes be deemed to be, and to have always been taken or done in accordance with law;
- (b) no suit or other proceedings shall be maintained or continued in any Court or Tribunal or before any authority for the refund of any such tax; and
- (c) no Court shall enforce any decree or order directing the refund of any such tax.

KARNATAKA ACT NO. 3 OF 2003
THE KARNATAKA TAX ON ENTRY OF
GOODS(AMENDMENT) ACT, 2000

Arrangement of Sections

Sections:

1. Short title and commencement
2. Substitution of section 4B
3. Amendment of section 4C
4. Validation of assessments, etc

STATEMENT OF OBJECTS AND REASONS

Section 4B of the Karnataka Tax on Entry of Goods Act, 1979 provides for levy of tax on causing entry by an importer, of any motor vehicle in to a local area for use or sale therein from outside the State. Constitutional validity of this section was questioned in the Karnataka High Court in writ petition No. 25590/97-98 and other connected matters on the ground that the section is violative of Article 301 and 304(a) of the Constitution.

The High Court in its judgement dated 26th July 1999 has held that while a person who causes entry of motor vehicle into a local area from any place outside the State for use or sale therein is liable to tax under section 4B, a motor vehicle manufactured within the State and moved from one local area to another within the State is not liable to entry tax and as such it is hit by Articles 301 and 304(a) of the Constitution. The State Government preferred a writ appeal against the aforesaid judgement and the writ appeal has been dismissed by the High Court on 24th November, 1999. A special leave petition is filed before the Supreme Court and it is pending.

The High Court in its judgement dated 26th July 1999 has observed that there could be a provision by which no

discrimination between imported goods and locally manufactured goods is made and the amount of entry tax is given adjustment in the total liability of sale tax or the amount of the sale tax could be given adjustment under the provision of Entry Tax Act. In the meantime the provision prevailing in the Maharashtra Tax on Entry of Motor Vehicles in the local areas Act, 1987 have been examined. The relevant provisions of the said Act, have been upheld by the Supreme Court and it is considered appropriate to modify the relevant provisions of the Karnataka Tax on Entry of Goods Act, 1979 on the lines of the provisions of the Maharashtra Act.

On account of the judgement of the High Court, the State Government is unable to levy tax on entry of motor vehicles into the state from outside the State. It is not certain whether Government will be able to obtain an early decision in the Apex Court. Therefore, it is considered necessary to amend the Karnataka Tax on Entry of Goods Act, 1979 to cure the anomalies pointed out by the High Court.

Hence the Bill.

(LA Bill No. 21 of 2000)

[Entry 52 of List-II of the Seventh Schedule to the Constitution of India]

KARNATAKA ACT NO. 3 OF 2003

*(First published in the Karnataka Gazette Extra-ordinary on the
Seventeenth day of March, 2003)*

**THE KARNATAKA TAX ON ENTRY OF GOODS
(AMENDMENT) ACT, 2000**

*(Received the assent of the President on the Seventh day of
March, 2003)*

An Act further to amend the Karnataka Tax on Entry of Goods Act, 1979.

Whereas it is expedient further to amend the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979) for the purposes hereinafter appearing:

Be it enacted by the Karnataka State Legislature in the fifty first year of the Republic of India as follows:

1. Short title and commencement.- (1) This Act may be called the Karnataka Tax on Entry of Goods (Amendment) Act, 2000

(2) Clauses 2 and 3 shall be deemed to have come into force with effect from the first day of April, 1995 and clause 4 shall come into force at once.

2. Substitution of section 4B.- For section 4B of the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979) (hereinafter referred to as the principal Act), the following shall be substituted, namely:-

"4B. Levy of tax.- (1) Notwithstanding anything contained in section 3, there shall be levied and collected a tax on the purchase value of a motor vehicle an entry of which is effected into a local area for use or sale therein and which is liable for registration or assignment of a new registration mark in the State under the Motor Vehicles Act, 1988, at such rate as may

(Published in the Karnataka Gazette Part IV-A Extra Ordinary No. 275 dated 17-3-2003 in Notification No. ÉâªÀâXµÖÉ 26 µÖÉâ}â 2000)

be fixed by the State Government by notification but not exceeding the rates specified in respect of motor vehicles under the Karnataka Sales Tax Act, 1957:

Provided that, no tax shall be levied and collected in respect of a motor vehicle which is registered in any Union Territory or any other state under the Motor Vehicles Act, 1988 fifteen months prior to the date on which a new registration mark is assigned in the State under the said Act.

(2) The tax levied under this section shall be paid by the importer in such manner and within such time as may be prescribed.

4BB. Reduction of tax liability.- (1) Where a person liable to pay tax under this Act becomes liable to pay tax under the Karnataka Sales Tax Act, 1957 on the sale or purchase of such motor vehicles, then his liability under the Karnataka Sales Tax Act, 1957 shall be reduced to the extent of tax paid under this Act on such motor vehicle.

(2) Where the liability to pay tax under this Act is in respect of motor vehicle subjected to tax under the Karnataka Sales Tax Act, 1957, then, the tax payable under this Act shall be reduced by an amount of tax already paid under the Karnataka Sales Tax Act, 1957 on such motor vehicle subject to production of proof.

(3) The amount of tax leviable under this Act shall, subject to such conditions as may be prescribed, be reduced to the extent of the amount of tax paid if any, under the law relating to General Sales Tax as may be in force in any other State or Union Territory by an importer who, not being a dealer in motor vehicles had purchased the motor vehicle for his own use in that State."

3. Amendment of section 4C.- In section 4C of the principal Act, after the proviso, the following proviso shall be inserted, namely:-

"Provided further that in the case of a dealer in motor vehicles, he shall pay tax under this Act at the time when the tax under the Karnataka Sales Tax Act, 1957 is payable on the sale of such motor vehicle."

4. Validation of assessments, etc.- (1) Notwithstanding anything contained in any judgement, decree or order of any Court, tribunal or other authority to the contrary, anything done or any action taken or purporting to have been done or taken (including any notices or orders issued and all proceedings held for the levy assessment, re-assessment, revision of assessments and collection of tax, penalty or amount purported to have been collected by way of tax) in relation to such levy assessment, re-assessment or collection under the provisions of the principal Act before the publication of the Karnataka Tax on Entry of Goods (Amendment) Act, 2000 (hereinafter referred to as the said Act) shall be and shall deemed to be valid and effective as if such levy assessment, re-assessment, collection or action or thing had been made, taken or done under the principal Act as amended by the said Act and accordingly:-

(a) all acts proceedings or things done by the Government or any authority in connection with the levy, assessment, re-assessment, or collection of such tax or penalty or other amount for all purposes, be deemed to be, and to have always been made, done or taken in accordance with law;

(b) no suit or other proceeding shall be maintained or continued in any court or tribunal or before any authority for the refund of any such tax, penalty or other amount, and;

(c) no court shall enforce any decree or order directing the refund of any such tax penalty or other amount.

(2) For the removal of doubts, it is hereby declared that nothing in sub-section (1) shall be construed as preventing any person,-

(a) from questioning in accordance with the provisions of the principal Act, as amended by the said Act, any levy assessment, re-assessment or collection of tax, penalty or other amount referred to in sub-section (1); or

(b) from claiming refund of any tax, penalty or other amount paid by him in excess of amount due from him by way of tax penalty or other amount under the principal Act as amended by the said Act.

By Order and in the name of the
Governor of Karnataka,

M.R.HEGDE
Secretary to Government,
Department of Parliamentary Affairs
and Legislation.

KARNATAKA ACT NO. 26 OF 2004
THE KARNATAKA TAXATION LAWS (SECOND AMENDMENT) ACT, 2004
Arrangement of Sections

Sections:

1. Short title and commencement
2. Amendment of Mysore Act IX of 1932
3. Amendment of Karnataka Act 25 of 1957
4. Amendment of Karnataka Act No.30 of 1958
5. Amendment of Act No.35 of 1976
6. Amendment of Act No.22 of 1979
7. Amendment of Karnataka Act No.27 of 1979
8. Validation of assessments etc.,

STATEMENT OF OBJECTS AND REASONS

To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Mysore Betting Tax Act, 1932(Mysore Act IX of 1932), the Karnataka Sales Tax Act, 1957(Karnataka Act 25 of 1957), the Karnataka Entertainments Tax Act, 1958(Karnataka Act 30 of 1958), the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976(Karnataka Act 35 of 1976), the Karnataka Tax on Luxuries Act, 1979) and the Karnataka Tax on Entry of Goods Act, 1979(Karnataka Act 27 of 1979).

Opportunity is also taken to rationalize certain provisions of the said Acts and also to codify and make certain consequential amendments to implement reliefs already announced.

Hence the Bill.

[L.A. BILL No. 18 OF 2004]

(Entries 52, 54, 62, 60 of list II of Seventh Schedule to the Constitution of India)

KARNATAKA ACT NO. 26 OF 2004

(First published in the Karnataka Gazette Extra-ordinary on the thirty first day of July, 2004)

THE KARNATAKA TAXATION LAWS (SECOND AMENDMENT) ACT, 2004

(Received the assent of the Governor on the thirty first day of July, 2004)

An Act further to amend certain taxation laws in force in the State of Karnataka.

Whereas it is expedient to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the fifty-fifth year of the Republic of India, as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Taxation Laws (Second Amendment) Act, 2004.

(2) It shall come into force from the first day of August, 2004.

2. Amendment of Mysore Act IX of 1932.- In the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932),-

(1) In sub-section 3-A, for the words and punctuation marks, "as may be notified by the Government. Different amounts may be notified in respect of different licensees.", the words, "at the rate of four percent of the total amount of moneys paid into the totalisator." shall be and shall be deemed to have been substituted from the first day of April, 2004.

(2) In section 4-A, for the word, figures and letter "3-A and 4", the word, figures, letter and punctuation mark "3-A, 4, 6 and 7" shall be substituted.

3. Amendment of Karnataka Act 25 of 1957.- In the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957),-

(1) In section 3-A, in sub-section (2), after the words "registered dealer liable to pay tax under the Act", the words "or by a recognized association or a body representing a class of dealers" shall be inserted.

(2) In Section 4,-

(i) in sub-section (4), after the words "call for", the words "its finding on the clarification sought or question raised and also" shall be inserted.

(ii) in sub-section (5), for the word "allow", the word "admit" shall be substituted.

(iii) in sub-section (7),-

(a) for the word "allowed", the word admitted shall be substituted.

(b) after the words "so desires", the words "and also to the assessing authority or registering authority concerned" shall be inserted.

(c) for the words "four weeks", the words "ninety days" shall be substituted.

(3) In Section 5,-

(i) in sub-section (1), for the words "thirteen percent", the words "twelve per cent" shall be substituted.

(ii) in sub-section (5), in clause (b), after sub-clause (i), the following sub-clause shall be inserted, namely:-

"(i-a) Every dealer engaged in the execution of works contract mentioned in Sixth Schedule shall be liable to pay tax at the rate specified in the said schedule on his taxable turnover of transfer of property in goods (whether as goods or in some other form) involved in the execution of works contract in each year whatever be the quantum of his total turnover during the year."

- (4) In Section 5-A,-
- (i) in sub-section (3), the following proviso shall be *inserted*, namely:-

“Provided that no penalty shall be levied under this sub-section after a period of eight years from the close of the year to which the purchase relates.”
 - (ii) in sub-section (4), the following proviso shall be *inserted*, namely:-

“Provided that no penalty shall be levied under this sub-section after a period of eight years from the close of the year to which the purchase relates.”
- (5) In Section 6-A, in sub-section (3), after the proviso, the following proviso shall be inserted, namely:-
- “Provided further that no penalty shall be levied under this Section after a period of eight years from the close of the year to which the transaction relates.”
- (6) In Section 8-A , in sub-section (5),-
- (i) after clause(a), the following clause shall be inserted, namely:-

“(aa) Where the purchaser is a registered dealer, the assessing authority of such purchaser and in other cases the Assistant Commissioner of Commercial Taxes of the area or any officer empowered under sub-section (1) of Section 28, may levy penalty under this sub-section.”
 - (ii) the following proviso shall be inserted, namely:-

“Provided that no penalty shall be levied under this sub-section after a period of eight years from the close of the year to which the purchase relates.”
- (7) In Section 10-A, in sub-section (2), the following proviso shall be inserted namely:-
- “Provided that the applicant shall be deemed to be registered if the prescribed authority does not reject the application submitted within a period of thirty days from the date of submission of such application.”
- (8) In Section 12-B,-
- (a) in sub-section (1), the words “to the assessing authority”, shall be omitted.
 - (b) in sub-section (4), after the proviso the following proviso shall be inserted, namely:-

“Provided further that no penalty shall be levied under this sub-section after a period of eight years from the close of the year to which any tax paid in short relates.”
- (9) In Section 12-C,-
- (a) in sub-section (1),
 - (i) in clause (a), sub-clause (v) shall be omitted.
 - (ii) in clause (b), sub-clause (iii) shall be omitted.
 - (b) after sub-section (7), the following shall be inserted, namely:-

“(8) Notwithstanding anything contained in this Section or Section 12, the Government may notify, subject to such conditions as may be specified, that assessment of any specified class of dealers for any year shall be deemed to have

been made on the basis of the return submitted in accordance with sub-section (1) of Section 12 without requiring the presence of the dealer or production of books of account by the dealer.”

(10) After Section 12-E, the following section shall be inserted, namely:-

“12-F. Assessment of corporate bodies.- Notwithstanding anything contained in this Act, where a dealer is a body corporate and has more than one place of business, Commissioner may, subject to such conditions as may be prescribed and with the consent of the dealer, treat each of such places of business as a separate unit for the purposes of levy, assessment and collection of tax and thereupon all the provisions of this Act regarding registration, filing of returns, assessment and collection of tax, shall apply as if each of such places of business is a separate unit.”

(11) In Section 13-A, for the words “twelve per cent”, the words “six per cent” shall be substituted.

(12) In Section 18-A, before the proviso the following proviso shall be inserted, namely:-

“Provided that no penalty shall be levied under this section after a period of eight years from the close of the year to which the contravention relates.”

(13) After Section 19, the following section shall be inserted, namely:-

“19-A. Deduction of tax at source (in case of works contract).-(1) Notwithstanding anything contained in this Act, the Central Government, or any State Government, or an industrial, commercial or trading undertaking of the Central Government or of any State, or any such undertaking in joint sector or any other industrial, commercial or trading undertaking or any other person or body as may be notified by the Commissioner from time to time or a local authority or a statutory body, shall deduct out of the amounts payable by them to a dealer in respect of works contracts of the nature specified in the Sixth Schedule executed for them in the State, an amount equivalent to the tax payable by such dealer under the Act.

Provided that no such deduction shall be made if the amounts payable by them are in respect of sales of any goods, in the course of inter-State trade or commerce or, in the course of export out of the territory of India or, import into the territory of India or, outside the State.

(2) The deduction under sub-section (1) shall be made by an authority on the basis of tax payable as calculated by the dealer.

Provided that where it is found that the tax payable as calculated by any dealer was less than the tax payable for the works contract executed by more than fifteen per cent and being so informed, the authority shall make deduction out of any amounts payable subsequently based on the certificate issued by the assessing authority of the area or the assessing authority of the dealer on an application to be made by the authority or dealer which shall be disposed of by the assessing authority within ten days from the date of its receipt, failing which deduction shall be made as calculated by the dealer till issue of a certificate.

(3) The authority making deduction under sub-section (1), shall send every month to the prescribed authority a statement in the prescribed form containing particulars of tax deducted during the preceding month and pay full amount of the tax so deducted by it within twenty days after the close of the preceding month in which such deductions were made and the amount so payable shall for the purposes of Section 13 be deemed to be an amount due under this Act:

Provided that where default is made in complying with the provisions of this sub-section, the prescribed authority may, after such enquiry as it deems fit and after giving opportunity to the concerned authority of being heard, determine to the best of its judgment, the amount payable under this sub-section by such authority and the amount

so determined shall be deemed to be an amount due under the Act for the purposes of Section 13.

(4) If default is committed in the payment of tax deducted beyond ten days after the expiry of the period specified under sub-section (3), the authority making deductions under sub-section (1) shall pay, by way of penalty, a sum equal to the penalty specified under clause (ii) of sub-section (2) of Section 13 during the period in which such default is continued.

(5) The authority making deduction under sub-section (1) shall furnish to the dealer from whom such deduction is made, a certificate obtained from the prescribed authority containing such particulars as may be prescribed.

(6) Payment by way of deduction in accordance with sub-section (3), shall be without prejudice to any other mode of recovery of tax due under this Act from the dealer executing the works contract.

(7) Where tax in respect of the works contract is remitted under sub-section (3), the tax payable by the dealer for any month, quarter or for the whole year, as the case may be in respect of such works contract shall be reduced by the amount of tax already remitted under the said sub-section:

Provided that the burden of proving that the tax on such works contract has already been remitted and of establishing the exact quantum of tax so remitted shall be on the dealer claiming the reduction.”

(14) In Section 20,-

(i) in sub-section (3), for the provisos, the following shall be substituted, namely:-

“Provided that the appellate authority may, in its discretion, stay payment of one half of tax, if the appellant makes payment of the other half of the tax along with the prescribed form of appeal.

Provided further that where any application made by an applicant for staying proceedings of recovery of any tax or other amount has not been disposed of by the Appellate Authority within a period of thirty days from the date of such application, it shall be deemed that the Appellate Authority has made an order staying proceedings of recovery of such tax or other amount subject to payment of one half of the tax disputed and furnishing of sufficient security to the satisfaction of the assessing authority in regard to the other half of such tax or amount within a further period of fifteen days.

Provided also that where an order staying proceedings of recovery of any tax or other amount is made in any proceedings relating to an appeal under sub-section (1), the Appellate Authority shall dispose of the appeal within a period of one hundred twenty days from the date of such order.

Provided also that if such appeal is not so disposed of within the period specified in the third proviso, the order of stay shall stand vacated after the expiry of the said period and the Appellate Authority shall not make any further order staying proceedings of recovery of the said tax or other amount.”

(ii) in sub-section (5),-

(a) in clause (a), sub-clause (ii) shall be omitted;

(b) for the proviso, the following shall be substituted, namely:-

“Provided that the appellate authority shall not set aside any order of assessment or any other order and direct the assessing authority or other authority to make a fresh assessment or to make a fresh order.

Provided further that the appellate authority shall pass an order disposing of an appeal, within a period of thirty days from the date on which the

hearing of the case was concluded and where it is not practicable so to do on the ground of the exceptional and extraordinary circumstances of the case, the appellate authority shall fix a future date for passing the order, and such day shall not be a day beyond sixty days from the date on which the hearing of the case was concluded, and due notice of the day so fixed shall be given to the appellant.”

(15) In Section 22,-

(i) in sub-section (3), after the words “accompanied by”, the words “proof of payment of one half of tax or other amount disputed and also” shall be inserted.

(ii) for sub-section (5), the following shall be substituted, namely:-

“(5) Notwithstanding that an appeal has been preferred under sub-section (1), and notwithstanding anything contained in any other law for the time being in force, tax or any other amount shall be paid in accordance with the assessment or other order made in the case:

Provided that the Appellate Tribunal may, in its discretion, stay payment of one half of the tax or other amount disputed, if the appellant makes payment of the other half of the tax or other amount disputed along with the prescribed form of appeal:

Provided further that the Appellate Tribunal shall dispose of such appeal within a period of one hundred eighty days from the date of the order staying proceedings of recovery of one half of tax or other amount and, if such appeal is not so disposed of within the period specified, the order of stay shall stand vacated after the said period and the Appellate Tribunal shall not make any further order staying proceedings of recovery of the said tax or other amount.”

(16) In Section 22-A, in sub-section (2), after the words “to him”, the words “or the Authority for Clarification and Advance Rulings constituted under Section 4” shall be and shall be deemed to have been inserted from the First day of April, 2002.

(17) In Section 25-A, in sub-section (1), after the proviso, the following shall be *inserted*, namely:-

“Provided further that where an application is made by an assessee for rectification of any mistake in an order, as being apparent from the record and, such application has not been rejected by the assessing authority within sixty days from the date of receipt of the application, the order shall be deemed to have been amended rectifying such mistake.”

(18) In Section 28, -

(i) in sub-section (6),-

(a) after the word, figure and letter “or 12-B”, the words “or that the year to which such turnover relates to has come to an end” shall be inserted.

(b) after the third proviso, the following provisos shall be inserted, namely:-

“Provided also that no provisional assessment under this Section shall be made in the case of any dealer after one hundred and eighty days from the date of seizure of accounts, registers, records and documents under sub-section (3).

Provided also that the officer taking action under this sub-section shall not be below the rank of the assessing authority of the dealer”.

(ii) in sub-section (7) after the words “officer shall”, the words “proceed to recover the tax assessed and” shall be inserted.

(19) In Section 28-A,-

(i) in sub-section (2),-

- (a) in clause (d), before the words “ produce the”, the words “report at the first check-post or barrier situated on the route ordinarily taken from the place in the State, from which the movement of the goods commences, to its destination and” shall be inserted;
- (b) in clause (d), for the words “in sub-clauses”, the words “in clauses” shall be substituted.
- (c) for the proviso, the following shall be substituted, namely:-

“Provided that where the total turnover of the owner or consignor of the goods excluding such goods as may be notified by the Commissioner, for any year as declared in the return for such period is not less than fifty lakh rupees, or where the goods are carried within the limits of a revenue district not as a result of sale, the delivery note shall be the one in the prescribed form permitted to be so issued by him.”

(ii) in sub-section (4), in clause (a), for the word, brackets and letter “clause (e)”, the words, brackets and letters “clause (d) or (e)” shall be substituted.

(iii) in sub-section (6), in clause (b), for the first proviso, the following proviso shall be substituted, namely:-

“Provided that before taking possession or within ten days after taking possession of the goods or the goods vehicle, if the owner or person in-charge of the goods vehicle or the dealer registered under the Act, makes payment of penalty levied, the officer taking such possession shall forthwith return the goods or the goods vehicle to the person making such payment.”

(20) In Section 28-AA, for the explanation, the following shall be substituted, namely:-

“Explanation.- In case where a vehicle owned by a person is hired for transportation of goods by some other person including a transporting or any other similar agency, both the persons shall for the purposes of this Section, be deemed to be the owner of the vehicle, and shall be jointly and severally liable to pay any amount of tax or penalty payable.”

(21) In Section 28-AAA, for sub-section (5), the following shall be and shall be deemed to have been substituted, from the first day of April, 1999, namely:-

“(5) Any person objecting to an order affecting him under this section by,-

- (i) any officer below the rank of Joint Commissioner may appeal to the Joint Commissioner;
- (ii) a Joint Commissioner of Commercial Taxes, may appeal to the Appellate Tribunal.”

(22) In Section 30, after sub-section (2), the following shall be *inserted*, namely:-

“(3) No Court shall permit withdrawal of any prosecution proceeding initiated under Section 29 except with the previous sanction of the Commissioner”.

(23) In Section 31,-

- (i) in clause (a), after the words “not exceeding”, the words “two thousand rupees or double the amount of the tax or amount so remaining unpaid or evaded to be paid whichever is greater, for the first offence and if it is not the first offence during the financial year, a sum of money not exceeding” shall be inserted.

- (ii) in clause (b), after the words “not exceeding”, the words “five thousand rupees for the first offence and if it is not the first offence during the financial year, a sum of money not exceeding” shall be substituted.
- (24) In the Second Schedule,-
- (i) in Part ‘A’,-
- (a) in serial number 5,
- (i) in the entries relating to item (ii), in column 3, for the words “thirteen per cent”, the words “twelve per cent” shall be substituted;
- (ii) in the entries relating to item (iii), in column 3, for the words “thirteen per cent”, the words “twelve per cent” shall be substituted;
- (iii) in the entries relating to item (iv), in column 3, for the words “thirteen per cent”, the words “twelve per cent” shall be substituted;
- (iv) in the entries relating to item (v), in column 3, for the words “thirteen per cent”, the words “twelve per cent” shall be substituted;
- (v) in the entries relating to item (vi), in column 3, for the words “thirteen per cent”, the words “twelve per cent” shall be substituted;
- (vi) in the entries relating to item (vii), in column 3, for the words “thirteen per cent”, the words “twelve per cent” shall be substituted.
- (b) in the entries relating to serial number 5-A, in column 3, for the words “Five percent”, the words “Four per cent” shall be substituted.
- (c) in the entries relating to serial number 6, in column 3, for the words “Two percent”, the words “One per cent” shall be substituted.
- (d) in the entries relating to serial number 7, in column 3, for the words “Thirteen percent”, the words “Twelve per cent” shall be substituted.
- (ii) in Part ‘B’,
- (a) in the entries relating to serial number 4, in column 3, for the words “Thirteen percent”, the words “Twelve per cent” shall be substituted.
- (b) in serial number 8,-
- (i) in the entries relating to item (i), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
- (ii) in the entries relating to item (iii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
- (c) in serial number 9, in column 3, for the words “Five percent”, the words “Four percent” shall be *substituted*.
- (d) in serial number 10, in the entries relating to item (ii), in column 3, for the words “Thirteen per cent”, the words “Twelve percent” shall be substituted.
- (e) in the entries relating to serial number 12, in column 3, for the words “Thirteen percent”, the words “Twelve per cent” shall be *substituted*.

- (iii) in Part 'C',
- (a) in serial number 4, in the entries relating to item (ii), in column 3, for the words "Five per cent", the words "Eight per cent" shall be substituted.
 - (b) in the entries relating to serial number 5,-
 - (i) in item (ii), in sub-item (a), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (ii) in item (ii), in sub-item (b), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (iii) in item (ii), in sub-item (c), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (iv) in item (ii), in sub-item (d) in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (v) in item (iii), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (c) in serial number 7,-
 - (i) in the entries relating to item(i), in column 3, for the words "Fifteen per cent", the words "Twenty per cent" shall be substituted.
 - (ii) in the entries relating to item (ii), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (d) in serial number 8,-
 - (i) in the entries relating to item(ii), in column 3, for the words "Two per cent", the words "One per cent" shall be substituted.
 - (ii) for the entries relating to sub-item(a) of item(iii), the following shall be substituted, namely:-

"(iii)(a) Atta, maida and soji of wheat	Four per cent".
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 - (iii) for the entries relating to item(iv), the following shall be substituted namely:-

"(iv) Flour, chunni and husks of pulses;	One per cent"
rice soji; bran of rice, wheat and poha	
 - (iv) in the entries relating to item(v), in column 3, for the words "Two per cent", the words "One per cent" shall be substituted.
 - (e) in the entries relating to serial number 8-A, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (f) in the entries relating to serial number 13, in column 3, for the words "Thirteen per cent", the words "Sixteen per cent" shall be substituted.
 - (g) in the entries relating to serial number 15-A, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (h) in the entries relating to serial number 17-A, in column 2, for the words "Coconut oil sold under brand name", the words "Coconut oil sold in consumer sachets, bottles or tins of 200 grams or 200 millilitre each or less, including when such consumer containers are sold in bulk in a common container" shall be substituted.
 - (i) in the entries relating to serial number 19,-
 - (i) in item (i), in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted;

- (ii) in item (ii), in column 3, for the words "Thirteen per cent", the words "Twelve percent" shall be substituted.
- (j) in serial number 20,-
 - (i) in the entries relating to item (i), in column 3, for the words "Five per cent", the words "Twelve per cent" shall be substituted;
 - (ii) in the entries relating to sub-item (a) of item (ii), in column 3, for the words "Five per cent", the words "Twelve per cent" shall be substituted;
 - (iii) in the entries relating to sub-item (b) of item (ii), in column 3, for the words "Five per cent", the words "Twelve per cent" shall be substituted;
 - (iv) in the entries relating to item (iii), in column 3, for the words "Five per cent", the words "Eight per cent" shall be substituted;
 - (v) in the entries relating to item (iv), in column 3, for the words "Five per cent", the words "Twelve per cent" shall be substituted;
 - (vi) in the entries relating to item (v), in column 3, for the words "Five per cent", the words "Twelve per cent" shall be substituted.
- (k) in serial number 21, in the entries relating to item (i), in column 3, for the words "Sixteen per cent", the words "Twelve per cent" shall be *substituted*;
- (l) in serial number 23,-
 - (i) in the entries relating to item (i), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (ii) in the entries relating to item (iv), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (m) in the entries relating to serial number 25, in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted.
- (n) in the entries relating to serial number 25-A, in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted.
- (o) in the entries relating to serial number 25-B, in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted.
- (iv) in Part 'D',-
 - (a) in serial number 1, in Column (3) for the words "Thirteen per cent ", the words " Sixteen per cent " shall be substituted.
 - (b) in serial number 2, in Column (3) for the words "Thirteen per cent ", the words "Sixteen per cent " shall be substituted.
 - (c) in serial number 3, in Column (3) for the words "Thirteen per cent ", the words " Twelve per cent " shall be substituted
 - (d) in serial number 6, in Column (3) for the words "Thirteen per cent ", the words " Twelve per cent " shall be substituted.
- (v) in Part 'E',-
 - (a) in serial number 1,-
 - (i) in column 2, for the words "coconut oil sold under brand name", the words "coconut oil specified in Serial Number 17-A of Part 'C' " shall be substituted.

- (ii) in the entries relating to item (i), in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted;
 - (iii) in the entries relating to item (ii), in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted;
 - (iv) in the entries relating to item (iii), in column 3, for the words "Five per cent", the words "Eight per cent" shall be substituted.
- (b) serial number 2, -
- (i) in the entries relating to item (ii), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (ii) in the entries relating to item (iii), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (iii) in the entries relating to item (iv), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
- (c) in the entries relating to serial number 3, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (d) in the entries relating to serial number 4, in column 3, for the words "Thirteen per cent", the words "Sixteen per cent" shall be substituted.
- (vi) in Part 'F',-
- (a) in the entries relating to serial number 1, in column 3, for the words "Thirteen per cent", the words "Sixteen per cent" shall be substituted.
- (b) in serial number 2,-
- (i) in the entries relating to item (i), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted;
 - (ii) in the entries relating to item (ii), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted;
 - (iii) in the entries relating to item (iii), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted.
- (c) in the entries relating to serial number 3, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (d) in serial number 7, in the entries relating to item (i), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (e) in serial number 8,-
- (i) in item (v), , in the entries relating to in sub-item (a), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (ii) in the entries relating to in item (vi), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (iii) in the entries relating to in item (vii), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted.
- (f) in the entries relating to serial number 9, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (g) in the entries relating to serial number 10, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.

- (h) in the entries relating to serial number 11, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
- (i) in the entries relating to serial number 14, in column 3, for the words “Thirteen per cent”, the words “Sixteen per cent” shall be substituted.
- (vii) in Part ‘G’,
 - (a) in the entries relating to serial number 1, in column 3, for the words “Nine per cent”, the words “Eight per cent” shall be substituted.
 - (b) in the entries relating to serial number 3, in column 3, for the words “Nine per cent”, the words “Eight per cent” shall be substituted.
 - (c) in the entries relating to serial number 4, in column 3, for the words “Five per cent”, the words “Four per cent” shall be substituted.
 - (d) in the entries relating to serial number 4-A, in column 3, for the words “Five per cent”, the words “Four per cent” shall be substituted.
 - (e) in the entries relating to serial number 5, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (f) in the entries relating to serial number 6, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
- (viii) in Part “H”,-
 - (a) in serial number 1,-
 - (i) in the entries relating to item (i), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (ii) in the entries relating to item (ii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (iii) in the entries relating to item (iii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (iv) in the entries relating to in item (iv), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (b) in the entries relating to serial number 1-A, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (c) in the entries relating to serial number 2, in column 3, for the words “Nine per cent”, the words “Eight per cent” shall be substituted.
 - (d) in the entries relating to serial number 3, in column 3, for the words “Five per cent”, the words “Four per cent” shall be substituted.
- (ix) in Part ‘I’, in the entries relating to serial number 4, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
- (x) in Part-J,-
 - (a) in Serial Number 3, in Column 3 for the words “ Thirteen per cent ”, the words “ Twelve per cent ” shall be substituted.
- (xi) in Part ‘K’,-
 - (a) in the entries relating to serial number 1, in column 3, for the words “Sixteen per cent”, the words “Twenty per cent” shall be substituted.
 - (b) in serial number 1-A,-
 - (i) in the entries relating to item (i), in column 3, for the words “Eight per cent”, the words “Four per cent” shall be substituted;

- (ii) in the entries relating to item (ii), in column 3, for the words "Eight per cent", the words "Four per cent" shall be substituted;
 - (iii) in the entries relating to item (iii), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted;
 - (iv) in the entries relating to item (iv), in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted.
- (c) in the entries relating to serial number 2, in column 3, for the words "Thirteen per cent", the words "Sixteen per cent" shall be substituted.
 - (d) in the entries relating to serial number 3, in column 3, for the words "Thirteen per cent", the words "Sixteen per cent" shall be substituted.
- (xii) in Part 'L', in the entries relating to serial number 5, in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted.
- (xiii) in Part 'M',-
 - (a) in serial number 1,-
 - (i) in item (i), in the entries relating to sub-item (a), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted;
 - (ii) in item (i), in the entries relating to sub-item (b), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (iii) in item (iii), in the entries relating to sub-item (a), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (iv) in item (iii), in the entries relating to sub-item (b), in column 3, for the words "Two per cent", the words "One per cent" shall be substituted;
 - (v) in item (iii), in the entries relating to sub-item (c), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (vi) in item (iii), in the entries relating to sub-item (d), in column 3, for the words "Thirteen per cent", the words "Sixteen per cent" shall be substituted;
 - (vii) in item (iii), in the entries relating to sub-item (e), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted.
 - (b) in the entries relating to serial number 5, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (c) in the entries relating to serial number 6, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (d) in the entries relating to serial number 10, in column 3, for the words "Twenty five per cent", the words "Twenty eight per cent" shall be substituted.
 - (e) in the entries relating to serial number 11, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (f) in serial number 15, in the entries relating to item (ii), in column 3, for the words "Sixteen per cent", the words "Twelve per cent" shall be substituted.
 - (xiv) in Part 'N', in the entries relating to serial number 2, in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted.
 - (xv) in Part 'O', in serial number 3,

- (a) in the entries relating to item (i), in column 3, for the words “Thirteen per cent”, the words “Sixteen per cent” shall be substituted.
 - (b) in the entries relating to item (ii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (c) in the entries relating to item (iii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
- (xvi) in Part ‘P’,-
- (a) in the entries relating to serial number 1-A, in column 3, for the words “Twenty-five per cent”, the words “Twenty-eight per cent” shall be substituted;
 - (b) in the entries relating to serial number 3, in column 3, for the words “Nine per cent”, the words “Eight per cent” shall be substituted.
 - (c) in the entries relating to serial number 4, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (d) in the entries relating to serial number 6, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (e) in serial number 7,-
 - (i) in the entries relating to item (ii) , in column 3, for the words “Five per cent”, the words “Four per cent” shall be substituted;
 - (ii) in the entries relating to item (iii), in column 3, for the words “Sixteen per cent”, the words “Twelve per cent” shall be substituted.
 - (f) in the entries relating to serial number 8, in column 3, for the words “Thirteen per cent”, the words “Sixteen per cent” shall be substituted.
 - (g) in the entries relating to serial number 10, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (h) in the entries relating to serial number 11, in column 3, for the words “Nine per cent”, the words “Eight per cent” shall be substituted.
 - (i) in serial number 12,-
 - (i) in the entries relating to item (ii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (ii) in the entries relating to item (iii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
- (xvii) in Part ‘R’,-
- (a) in the entries relating to serial number 2, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (b) in the entries relating to serial number 8, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (c) in serial number 9,-
 - (i) in the entries relating to item (i), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (ii) in the entries relating to item (ii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.

- (d) in serial number 10,-
 - (i) in the entries relating to item (i), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (ii) in the entries relating to item (v), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
- (xviii) in Part ‘S’,-
 - (a) in the entries relating to serial number 4, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (b) in the entries relating to serial number 5, in column 3, for the words “Thirteen per cent”, the words “Sixteen per cent” shall be substituted.
 - (c) in the entries relating to serial number 6, in column 3, for the words “Five per cent”, the words “Four per cent” shall be substituted.
 - (d) in serial number 9,-
 - (i) in the entries relating to item (iii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (ii) in the entries relating to item (iv), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (e) in the entries relating to serial number 10, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (f) in the entries relating to serial number 13, in column 3, for the words “Five per cent”, the words “Four per cent” shall be substituted.
 - (g) in serial number 15,-
 - (i) in the entries relating to item (i), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (ii) in the entries relating to item (i-a), in column 2, for the words “black board dusters”, the words “all kinds of display boards including wipeoff board, chalk board, clip board, felt board, plastic and acrylic board other than electrical and electronic operated, dusters, plastic letters and figures, and marker pen” shall be substituted.
 - (iii) in the entries relating to item (i-a), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (iv) in the entries relating to item (ii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (v) in the entries relating to item (ii-a), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (h) in the entries relating to serial number 15-A, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (i) in the entries relating to serial number 18, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.

- (j) in the entries relating to serial number 21, in column 3, for the words "Thirteen percent", the words "Twelve per cent" shall be substituted.
 - (k) in the entries relating to serial number 22, in column 3, for the words "Nine percent", the words "Eight per cent" shall be substituted.
 - (l) in the entries relating to serial number 23, in column 3, for the words "Thirteen percent", the words "Sixteen per cent" shall be substituted.
- (xix) in Part 'T',-
- (a) in the entries relating to serial number 1, in column 3, for the words "Thirteen percent", the words "Twelve per cent" shall be substituted.
 - (b) in the entries relating to serial number 1-A, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (c) in the entries relating to serial number 2, in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted.
 - (d) in the entries relating to serial number 3, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (e) in serial number 5,-
 - (i) in the entries relating to item (i), in column 3, for the words "Sixteen cent", the words "Twelve per cent" shall be substituted;
 - (ii) in the entries relating to item (ii), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (f) in the entries relating to serial number 7-A, in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted.
 - (g) in serial number 8, in the entries relating to item (iii), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (h) in the entries relating to serial number 9-A, in column 3, for the words "Twenty- five per cent", the words "Twenty-eight per cent" shall be substituted.
 - (i) in the entries relating to serial number 10-A, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (j) in serial number 10-B,-
 - (i) in the entries relating to item (i), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted;
 - (ii) in the entries relating to item (ii), in column 3, for the words "Sixteen per cent", the words "Twelve per cent" shall be substituted.
 - (k) in serial number 11,-
 - (a) in the entries relating to item (i), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (b) in the entries relating to item (ii), in column 3, for the words "Two per cent", the words "One per cent" shall be substituted.
- (xx) in Part 'V',-
- (a) in the entries relating to serial number 1, in column 3, for the words "Thirteen percent", the words "Twelve per cent" shall be substituted.

- (b) in the entries relating to serial number 2, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (xxi) in Part 'W',
- (a) in the entries relating to serial number 4, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (b) in the entries relating to serial number 4-A, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (c) in the entries relating to serial number 5, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (d) in the entries relating to serial number 7, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (e) in the entries relating to serial number 8, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (xxii) in Part 'X', in the entries relating to serial number 1, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (xxiii) in Part 'Y', in the entries relating to serial number 1, in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted.
- (xxiv) in Part 'Z', in the entries relating to serial number 1, in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted.
- (xxv) for Explanation III, the following shall be substituted, namely:-
- "Explanation III.-** Where a tax has been levied in respect of purchase of coffee seeds under Serial Number 18 of Part 'C' or under Serial Number 3 of the Third Schedule, the tax leviable on the coffee powder (excluding instant coffee and french coffee) made out of those coffee seeds shall be reduced by the amount of tax levied on such coffee seeds."
- (25) in the Fifth Schedule,-
- (i) after the entries relating to Serial Number 58, the following shall be and shall be deemed to have inserted from the First day of April, 1992, and shall be and shall be deemed to have been *omitted* from the First day of April, 1999, namely:-
- "59. H.D.P.E, L.D.P.E., P.P. and Viscose Rayon woven and non-woven fabrics subject to the condition that no tax under this Act on the sale of the said goods is charged for and collected separately in the sale bills.";
- (ii) after the entry Serial Number 59 so inserted and omitted, the following shall be and shall be deemed to have been inserted from the Sixth day of November, 1999 and shall be and shall be deemed to have been omitted from the Seventh day of November, 1999, namely:-
- "60. Instant noodles sold in aid of the people affected by the cyclone in Orissa subject to the condition that no tax under this Act on the sale of the said goods is charged for and collected separately in the sale bills."
- (26) in the Sixth Schedule, in column 3,-
- (i) excluding the entries relating to serial number 22, for the words "Five per cent", wherever they occur, the words "Four per cent" shall be substituted.
- (ii) for the words "Thirteen per cent", wherever they occur, the words "Twelve per cent" shall be substituted.
- (iii) in the entries relating to serial number 22, for the words "Five per cent", the words "Twelve per cent" shall be substituted.

- (27) in Seventh Schedule, in column 3, for the words “Five per cent”, wherever they occur, the words “Eight per cent” shall be substituted

4. Amendment of Karnataka Act No.30 of 1958.- In the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958),-

- (1) in Section 2, in clause (e), in sub-clause (i), after the words “horse race”, the words “or live telecast of a horse race” shall be inserted.

- (2) in Section 3,-

- (i) for sub-section (1), the following shall be substituted, namely:-

“(1) There shall be levied and paid to the State Government entertainments tax on each payment for admission excluding the amount of tax, to an entertainment, -

- (a) specified in sub-clause (i) of clause (e) of Section 2 at 70 per cent of such payment; and
(b) specified in sub-clause (ii) of clause (e) of Section 2 at 40 per cent of such payment.”

- (ii) in sub-section (1-A), for the table, the following shall be substituted, namely:-

“TABLE

Sl. No.	Payment for admission (excluding the Amount of tax)	Rate of tax
(1)	(2)	(3)
1.	Fifty rupees or more in respect of an entertainment in respect of an entertainment which is an exhibition, performance or pageant or game or sport held within the limits of Bangalore Urban Agglomeration area or a City Municipal Corporation.	10 per cent of such payment
2.	Two hundred and fifty rupees or more in respect of an entertainment in respect of an entertainment which is an exhibition, performance or pageant or game or sport held outside the limits of Bangalore Urban Agglomeration area or a City Municipal Corporation.”	10 per cent of such payment

- (3) in Section 4, in sub-section (1),-

- (iii) in the table,-

- (a) in the entries relating serial number (a), in column (3), for the words “One hundred rupees”, the words “Eighty five rupees” shall be and shall be deemed to have been substituted from the Nineteenth day of June, 2003;
(b) in the entries relating to serial number (b), in column (3), for the words “One hundred and twenty five rupees”, the words “One hundred and ten rupees” shall be and shall be deemed to have been substituted from the Nineteenth day of June, 2003;
(c) in the entries relating to serial number (c), in column (3) for the words “One hundred and fifty rupees”, the words “One hundred and thirty five rupees” shall be and shall be deemed to have been substituted from the Nineteenth day of June, 2003;

- (d) in the entries relating to serial number (d), for the words “Two hundred and fifty rupees”, the words “Two hundred and thirty five rupees” shall be and shall be deemed to have been substituted from the Nineteenth day of June, 2003.
- (iv) in the first proviso,-
- (a) in the entries relating relating to serial number (a), in column (3), for the words “Fifty rupees”, the words “Thirty five rupees” shall be and shall be deemed to have been substituted from Nineteenth day of June, 2003;
- (b) in the entries relating to serial number (b), in column (3), for the words “Seventy rupees”, the words “Sixty rupees” shall be and shall be deemed to have been substituted from Nineteenth day of June, 2003;
- (c) in the entries relating to serial number (c), in column (3), for the words “Ninety rupees”, the words “Seventy five rupees” shall be and shall be deemed to have been substituted from Nineteenth day of June, 2003;
- (d) in the entries relating to serial number (d), in column(3), for the words “One hundred and ten rupees”, the words “Ninety five rupees” shall be and shall be deemed to have been substituted from Nineteenth day of June, 2003.
- (4) in Section 4-D, in the table,-
- (i) in the entries relating to serial number 1, in column (3), for the words “Rupees seven thousand per month”, the words “Rupees six thousand five hundred per month” shall be and shall be deemed to have been substituted from the Nineteenth day of June, 2003;
- (ii) in the entries relating to serial number 2, in column (3), for the words “Rupees four thousand per month”, the words “Rupees three thousand per month” shall be and shall be deemed to have been substituted from the Nineteenth day of June, 2003.
- (5) in Section 4-E, in the proviso for the words “does not exceed two hundred and fifty rupees”, the words “is less than, fifty rupees in respect of any amusement in the limits of Bangalore Urban Agglomeration or a City Municipal Corporation and two hundred and fifty rupees in respect of any amusement in other areas” shall be substituted.
- (6) in Section 4-F, in the proviso for the words “does not exceed two hundred and fifty rupees”, the words “is less than, fifty rupees in respect of any amusement in the limits of Bangalore Urban Agglomeration or a City Municipal Corporation and two hundred and fifty rupees in respect of any amusement in other areas” shall be substituted.
- (7) after Section 6-C, the following section shall be inserted, namely:-
- “6-D. Issuance of Clearance Certificates to proprietors.-** Where for the purpose of complying with the requirement of any law for the production of a clearance certificate with respect to payment of tax or any other amount under this Act, a proprietor makes an application to the prescribed authority of the area, the prescribed authority shall, if no amount of assessed tax or any other amount under this Act is due by or any tax payable in accordance with the provisions of sub-section (1-A) of Section 6-A is outstanding from such proprietor, issue a clearance certificate in the prescribed form.”

5. Amendment of Act No.35 of 1976.- In the Karnataka Tax on Professions Trades, Callings and Employments Act, 1976 (Karnataka Act No.35 of 1976),-

- (1) after Section 7, the following Section shall be inserted, namely:-

“7-A. Self-assessment in the case of certain employers.- (1) Notwithstanding anything contained in sub-section (2) of Section 7, the assessing authority in respect of any year commencing from the First day of April, 2003, shall assess an employer in whose case the total amount of tax deducted is less than twenty five thousand rupees on the basis of the return submitted in accordance with sub-section (1) of Section 6 within the time specified therein, without requiring his presence or production of books of accounts.

(2) Where before completion of self-assessment, return submitted under sub-section (1) is found to involve mistake apparent on record, the assessing authority shall afford opportunity to the employer to submit revised return or to rectify such mistake.

(3) Self-assessment under sub-section (1) shall not be made in respect of an employer for any year if.-

- (i) the return filed for any year is incomplete or incorrect or defective, save for mistakes apparent on record;
- (ii) it is found that the employer has attempted to evade any tax, for that year.

(4) Notwithstanding anything contained in sub-section (1), the Commissioner shall, within a period of seventy-five days from the close of the year to which the assessment relates, notify selection of cases for the purpose of scrutiny in entirety of the assessment records and in respect of such cases so found warranted, shall direct the assessing authority concerned to make assessment under sub-section (3) of Section 12.

(5) The assessing authority shall, within a period of sixty days from the date of notification of cases for the purpose of scrutiny assessment under sub-section (4), serve upon the employer, notice as prescribed demanding payment of tax or issue order of refund as prescribed, on the basis of self-assessment or communicate initiation of proceedings of scrutiny assessment under sub-section (4).

(6) If on scrutiny assessment in cases falling under sub-section (4), it is found that the amount of tax paid by any employer for any year was less than the tax payable for that year as assessed by more than fifteen per cent, the assessing authority shall direct such dealer to pay, in addition to the tax, a penalty equivalent to three times the amount of the tax so paid in short.

(7) Every assessment completed under sub-section (1) shall be subject to the provisions of Sections 8, 9 and 18.”

(2) in Section 14,

(i) in sub-section (1), in clause (iii), for the words “Officers and”, the words and punctuation mark “Officers, Deputy Commissioners of Professions Tax and” shall be substituted.

(ii) in sub-section (2), in clause (iii), for the words “Officers and the Assistant”, the words “Officers, the Assistant Commissioners of Professions Tax and Deputy” shall be substituted.

6. Amendment of Act No.22 of 1979.- In the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act No.22 of 1979),-

(1) in Section 2,-

- (i) after clause (1-B), the following shall be inserted, namely:-

“(1-C) **“Charges for hospital”** means charges for accommodation provided in a hospital for any patient or inmate or resident, by whatever name called and his attendant including charges for air-conditioning, telephone, telephone calls, television, radio, music, extra beds and the like but does not include any charges for food, drink, laundry or other amenities, medicines, medical including consultation, testing, diagnostic and nursing services, therapeutic services or other similar services;

(ii) after clause (2), the following shall be inserted, namely:-

“(3) **“Hospital”** includes a nursing home, therapy centre, rejuvenation or recuperation centre, nature care or cure centre, ayurvedic cure or care or any treatment centre, personal care centre and beauty treatment centre, by whatever name called;

(iii) for clause (6), the following shall be substituted, namely:-

“(6) **“Proprietor, in relation to a Hotel or a Marriage Hall or a Club or a Hospital”** means any person who is owning or holding a hotel or a marriage hall or hospital in any capacity recognized by law or the Secretary or Manager or any other person entrusted with the management of a club or hospital, and includes, the person who for the time being is in-charge of the management of the hotel or marriage hall or club or hospital;”

(2) in section 3, in sub-section (1), for clauses (a) and (b) excluding the provisos, the following shall be substituted, namely:-

“ (a) Where the charges for lodging per room per day are more than one hundred and fifty rupees but less than four hundred rupees	Four per cent of such charges
(b) Where the charges for lodging per room per day are not less than four hundred rupees but less than one thousand rupees	Eight per cent of such charges
(c) Where the charges for lodging per room per day are not less than one thousand rupees	Twelve per cent of such charges

(3) after Section 3-D, the following shall be inserted, namely:-

“3-E. Levy and collection of tax on luxury provided in a hospital.- (1) Where charges for luxury provided in a hospital are more than one thousand rupees per day, there shall be levied and collected a tax at the rate of eight per cent of such charges.

(2) The tax levied under sub-section (1) shall be paid by every proprietor within such period and in such manner as may be prescribed.”

(4) in Section 4, sub-section (3) shall be and shall be deemed to have been omitted from the Seventeenth day of June, 2003 and shall be inserted from the First day of August, 2004.

7. Amendment of Karnataka Act No.27 of 1979.- In the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979).-

- (1) in Section 4-B, in sub-section (1), after the word “fixed”, the words “retrospectively or prospectively,” shall be and shall be deemed to have been always inserted.
- (2) in Section 4-BB, in sub-section (3), after the words “General Sales Tax”, the words “or Central Sales Tax” shall be and shall be deemed to have been always inserted.
- (3) in Section 5-B, after sub-section 4, the following shall be inserted, namely:-
“(5)Notwithstanding anything contained in this Section or Section 5, the Government may notify, subject to such conditions as may be specified, that assessment of any specified class of dealers for any year shall be deemed to have been made on the basis of the return submitted in accordance with sub-section (1) of Section 5 without requiring the presence of the dealer or production of books of account by the dealer.”
- (4) in Section 8-A, in sub-section (2), for the words “twelve per cent”, the words “six per cent” shall be substituted.
- (5) in Section 12-C, in sub-section (2), after the word “including”, the words “provisions relating to appeal and” shall be inserted.
- (6) in Section 13,-

- (i) in sub-section (3), for the provisos, the following shall be substituted, namely:-

“Provided that the appellate authority may, in its discretion, stay payment of one half of tax, if the appellant makes payment of the other half of the tax along with the prescribed form of appeal.

Provided further that where any application made by an applicant for staying proceedings of recovery of any tax or other amount has not been disposed of by the Appellate Authority within a period of thirty days from the date of such application, it shall be deemed that the Appellate Authority has made an order staying proceedings for recovery of such tax or other amount subject to payment of one half of the tax disputed and furnishing of sufficient security to the satisfaction of the assessing authority in regard to the other half of such tax or amount within a further period of fifteen days.

Provided also that where an order staying proceedings of recovery of any tax or other amount is made in any proceedings relating to an appeal under sub-section (1), the Appellate Authority shall dispose of the appeal within a period of ninety days from the date of such order.

Provided also that if such appeal is not so disposed of within the period specified in the third proviso, the order of stay shall stand vacated after the expiry of the said period and the Appellate Authority shall not make any further order staying proceedings of recovery of the said tax or other amount.”

- (ii) in sub-section (5),-

- (a) in clause (a), sub-clause (ii) shall be omitted;
- (b) the following provisos shall be inserted, namely.-

“Provided that the Appellate Authority shall not set aside any order of assessment or any other order and direct the assessing authority or other authority to make a fresh assessment or to make a fresh order:

Provided further that the Appellate Authority shall pass an order disposing of an appeal, within a period of thirty days from the date on which the hearing of the case was concluded and where it is not practicable so to do on the

ground of the exceptional and extraordinary circumstances of the case, the Appellate Authority shall fix a future date for passing the order, and such day shall not be a day beyond sixty days from the date on which the hearing of the case was concluded, and due notice of the day so fixed shall be given to the appellant.”

(7) in Section 14,-

(i) in sub-section (3), after the words “accompanied by”, the words “proof of payment of one half of tax or other amount disputed and also” shall be inserted;

(ii) for sub-section (4), the following shall be substituted, namely:-

“(4) Notwithstanding that an appeal has been preferred under sub-section (1), and notwithstanding anything contained in any other law for the time being in force, tax or any other amount shall be paid in accordance with the assessment or other order made in the case:

Provided that the Appellate Tribunal may, in its discretion, stay payment of one half of tax or other amount disputed, if the appellant makes payment of the other half of the tax or other amount disputed along with the prescribed form of appeal:

Provided further that the Appellate Tribunal shall dispose of such appeal within a period of one hundred eighty days from the date of the order staying proceedings of recovery of one half of tax or other amount and, if such appeal is not so disposed of within the period specified, the order of stay shall stand vacated after the said period and the Appellate Tribunal shall not make any further order staying proceedings of recovery of the said tax or other amount.”;

(iii) sub-section (6) including the proviso shall be omitted.

(8) in Section 22, in sub-section (1), for the word “Commissioner”, the words “Joint Commissioner” shall be substituted.

8. Validation of assessments etc.,- (1) Notwithstanding anything contained in any judgement, decree or order of any Court, Tribunal or other authority to the contrary, anything done or any action taken or purporting to have been done or taken (including any notices or orders issued and all proceedings held for the levy, assessment and collection of tax or amount purported to have been collected by way of tax in relation to such levy, assessment and collection) under the provisions of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) (hereinafter referred to as the said Act) before the commencement of the Karnataka Taxation Laws (Second Amendment) Act, 2004 (hereinafter referred to as the Amendment Act) shall be and shall be deemed to be valid and effective as if such levy, assessment or collection or action or thing had been made, taken or done under the said Act, as amended by clause (17) of Section 3 of the Amendment Act and accordingly,-

(a) all acts, proceedings or things taken or done by any authority in connection with levy, assessment or collection of such tax shall, for all purposes be deemed to be, and to have always been taken or done in accordance with law;

(b) no suit or other proceedings shall be maintained or continued in any Court or Tribunal or before any authority for the refund of any such tax; and

(c) no Court shall enforce any decree or order directing the refund of any such tax.

(2) Notwithstanding anything contained in any judgement, decree or order of any Court, Tribunal or other authority to the contrary, anything done or any action taken or purporting to have been done or taken (including any notices or orders issued and all proceedings held for the levy, assessment and collection of tax or amount purported to have been collected by way of tax in relation to such levy, assessment and collection) under the provisions of the Karnataka

Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979) (hereinafter referred to as the said Act) before the commencement of the Karnataka Taxation Laws (Second Amendment) Act, 2004 (hereinafter referred to as the Amendment Act) shall be and shall be deemed to be valid and effective as if such levy, assessment or collection or action or thing had been made, taken or done under the said Act, as amended by clause (1) of Section 7 of the Amendment Act and accordingly,-

- (a) all acts, proceedings or things taken or done by any authority in connection with levy, assessment or collection of such tax shall, for all purposes be deemed to be, and to have always been taken or done in accordance with law;
- (b) no suit or other proceedings shall be maintained or continued in any Court of Tribunal or before any authority for the refund of any such tax; and
- (c) no Court shall enforce any decree or order directing the refund of any such tax.

By Order and in the name of the Governor of Karnataka,

G.DAKSHINA MOORTHY

Secretary to Government,
Department of Parliamentary Affairs and Legislation.

Karnataka Act No. 11 of 2005

THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2005

Arrangement Sections

Sections:

1. Short title and commencement
2. Amendment of Mysore Act IX of 1932
3. Amendment of Karnataka Act 25 of 1957
4. Amendment of Karnataka Act No.30 of 1958
5. Amendment of Act No.35 of 1976
6. Amendment of Karnataka Act No.27 of 1979
7. Amendment of Karnataka Act No.4 of 2004
8. Amendment of Karnataka Act No.29 of 2004
9. Amendment of Karnataka Act No.32 of 2004
10. Validation of assessments etc.,

STATEMENT OF OBJECTS AND REASONS

To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), the Karnataka Sales Tax Act, 1957(Karnataka Act 25 of 1957), the Karnataka Entertainments Tax Act, 1958(Karnataka Act 30 of 1958), the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976(Karnataka Act 35 of 1976), the Karnataka Tax on Entry of Goods Act, 1979(Karnataka Act 27 of 1979), the Karnataka Tax on Lotteries Act, 2004 (Karnataka Act 3 of 2004), the Karnataka Special Tax on Entry of Certain Goods Act, 2004 (Karnataka Act 29 of 2004) and the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004).

Opportunity is also taken to rationalize certain provisions of the said Acts.

Hence the Bill.

(LA Bill No.12 of 2005)

[Entry 52, 54, 60 and 62 of List II of the Seventh Schedule to the Constitution of India]

Karnataka Act No. 11 of 2005

(First published in the Karnataka Gazette Extra-ordinary on the thirty first day of March, 2005)

THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2005

(Received the assent of the Governor on the thirty first day of March, 2005)

An Act further to amend certain taxation laws in force in the State of Karnataka.

Whereas it is expedient to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the fifty-sixth year of the Republic of India, as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Taxation Laws (Amendment) Act, 2005.

(2) It shall come into force with effect from the first day of April, 2005.

2. Amendment of Mysore Act IX of 1932.- In the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), in section 3-A, before the explanation, the following proviso shall be and shall be deemed to have been inserted from the first day of April, 2004, namely,-

“Provided that the licensees shall be liable to pay the composition amounts notified for the period commencing from the first day of April, 2004 only till the commencement of the Karnataka Taxation Laws (Second Amendment) Act, 2004 (Karnataka Act No.26 of 2004).”

3. Amendment of Karnataka Act 25 of 1957.- In the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957),-

(1) in Section 12-B, in sub-section (2), for the words “two per cent”, the words “one and a quarter per cent” shall be substituted.

(2) in Section 13, in sub-section (2), in clause (ii), for the words “two per cent”, the words “one and a quarter per cent” shall be substituted.

(3) in Section 18-AA, in sub-section (2),

(i) in clause (ii), for the words “two and one half per cent”, the words “one and a quarter per cent” shall be substituted.

(ii) the following explanation shall be and shall deemed always to have been inserted, namely,-

“Explanation.- For the purpose of this sub-section, non-payment during any period during which recovery of any amount due under this Section is stayed by an order of any authority or Court in any appeal or other proceedings disputing such amount, shall be deemed to be a ‘default’, unless such appeal or other proceeding is allowed by such Authority.”

(4) in Section 23, in sub-section (1),

(i) for the words “one hundred and twenty days”, the words “one hundred and eighty days” shall be substituted;

(ii) in the proviso, for the words “one hundred and twenty days”, the words “one hundred and eighty days” shall be substituted.

(5) in the Fifth Schedule, after the entries relating to serial number 52, the following shall be and shall be deemed to have been inserted from the first day of August, 2004, namely,-

“53. Transfer of the right to use feature films.”

4. Amendment of Karnataka Act No.30 of 1958.- In the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958),-

(1) in Section 3, in sub-section (1-A), the following proviso shall be inserted, namely,-

“Provided that no tax shall be levied in the case of admission to a circus.”

(2) in Section 4, in sub-section (1),-

(i) in the table,-

(a) in the entries relating serial number (a), in column (3), for the words “Eighty five rupees”, the words “Forty three rupees” shall be substituted;

(b) in the entries relating to serial number (b), in column (3), for the words “One hundred and ten rupees”, the words “Fifty five rupees” shall be substituted;

(c) in the entries relating to serial number (c), in column (3) for the words “One hundred and thirty five rupees”, the words “Sixty eight rupees” shall be substituted;

(d) in the entries relating to serial number (d), for the words “Two hundred and thirty five rupees”, the words “One hundred and eighteen rupees” shall be substituted.

(ii) in the first proviso,-

(a) in the entries relating to serial number (a), in column (3), for the words “Thirty five rupees”, the words “Eighteen rupees” shall be substituted;

(b) in the entries relating to serial number (b), in column (3), for the words “Sixty rupees”, the words “Thirty rupees” shall be substituted;

(c) in the entries relating to serial number (c), in column (3), for the words “Seventy five rupees”, the words “Thirty eight rupees” shall be substituted;

(d) in the entries relating to serial number (d), in column(3), for the words “Ninety five rupees”, the words “Forty eight rupees” shall be substituted.

(iii) in the second proviso,-

(a) in the entries relating to serial number (a), in column (3), for the words “Eighty rupees”, the words “Forty rupees” shall be substituted;

(b) in the entries relating to serial number (b), in column (3), for the words “Ninety rupees”, the words “Forty five rupees” shall be substituted;

(c) in the entries relating to serial number (c), in column (3), for the words “One hundred rupees”, the words “Fifty rupees” shall be substituted.

(iv) in the third proviso,-

(a) in the entries relating to serial number (a), in column (3), for the words “Twenty five rupees”, the words “Thirteen rupees” shall be substituted;

(b) in the entries relating to serial number (b), in column (3), for the words “Fifty rupees”, the words “Twenty five rupees” shall be substituted;

(c) in the entries relating to serial number (c), in column (3), for the words “Seventy five rupees”, the words “Thirty eight rupees” shall be substituted.

(3) in Section 4-A, in sub-section (1), in the table,-

(i) in the entries relating to serial number (a), in column (3), for the words “Ten per cent”, the words “Five per cent” shall be substituted;

(ii) in the entries relating to serial number (b), in column (3), for the words “Seventeen and half per cent”, the words “Ten per cent” shall be substituted;

(iii) in the entries relating to serial number (c), in column (3), for the words “Twenty five per cent”, the words “Fifteen per cent” shall be substituted.

(4) in Section 6-A, for sub-section (4), the following shall be substituted, namely,-

“(4) In making an assessment under sub-section (3), if the prescribed authority is satisfied that the correct amount of tax payable under sub-section (1-A) was not paid by the proprietor either due to willful mis-statement or suppression of facts, it may direct the proprietor to pay, in addition to the tax assessed, a penalty,-

(i) equal to the amount of difference between the tax assessed and the tax paid under sub-section (1-A), where such assessment is made for the first time in any financial year; and

(ii) equal to double the amount of difference between the tax assessed and the tax paid under sub-section (1-A), while making any subsequent assessment during such financial year.”

(5) in Section 9, in sub-section (2), for clause (ii), the following shall be substituted, namely,-

“(ii) the proprietor liable to pay such tax under this Act shall be liable to pay an interest equal to one and a quarter per cent of the amount of tax remaining unpaid for each month after the expiry of the time prescribed under sub-section (1).”

5. Amendment of Act No.35 of 1976.- In the Karnataka Tax on Professions Trades, Callings and Employments Act, 1976 (Karnataka Act No.35 of 1976),-

(1) in Section 10, in sub-section (1), the following proviso shall be inserted, namely,-

“Provided that a person liable to be enrolled shall be deemed to have enrolled for the purpose of payment of tax under this Act, notwithstanding that he has failed to do so.”

(2) in Section 11,

(i) in sub-section (2), for the words “two per cent”, the words “one and a quarter per cent” shall be substituted

(ii) in sub-section (3), after the words “enrolled person”, the words “or a person liable to be enrolled” shall be inserted;

(3) in the Schedule, for the entries relating to serial number (2), the following shall be substituted, namely,-

“(2) Legal practitioners including Solicitors and Notaries Public:-

(a) in the Bangalore Urban Agglomeration where standing in the profession is-

(i) less than 10 years	Nil
(ii) 10 years or more but less than 20 years	Rs.1500 per annum
(iii) 20 years or more	Rs.2500 per annum

(b) in any other area in the State is-

(i) less than 10 years	Nil
(ii) 10 years or more but less than 20 years	Rs.1000 per annum
(iii) 20 years or more	Rs.1500 per annum”

6. Amendment of Karnataka Act No.27 of 1979.- In the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979),-

(1) in Section 2, in sub-section (A), in clause (2), after the words and figures “Karnataka Sales Tax Act, 1957”, the words “or this Act by the Government or the Commissioner” shall be inserted.

(2) in Section 3-BB, in sub-section (2),

(i) in clause (ii), for the words “two and one half per cent”, the words “one and a quarter per cent” shall be substituted;

(ii) after clause (iii), the following explanation shall be and shall be always deemed to have been inserted, namely,-

“Explanation.- For the purpose of this sub-section, non-payment during any period during which recovery of any amount due under this Section is stayed by an order of any authority or Court in any appeal or other proceedings disputing such amount, shall be deemed to be a ‘default’, unless the appeal or other proceeding is allowed by such Authority.”

(3) in Section 4,

(i) in sub-section (1), in clause (a), after the brackets, words and figures “(Karnataka Act 25 of 1957)”, the words, figures and brackets “or Section 22 of the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)” shall be inserted.

(ii) in sub-section (3), after the brackets, words and figures “(Karnataka Act 25 of 1957)”, the words, figures and brackets “or the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)” shall be inserted.

(4) after Section 4-A, the following shall be and shall deemed to have been inserted from the First day of April, 1995, namely,-

“4-B Levy of tax.- (1) Notwithstanding anything contained in Section 3, there shall be levied and collected a tax on the purchase value of a motor vehicle an entry of which is effected into a local area for use or sale therein and which is liable for registration or assignment of a new registration mark in the State under the Motor Vehicles Act, 1988, at such rate as may be fixed retrospectively or prospectively by the State Government by notification but not exceeding the rates specified in respect of motor vehicles under the Karnataka Sales Tax Act, 1957:

Provided that, no tax shall be levied and collected in respect of a motor vehicle which is registered in any Union Territory or any other State under the Motor Vehicles Act, 1988 fifteen months prior to the date on which a new registration mark is assigned in the State under the said Act.

(2) The tax levied under the section shall be paid by the importer in such manner and within such time as may be prescribed.

4-BB. Reduction of tax liability.- (1) Where a person liable to pay tax under this Act becomes liable to pay tax under the Karnataka Sales Tax Act, 1957 on the sale or purchase of such motor vehicles, then his liability under the Karnataka Sales Tax Act, 1957 shall be reduced to the extent of the tax paid under this Act on such motor vehicle.

(2) Where the liability to pay tax under this Act is in respect of motor vehicle subjected to tax under the Karnataka Sales Tax Act, 1957, then, the tax payable under this Act shall be reduced by an amount of tax already paid under the Karnataka Sales Tax Act, 1957 on such motor vehicle subject to production of proof.

(3) The amount of tax leviable under this Act shall, subject to such conditions as may be prescribed, be reduced to the extent of the amount of tax paid, if any, under the law relating to General Sales Tax or Central Sales Tax as may be in force in any other State or Union Territory by an importer who not being a dealer in motor vehicles had purchased the motor vehicle for his own use in that State.”

(5) in Section 4-B as so inserted, in sub-section (1), after the words and figures “Karnataka Sales Tax Act, 1957”, the words and figures “or the Karnataka Value Added Tax Act, 2003”, shall be inserted.

(6) in Section 4-BB as so inserted, in sub-section (1), after the words and figures “Karnataka Sales Tax Act, 1957”, in the two places where it occurs, the words, figures and brackets “or the Karnataka Value Added Tax Act, 2003” shall be inserted.

(7) in Section 7, in sub-section(1), in the proviso, after the words ,figures and brackets, “Karnataka Sales Tax Act 1957 (Karnataka Act 25 of 1957) ”, the words, figures and brackets “or the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)” shall be inserted.

(8) in Section 8, in sub-section (2),

- (i) in clause (ii), for the words “two per cent”, the words “one and a quarter per cent” shall be substituted;
- (ii) the explanation shall be renumbered as “**Explanation I**”;
- (iii) after explanation I, as so renumbered, the following shall be and shall deemed always to have been inserted, namely,-

“Explanation II.- For the purpose of this sub-section, non-payment during any period during which recovery of any amount due under the Act is stayed by an order of any authority or Court in any appeal or other proceedings disputing such amount, shall be deemed to be a ‘default, unless such appeal or other proceeding is allowed by such Authority”

(9) in Section 12, after sub-section (1), the following shall be inserted, namely,-

“(2) Notwithstanding anything contained in sub-section (1), the State Government or the Commissioner may, by notification, authorise officers to exercise powers and discharge duties and perform functions under this Act in respect of such area and such dealer or classes of dealers, or such cases or classes of cases as may be specified in the notification.”

(10) in section 15-A, in sub-section (1),

- (i) for the words “sixty days”, the words “ one hundred and twenty days” shall be substituted;
- (ii) in the proviso, for the words “ sixty days”, the words “ one hundred and twenty days” shall be substituted.

(11) in Section 18-A,

- (i) in sub-section (1), after brackets and words “(hereinafter referred to as the “Sales Tax Act”)”, the words, figures and brackets “or the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004) (hereinafter referred to as the “Value Added Tax Act”)” shall be inserted.
- (ii) in sub-section (2), after the words “Sales Tax Act”, the words and figures “or sub-section (2) of Section 53 of the Value Added Tax Act ” shall be inserted.
- (iii) in sub-section (2-A), after the words and figures “Karnataka Sales Tax Act, 1957”, the words and figures “or sub-section (2) of Section 53 of the Value Added Tax Act ” shall be inserted.
- (iv) in sub-section (3),
 - (a) after the words “Sales Tax Act”, the words and figures “or sub-section (12) of Section 53 of the Value Added Tax Act ” shall be inserted;
 - (b) in clause (a), after the words “Sales Tax Act”, the words and figures “ or clause (d) of sub-section (2) of Section 53 of the Value Added Tax Act” shall be inserted.
- (v) in sub-section (4), after the words “Sales Tax Act”, the words “ or Section 53 of the Value Added Tax Act ” shall be inserted.

7. Amendment of Karnataka Act No.4 of 2004.- In the Karnataka Tax on Lotteries Act, 2004 (Karnataka Act 4 of 2004), in Section 2, in clause (5), after the words “appointed for selling lottery tickets in the State on its behalf by such Government or Country where such Government or Country is not directly selling lottery tickets in the State”, the words “selling, in the State, lottery tickets of such Government or Country where such Government or Country is not directly selling lottery tickets in the State, whether appointed in this behalf or not” shall be and shall be deemed to have been always inserted.

8. Amendment of Karnataka Act No.29 of 2004.- In the Karnataka Special Tax on Entry of Certain Goods Act, 2004 (Karnataka Act 29 of 2004),-

(1) in Section 2,

(i) in sub-section (1),

(a) in clause (b), in sub-clause (i), after the words “Karnataka Sales Tax Act”, the words “or any officer empowered to make an assessment under this Act by the Government or the Commissioner” shall be inserted;

(b) in clause (b), for sub-clause (ii), the following shall be substituted, namely,-

“(ii) in the case of an importer, other than a dealer, the officer-in-charge of the check post, established under the Karnataka Sales Tax Act or the Karnataka Value Added Tax Act through which the notified goods are brought into the State or the Officer who intercepts the goods vehicles while transporting the notified goods if it is intercepted in places other than check post, or the Assistant Commissioner of Commercial Tax appointed under the Karnataka Sales Tax Act having jurisdiction over the area or the officer authorised under this Act to perform his function in respect of the area, in which such importer ordinarily resides;”

(c) after clause (h), the following shall be inserted, namely,-

“(h-1) “**Karnataka Value Added Tax Act**” means the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004);”

(d) in clause (k), after the words “Union Territory”, the words “ but does not include the Central Government or the Government of Karnataka” shall be inserted.

(ii) in sub-section (2), after the brackets, words and figures “(Karnataka Act 25 of 1957)”, the words, figures and brackets “or the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)” shall be inserted.

(2) in Section 3, in sub-section (1), after the words “Karnataka Sales Tax Act”, wherever they occur, the words “or the Karnataka Value Added Tax Act” shall be inserted.

(3) in Section 4, in sub-section (1), after the words “ Karnataka Sales Tax Act” in the three places they occur, the words “or the Karnataka Value Added Tax Act” shall be inserted.

(4) in Section 6, after sub-section (2), the following shall be inserted, namely,-

“(3) Notwithstanding anything contained in sub-section (1), the State Government or the Commissioner may, by notification, authorise officers to exercise powers and discharge duties and perform functions under this Act, in respect of such area and such dealer or classes of dealers, or such cases or classes of cases as may be specified in the notification.”

9. Amendment of Karnataka Act No.32 of 2004.- In the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004),-

(1) Section 5, shall be renumbered as sub-section (1) thereof and after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely,-

“(2) Notwithstanding anything contained in this Act, the Government may, in such circumstances and subject to such conditions as may be specified, by notification, and subject to such rules as may be prescribed, exempt the whole or any part of the tax payable for any period on sales of goods made to or made by a new industrial unit, in respect of which the Government has already notified exemption of tax under the provisions of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), and such exemption on purchases or sales shall be by way of refund of tax collected on purchases or sales made by such industrial unit.”

(2) in Section 15, in sub-section (1), for the words “per annum as may be prescribed”, the words “per annum as may be notified by the Government” shall be substituted.

(3) in Section 22, in sub-section (3), the words and punctuation mark “and every dealer executing a works contract whose receipts or amounts receivable by way of consideration towards work executed exceed fifteen thousand rupees in any one month after the date from which the tax shall be levied,” shall be omitted.

(4) in Section 37, in sub-section (1), for the words “two per cent”, the words “one and a quarter per cent” shall be substituted.

(5) in Section 47,

(i) in sub-section (2), in clause (b), for the words “two per cent”, the words “one and a quarter per cent” shall be substituted;

(ii) after sub-section (4), the following shall be inserted, namely,-

“(5) For the purpose of sub-section (2), non-payment during any period during which recovery of any amount due under this Section is stayed by an order of any authority or Court in any appeal or other proceedings disputing such amount, shall be deemed to be a ‘default’, unless the appeal or other proceeding is allowed by such Authority.”

(6) in Section 65,

(i) in sub-section (1), for the words “one hundred and twenty days”, the words “one hundred and eighty days”, shall be substituted;

(ii) in sub-section (2), for the words “one hundred and twenty days”, the words “one hundred and eighty days”, shall be substituted.

(7) in Section 66, in sub-section (1), after the words and figures “Section 64”, the words and figure “or a dealer aggrieved by the order of the Authority under Section 60” shall be inserted.

(8) in the First Schedule, after the entries relating to serial number 48, the following shall be inserted, namely,-

“49. Avalakki (Beaten Rice) and Mandakki (Parched or puffed rice).

50. Bread and bun.

51. Pappads.

52. Seeds.”

(9) in the Third Schedule,

(i) in entries relating to serial number 13, in column (2), for the words “Bread and bun”, the word “Tea” shall be substituted;

(ii) in the entries relating to serial number 16, after the words “fertilizer mixtures”, the words “including gypsum” shall be inserted;

(iii) in the entries relating to serial number 39, in column (2), for the words “Leaf plates and cups other than those falling under First Schedule”, the words “Lime, lime stone, products of lime, dolomite and other white washing materials” shall be substituted;

(iv) in the entries relating to serial number 41, in column (2), for the words “Mandakki (Parched or puffed rice) and Avalakki (Beaten Rice)”, the words “Medicinal and pharmaceutical preparations” shall be substituted;

(v) in the entries relating to serial number 56, in column (2), for the words “Seeds”, the words “Mixed PVC stabilizer” shall be substituted;

(vi) for the entries relating to serial number 78, the words and figures,

“pulses other than those specified in serial No. 20” shall be substituted .

(vii) the entries relating to Serial Numbers 79 , 80 and 81 shall be omitted.

10. Validation of assessments etc.,- (1) Notwithstanding anything contained in any judgement, decree or order of any Court, Tribunal or other authority to the contrary, anything done or any action taken or purporting to have been done or taken (including any notices or orders issued and all proceedings held for the levy, assessment and collection of tax or amount purported to have been collected by way of tax in relation to such levy, assessment and collection) under the provisions of the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979) (hereinafter referred to as the said Act) before the commencement of the Karnataka Taxation Laws (Amendment) Act, 2005 (hereinafter referred to as the Amendment Act) shall be and shall be deemed to be valid and effective as if such levy, assessment or collection or action or thing had been made, taken or done under the said Act, as amended by clause (4) of Section 6 of the Amendment Act and accordingly,-

- (a) all acts, proceedings or things taken or done by any authority in connection with levy, assessment or collection of such tax shall, for all purposes be deemed to be, and to have always been taken or done in accordance with law;
- (b) no suit or other proceedings shall be maintained or continued in any Court of Tribunal or before any authority for the refund of any such tax; and
- (c) no Court shall enforce any decree or order directing the refund of any such tax.

(2) Notwithstanding anything contained in any judgement, decree or order of any Court, Tribunal or other authority to the contrary, anything done or any action taken or purporting to have been done or taken (including any notices or orders issued and all proceedings held for the levy, assessment and collection of tax or amount purported to have been collected by way of tax in relation to such levy, assessment and collection) under the provisions of the Karnataka Tax on Lotteries Act, 2004 (Karnataka Act 4 of 2004) (hereinafter referred to as the said Act) before the commencement of the Karnataka Taxation Laws (Amendment) Act, 2005 (hereinafter referred to as the Amendment Act) shall be and shall be deemed to be valid and effective as if such levy, assessment or collection or action or thing had been made, taken or done under the said Act, as amended by Section 7 of the Amendment Act and accordingly,-

- (a) all acts, proceedings or things taken or done by any authority in connection with levy, assessment or collection of such tax shall, for all purposes be deemed to be, and to have always been taken or done in accordance with law;
- (b) no suit or other proceedings shall be maintained or continued in any Court of Tribunal or before any authority for the refund of any such tax; and
- (c) no Court shall enforce any decree or order directing the refund of any such tax.

By order and in the name of the Governor of Karnataka

G. Dakshina Moorthy
Secretary to Government,
Department of Parliamentary Affairs and Legislation.

Karnataka Act No. 5 of 2006
THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2006
Arrangement Sections

Sections:

1. Short title and commencement
2. Amendment of Mysore Act IX of 1932
3. Amendment of Karnataka Act 22 of 1957
4. Amendment of Karnataka Act 25 of 1957
5. Amendment of Karnataka Act 30 of 1958
6. Amendment of Act 35 of 1976
7. Amendment of Karnataka Act 22 of 1979
8. Amendment of Karnataka Act 27 of 1979

STATEMENT OF OBJECTS AND REASONS

It is considered necessary to amend the Karnataka Agriculture Income Tax Act, 1957, the Karnataka Sales Tax Act, 1957, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions Trades, Callings and Employments Act, 1976, the Karnataka Tax on Luxuries Act, 1979 and the Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposal made in the Budget and matters connected therewith.

Certain consequential and incidental amendments are also made.

Hence the Bill.

[L.A. Bill No. 6 of 2006]

Karnataka Act No. 5 of 2006

(First published in the Karnataka Gazette Extra-ordinary on the Thirty First day of March, 2006)

THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2006

(Received the assent of the Governor on the Thirty First day of March, 2006)

An Act further to amend certain taxation laws in force in the State of Karnataka.

Whereas it is expedient further to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the fifty-seventh year of the Republic of India, as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Taxation Laws (Amendment) Act, 2006.

(2) It shall come into force with effect from the first day of April, 2006.

2. Amendment of Mysore Act IX of 1932.- In the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), for section 3-A, the following shall be substituted, namely,-

“3-A.Payment of totalisator tax by way of composition.- Notwithstanding anything contained in section 3, but subject to such conditions as may be prescribed, the State Government may, if a licensee so elects, accept in lieu of the totalisator tax payable under section 3 during any year, by way of composition, in respect of a licensee in Bangalore City at the rate of four percent of the total amount of moneys paid into the totalisator and in respect of a licensee in Mysore City at the rate of two percent of the total amount of moneys paid into the totalisator.”

3. Amendment of Karnataka Act 22 of 1957.- In the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957),-

(1) in section 34, in sub-section (1), after the words “State Government”, the words “or the Commissioner” shall be inserted;

(2) in section 42, the explanation to sub-section (1), shall be renumbered as Explanation-I and after the Explanation-I as so renumbered, the following explanations shall be and shall be deemed always to have been inserted, namely:-

“Explanation II .- For the purpose of this sub-section non-payment of tax or other amount during any period during which recovery of any tax or other amount due under the Act is stayed by an order of any authority or Court in any appeal or other proceedings disputing such tax or amount, shall be deemed to be a default.”;

(3) in section 66, for the words and brackets “ any person (other than a company)does not exceed one hundred and fifty acres such person”, the words and comma “a firm does not exceed one hundred and fifty acres, such firm” shall be substituted;

and who is not a dealer in petrol, diesel, aviation turbine fuel, lottery tickets and sugarcane.”;

(3) in section 12-B, in sub-section (1), after the third proviso, the following shall be and shall be deemed to have been inserted with effect from the first day of April, 2005, namely:-

“Provided also that nothing contained in this sub-section shall apply to a dealer who is registered under the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004) and who is not a dealer in petrol, diesel, aviation turbine fuel, lottery tickets and sugarcane.”;

(4) in section 22, for the words “empowered by the State Government ” wherever they occur, the words “empowered by the State Government or the Commissioner” shall be substituted.

5. Amendment of Karnataka Act 30 of 1958.- In the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958),-

(1) in section 2,-

(i) for clause (ba), the following shall be substituted, namely:-

“(ba) **“Amusement”** means any amusement and includes playing a game or skill on a machine or riding on a machine or any other carriage or contraption or boat or other vessel or playing in an enclosure or water body or any other specially designed or developed or demarcated surface or area or participating in any contest or game of chance or skill or talent, held or organized or provided in any amusement arcade or amusement park or any other place for which persons are required to make payment for admission or participation; ”;

(ii) in clause (bb), after the words “called headend”, the words “or a tuner or a similar device which enables Direct To Home transmission of television signals” shall be inserted;

(iii) in clause (e),-

(a) in sub-clause (ii), after the words “attached to it”, the words “or without a cable network attached under the Direct To Home scheme” shall be inserted;

(b) in the explanation, for the words “Recognised game”, the word “game” shall be substituted;

(2) in Section 3, for sub-section (1-A) including the table and proviso, the following shall be substituted, namely:-

“(1-A) In respect of entertainments referred to in sub-clause (iii) of clause (e) of Section 2, other than an entertainment on which tax is levied under section 4-E or 4-F, there shall be levied and paid to the State Government on each payment for admission excluding the amount of tax, to such entertainment, entertainments tax at the rate of ten

per cent, if such payment for admission, excluding the amount of tax, is not less than fifty rupees.

Provided that no tax shall be levied in the case of admission to a circus or magic show or game or sport, where it involves no participation.”;

(3) in section 4-C,-

(i) for the word, figure and letter “or 4-B”, the figures, letters and word “4-B or 4-G” shall be substituted;

(ii) after the proviso the following provisos shall be inserted, namely:-

“Provided further that no tax shall be payable under this section, if the proprietor is providing television signals under the Direct To Home scheme:

Provided also that subject to such conditions as may be prescribed, no tax shall be payable under this section, if the proprietor is receiving television signals from a Multi System Operator paying tax under section 4-G.”;

(iii) after the provisos so inserted, the following explanation shall be inserted, namely:-

Explanation.- (1)A Multi System Operator providing entertainment through antennae or Cable Television directly to subscribers apart from providing satellite television signals to another proprietor, shall be liable to pay tax under this section in addition to his liability to pay tax under section 4-G.

Explanation.-(2)A proprietor being a Direct To Home service provider providing entertainment through antennae or Cable Television directly to subscribers apart from providing satellite television signals under the Direct To Home scheme, shall be liable to pay tax under this section in addition to payment of any tax liability under section 4-G.”;

(4) in section 4-D, for the words “the proprietor may”, the words and comma “any proprietor other than a Multi System Operator or a Direct To Home service provider, may” shall be substituted;

(5) in section 4-E, for the proviso, the following proviso shall be substituted, namely:-

“Provided that no tax shall be levied where the payment for admission excluding the amount of tax, is less than fifty rupees.”;

(6) in section 4-F, for the proviso, the following proviso shall be substituted, namely:-

“Provided that no tax shall be levied where the payment for admission excluding the amount of tax, is less than fifty rupees.”;

(7) in section 4-G,-

(i) in the heading, after the word “Operator”, the words “and Direct To Home service provider” shall be inserted;

(ii) after the words “and packages”, the words “and by a Direct To Home service provider towards providing television signals under the Direct To Home scheme” shall be inserted;

(iii) the following proviso shall be and shall be deemed to have been inserted with effect from the first day of April, 2002, namely:-

“Provided that no tax shall be levied under this section for the period from the 1st day of April, 2002 to 31st day of March, 2006.”;

(8) in section 7, in sub-section (1) in the proviso, the word “recognized” shall be omitted;

(9) in section 8-E, for the words “empowered by the State Government ” wherever they occur, the words “empowered by the State Government or the Commissioner” shall be substituted;

(10) in section 10, in sub-section (1),-

(i) after clause (aaa), the following clause shall be inserted, namely:-

“(aaaa) Such officer shall also have the power,-

(i) to seal any box or receptacle, building or any part of the building in which accounts are suspected to be kept, where the proprietor of any entertainment or the owner or person in charge of the place of entertainment either leaves the premises or is not available or fails or refuses to open any box or receptacle or building or any part of the building when called upon to do so;

(ii) to break open the box or receptacle, building or part of the building where the proprietor or person in charge or the person in occupation leaves the premises or, after any opportunity having been given to him to do so, fails to open the box or receptacle, building or part of the building, and to prepare a list of the goods and documents found therein.”;

(ii) after clause (b), the following clause shall be inserted, namely:-

“(c) All searches and seizures under this section shall be made in accordance with the provisions of Code of Criminal Procedure, 1973 (Central Act 2 of 1974).”;

(11) in section 13, in clause (b),-

(i) for the words, “ten thousand”, the words “two thousand” shall be substituted;

(ii) for the words, “fifteen thousand”, the words “five thousand” shall be substituted.

6. Amendment of Act 35 of 1976.- In the Karnataka Tax on Professions Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976),-

(1) in section 10,-

(i) in the heading, after the words “ enrolled persons”, the words “and deduction of tax in the case of certain enrolled persons ” shall be inserted;

(ii) after sub-section (2), the following shall be inserted, namely:-

“(3) Notwithstanding anything contained in sub-sections (1) and (2), the tax payable under this Act by any agent or any other person by whatever name called earning income by way of commission or other remuneration as specified in item 4 of the Schedule, shall be deducted by the insurance company or bank or other financial institution before such commission or other remuneration is paid to him, and such insurance company or bank or other financial institution shall, irrespective of whether such deduction has been made or not when the commission or other remuneration is paid to such person shall be liable to pay tax on behalf of all such persons.

(4) The deduction under sub-section (3) shall be made in the month in which the commission or other remuneration payable for any year exceeds thirty six thousand rupees.

(5) The insurance company or bank or other financial institution making deduction under sub-section (3) shall send every month to the jurisdictional assessing authority a statement in the prescribed form containing particulars of tax deducted during the preceding month and pay full amount of the tax so deducted by it within twenty days after the close of the preceding month in which such deduction was made and the amount so payable shall for the purposes of section 13 be deemed to be an amount due under this Act.

(6) If default is committed in the payment of tax deducted beyond ten days after the period specified under sub-section (5), the insurance company or bank or other financial institution shall be liable to pay interest at 2% of the amount of tax due for each month or part thereof for a period for which the tax remains unpaid.

(7) The insurance company, or bank or other financial institution making deduction under sub-section (3), shall furnish to the enrolled person or person liable to be enrolled from whom such deduction is made, a certificate obtained from the jurisdictional assessing authority containing such particulars as may be prescribed.

(8) Payment by way of deduction in accordance with sub-section (5), shall be without prejudice to any mode of recovery of tax due under this Act from the enrolled person or person liable to be enrolled and the burden of proving that the tax payable by him has already been deducted and remitted under sub-section (5) shall be on such person.”;

(2) for section 13, the following shall be substituted, namely:-

“13. Recovery of tax and other amounts and period of limitation for recovery of tax: (1) Any tax due or assessed, or any other amount due under this Act

from an employer or any other person may, without prejudice to any other mode of collection, be recovered,-

- (a) as if it were an arrears of land revenue; or
- (b) by attachment and sale or by sale without attachment of any property of such employer or any other person by the prescribed authority or the prescribed officer in the prescribed manner, and any prescribed certificate issued towards such sale shall be deemed to be a decree of a Civil Court and shall be executed in the same manner as a decree of such Court; or
- (c) on application to any Magistrate, by such Magistrate as if it were a fine imposed by him.

(2) Notwithstanding anything contained in any law for the time being in force, no proceedings for the recovery of any amount under this Act shall be initiated after the expiry of five years from the end of the relevant year or from the date of the relevant assessment:

Provided that when an appeal or application for revision has been filed, the period of limitation shall run from the date on which the amount due is finally determined.

(3) The period of limitation specified under sub-section (2) shall not apply to any case in which, during the course of recovery proceedings initiated under any clause of sub-section (1) or under section 20, any other fresh proceedings are initiated or the employer has deducted any amount by way of tax or purporting to be by way of tax.”;

(3) in the Schedule,-

- (i) in the entries relating to serial number 20, in column (2), for the words and brackets “Holders of permits of transport vehicles(other than autorickshaws) granted”, the words and brackets “Owners of transport vehicles(other than auto rickshaws) run on their own or through others under permits granted” shall be substituted;
- (ii) the entries relating to serial number 65 shall be omitted.

7. Amendment of Karnataka Act 22 of 1979.- In the Karnataka Tax on Luxuries Act, 1979(Karnataka Act 22 of 1979),-

(1) in section 2,-

- (i) in clause (4-B), for the words “commodity or services specified in the Schedule”, the word “services” shall be substituted;
- (ii) in clause (5-A), for the words “means an”, the words and comma “means a Commercial Tax Officer or an” shall be substituted;
- (iii) clause (6-A) shall be omitted;
- (iv) clause (6-B) along with the exception shall be omitted;

- (v) clause (6-C) shall be omitted;
- (vi) clause (8) shall be omitted;
- (vii) clause (9) shall be omitted;
- (2) in section 4-A,-
 - (i) in the heading, the words “and stockists” shall be omitted;
 - (ii) the words “or a stockist” wherever they occur shall be omitted;
 - (iii) in sub-section (10), the words “or the stockist” shall be omitted;
- (3) chapter III and the sections 4-B and 4-C shall be omitted;
- (4) in section 5, the words “or stockist” occurring in two places shall be omitted;
- (5) in section 5-A, the words “or stockist” wherever they occur shall be omitted;
- (6) in section 6, the words “or stockist” wherever they occur shall be omitted;
- (7) in section 6-A,-
 - (i) in the heading, the words “or stockist” shall be omitted;
 - (ii) in sub-section (1),-
- (a) the words “or a stockist” shall be omitted;
- (b) the words “ or a registered stockist” shall be omitted;
 - (iii) in sub-section (2), the words “or stockist” occurring in two places shall be omitted;
- (8) in section 7,-
 - (i) the words “or stockist” occurring in two places shall be omitted;
 - (ii) the proviso shall be omitted;
- (9) in section 7-A,-
 - (i) in sub-section (1),-
 - (a) the words “or turnover of stock of luxuries” shall be omitted;
 - (b) the words “or stockist” shall be omitted;
 - (ii) in sub-section (2),-
 - (a) the words “or turnover of stock of luxuries by the stockist” shall be omitted;
 - (b) the words “or the stockist, as the case may be” shall be omitted;
- (10) in section 8, the words “or stockist” wherever they occur shall be omitted;
- (11) in section 8-A, the words “or stockist” wherever they occur shall be omitted;
- (12) in section 8-C, the words “or stockist” wherever they occur shall be omitted.

- (13) in section 9, in sub-section (1), the words “or stockist” shall be omitted;
- (14) in section 10-A, the words “or stockist” wherever they occur shall be omitted;
- (15) in section 12-A, the words “or class of stockists” shall be omitted;
- (16) in section 12-B,-
- (i) in sub-section (1), for the words “stockists and every proprietor or stockist”, the words “and every proprietor” shall be substituted;
 - (ii) sub-section (3), shall be omitted;
- (17) in section 13, the words “or stockist” occurring in two places shall be omitted;
- (18) in section 17,-
- (i) in sub-section (1), the words “or stockist” shall be omitted;
 - (ii) in sub-section (2),-
 - (a) for the words “the business of any stockist”, the words “management of hospital” shall be substituted;
 - (b) the words “or the value of stock of luxuries” shall be omitted; - (iii) in sub-section (3), the words “or stockist” occurring in two places shall be omitted;
 - (iv) in sub-section (4), the words “or stockist” shall be omitted;
- (19) section 17-A shall be omitted;
- (20) section 18 shall be omitted;
- (21) the Schedule shall be omitted.

8. Amendment of Karnataka Act 27 of 1979.- In the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979),-

- (1) in section 4BB, in sub-section (3) , the words “ in that State” shall be and shall always be deemed to have been omitted;
- (2) in section 14, in sub-section (1), for the words “empowered by the State Government” wherever they occur, the words “empowered by the State Government or the Commissioner” shall be substituted.

By Order and in the name of the Governor of
Karnataka

G.K. BOREGOWDA
Secretary to Government,
Department of Parliamentary Affairs and Legislation.

KARNATAKA ACT NO 5 OF 2007

THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2007

Arrangement of Sections

Sections:

1. Short title and commencement
2. Amendment of Karnataka Act 25 of 1957
3. Amendment of Karnataka Act 30 of 1958
4. Amendment of Act 35 of 1976
5. Amendment of Karnataka Act 22 of 1979

STATEMENT OF OBJECTS AND REASONS

Amending Act 5 of 2007.- It is considered necessary to amend the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 and the Karnataka Tax on Luxuries Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith and also to amend the Karnataka Sales Tax Act, 1957 to provide for a provision for empowering the State Government to withdraw any notification issued under section 8-A either prospectively or retrospectively to give effect to the decision taken by the State Government with regard to discontinuance of sales tax based incentives to industries as a part of national consensus to bring in reforms in State taxes.

Certain consequential and incidental amendments are also made.

Hence the Bill.

[L.A.Bill No. 22 of 2007]

[Entries 54, 60 and 62 of List II of the Seventh Schedule to the Constitution of India.]

KARNATAKA ACT NO 5 OF 2007

(First Published in the Karnataka Gazette Extra-ordinary on the Thirtieth day of March, 2007)

THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2007

(Received the assent of the Governor on the Thirtieth day of March, 2007)

An Act further to amend certain taxation laws in force in the State of Karnataka.

Whereas it is expedient to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the fifty-eighth year of the Republic of India, as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Taxation Laws (Amendment) Act, 2007.

(2) It shall come into force from the first day of April, 2007.

2. Amendment of Karnataka Act 25 of 1957.- In the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), in section 8-A, after sub-section (3), the following proviso shall be deemed to have been inserted with effect from the first day of January, 2000, namely:-

“Provided that where Government has withdrawn the scheme of giving exemption of tax to any class or category of new investors in general by way of general or special order and in pursuant to such order, the Government may, by notification, withdraw such exemption including exemption granted by special order, if any, from a retrospective date. However, such date shall not be beyond the date of such general or special order.”

3. Amendment of Karnataka Act 30 of 1958.- In the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958),-

(1) in Section 3, in sub-section (1-A), in the proviso, after the words “circus”, the words “or drama” shall be inserted;

(2) in section 4-E, for the words “twenty per cent”, the words “ten per cent” shall be substituted;

(3) in section 4-G, for the words “ten per cent”, the words “six per cent” shall be substituted;

(4) in section 6, in sub-section (3), for the word “Commissioner” in the two places it occurs, the words “such authority as may be prescribed” shall be substituted.

4. Amendment of Act 35 of 1976.- In the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976),-

(1) in section 10,

(i) in the heading, after the words “ Payment of tax”, the words “and filing of return” shall be inserted;

(ii) for sub-section (1) excluding the proviso, the following shall be substituted, namely:-

“(1)Every enrolled person shall pay the tax payable by him under this Act and file his return before the assessing authority, in such manner and such form as may be prescribed.”

(iii) for sub-sections (3) to (8), the following sub-sections shall be substituted, namely,-

“(3) Notwithstanding anything contained in sub-sections (1) and (2),

(a) the tax payable under this Act by any agent or any other person by whatever name called earning income by way of commission or other remuneration as specified in item 4 of the Schedule, shall be deducted by the insurance company or bank or other financial institution before such commission or other remuneration is paid to him, and such insurance company or bank or other financial institution shall, irrespective of whether such deduction has been made or not when the commission or other remuneration is paid to such person shall be liable to pay tax on behalf of all such persons;

(b) where any salary or wage earner as specified in item 1 of the Schedule is working for any person registered or enrolled under this Act not as his employee but as a part of man power service by whatever name called being provided to him by any other person, the tax payable under this Act by such salary or wage earner shall be deducted by the person registered or enrolled under this Act before any amount is paid to such person providing service to him, and such person shall, irrespective of whether such deduction has been made or not when the amount is paid to such service provider shall be liable to pay tax on behalf of all such salary or wage earners;

(c) where any person registered or enrolled under this Act has taken on rent or hire or on similar terms any transport vehicle (other than auto rickshaws)for more than a month in a year, the tax payable by the owner of such transport vehicle shall be deducted by such person registered or enrolled under this Act before any amount is paid as rent or by whatever name called to the owner, and such person shall, irrespective of whether such deduction has been made or not when the rent or other amount is paid to such owner shall be liable to pay tax on behalf of all such owners ;

(d) the tax payable under this Act by any licensed race horse owner, trainer, jockey or book maker as specified in item 11 of the Schedule shall be deducted by the turf club or race club which has given him the licence before any amount is paid to such person for whatever reason, and such turf or race club shall, irrespective of whether such deduction has been made or not when any amount is paid to such person shall be liable to pay tax on behalf of all such persons; and

(e) the tax payable by any medical practitioner as specified in item 6 of the Schedule, shall be deducted by the person owning or running the nursing home, hospital, pathological testing laboratory or the X-ray clinic in which such medical practitioner carries on his profession other than as a salaried person, before any amount is paid to such medical practitioner, and such person shall, irrespective of whether such deduction has been made or not when any amount is paid to such medical practitioner shall be liable to pay tax on behalf of all such medical practitioners.

Provided that no deduction shall be made for any year under this sub-section from any enrolled person or person liable to be enrolled who produces copy of the return filed by him for that year.

(4) (a) The deduction under clause (a) of sub-section (3) shall be made in the month in which the commission or other remuneration payable for any year exceeds thirty six thousand rupees.

(b) The deduction under clause (b) of sub-section (3) shall be made every month in which the amount payable to a person exceeds three thousand rupees.

(c) The deduction under clauses (c) to (e) of sub-section (3) shall be made in the month in which any amount is paid for the first time in that year to the said persons.

(5) The person making deduction under sub-section (3) shall send every month to the jurisdictional assessing authority a statement in the prescribed form containing particulars of tax deducted during the preceding month and pay full amount of the tax so deducted by it within twenty days after the close of the preceding month in which such deduction was made and the amount so payable shall for the purposes of Section 13 be deemed to be an amount due under this Act.

(6) If default is committed in the payment of tax deducted beyond ten days after the period specified under sub-section (5), such person shall be liable to pay interest at 2% of the amount of tax due for each month or part thereof for a period for which the tax remains unpaid.

(7) The person making deduction under sub-section (3), shall furnish to the enrolled person or person liable to be enrolled from whom such deduction is made, a certificate obtained from the jurisdictional assessing authority containing such particulars as may be prescribed.

(8) Payment by way of deduction in accordance with sub-section (5), shall be without prejudice to any mode of recovery of tax due under this Act from the enrolled person or person liable to be enrolled and the burden of proving that the tax payable by him has already been deducted and remitted under sub-section (5) shall be on such person."

(2) in the Schedule,-

(i) for the entries relating to serial number 69, the following entries shall be substituted, namely:-

- “69. Persons engaged in maintenance or running of vehicle including bicycle parking places or areas
 (i) in the Bangalore Urban Agglomeration Rs.2,500 per annum
 (ii) in any other area in the State Rs.1,500 per annum
70. Persons owning or running places providing massage, sauna and other health and beauty improvement services,
 (i) in the Bangalore Urban Agglomeration Rs.2,500 per annum
 (ii) in any other area in the State Rs.1,500 per annum
71. Persons acting as brokers, commission agents and the like for purchase and sale of old or used motor vehicles,
 (i) in the Bangalore Urban Agglomeration Rs.2,500 per annum
 (ii) in any other area in the State Rs.1,500 per annum
72. Persons acting as agents, consultants and the like for any company or firm engaged in any business,
 (i) in the Bangalore Urban Agglomeration Rs.2,500 per annum
 (ii) in any other area in the State Rs.1,500 per annum
73. Persons other than those mentioned in any of the preceding entries who are engaged in any profession, trade, calling or employment and who are paying tax under the Income Tax Act, 1961 (Central Act 43 of 1961) Rs. 2,500 per annum
74. Persons other than those mentioned in any of the preceding entries who are engaged in professions, trades, callings or employments as the State Government from time to time by notification specify Rs.1,000 per annum ”

(ii) in the Explanation IV, for the figures and word “64 and 66”, the figures, brackets and word “64, 66, 69(i), 70(i), 71(i), 72(i) and 73” shall be substituted.

5. Amendment of Karnataka Act 22 of 1979.- In the Karnataka Tax on Luxuries Act, 1979(Karnataka Act 22 of 1979),

(1) in section 2, in clause (1-C), for the words “charges for hospital”, the words “charges for luxuries provided in a hospital” shall be and shall always be deemed to have been substituted;

(2) in section 3, in sub-section (1), in the second proviso, after the words “in India”, the words “other than such foreign diplomatic mission as may be notified” shall be inserted;

(3) in section 3-E, for sub-section (1), the following shall be and shall always be deemed to have been substituted, namely:-

“(1) There shall be levied and collected a tax at the rate of eight per cent on the charges collected for luxuries provided in a hospital in a room such as accommodation, air conditioning, telephone, telephone calls, television, radio, music, extra beds and the like, where such charges are more than one thousand rupees per day per room.”

(4) in section 4, for sub-section (3), the following shall be substituted, namely:-

“(3) Where luxury provided in a hotel to any person is charged at a concessional rate, then the tax on such luxury, shall be levied and collected on such lower charges where such lower charges are allowed as a result of any discount allowed in general or is in accordance with the terms of a contract or agreement entered into in a particular case and also where such discount allowed is published in tariff cards or displayed or disclosed in writing, in any manner for information.”

(5) in Section 17, for sub-section (4), the following shall be substituted with effect from the first day of April, 2006, namely:-

“(4) For the purposes of this Act, the Luxury Tax Officer or the person authorised by him in this behalf or the officer authorised under sub-section (1), may enter and search any hotel or any place of business of the proprietor or any other place where the Luxury Tax Officer or the officer authorised under sub-section (1) has reason to believe that the proprietor keeps, or is for the time being keeping, any records of accounts, registers or other documents relating to his business.”

By Order and in the name of the Governor of
Karnataka

G. K. BOREGOWDA
Secretary to Government,
Department of Parliamentary Affairs and
Legislation

KARNATAKA ACT NO 6 OF 2008
THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2008

Arrangement of Sections

Sections:

1. **Short title and commencement**
2. **Amendment of Mysore Act IX of 1932**
 - 3-A. **Payment of totalisator tax by way of composition**
 - 2A. **Amendment of Karnataka Act 25 of 1957**
3. **Amendment of Karnataka Act 30 of 1958**
 - 3-C. **Special provision in respect of certain films**
4. **Amendment of Act No.35 of 1976**
5. **Amendment of Karnataka Act 22 of 1979**
 9. **Appeals**
6. **Validation of assessments, etc.,-**

STATEMENT OF OBJECTS AND REASONS

It is considered necessary to amend the Karnataka Sales Tax Act, 1957, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 and the Karnataka Tax on Luxuries Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith or incidental thereto.

Opportunity is also taken to rationalise taxation and make certain consequential amendments also.

Hence the Bill.

(LA Bill No. 3 of 2008, File No.DPAL 11 Shashana 2008)

[Entries 54, 60 and 62 of List II of the Seventh Schedule to the Constitution of India.)

KARNATAKA ACT NO. 6 OF 2008

(First Published in the Karnataka Gazette Extra-ordinary on the Second day of August, 2008)

THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2008
(Received the assent of the Governor on the First day of August, 2008)

An Act further to amend certain taxation laws in force in the State of Karnataka.

Whereas it is expedient further to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the fifty-ninth year of the Republic of India, as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Taxation Laws (Amendment) Act, 2008.

(2) It shall come into force with effect from the first day of August, 2008.

2. Amendment of Mysore Act IX of 1932.- In the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), for section 3-A, the following shall be substituted, namely :-

"3-A. Payment of totalisator tax by way of composition.- Notwithstanding anything contained in section 3, but subject to such conditions as may be prescribed, the State Government may if a licensee so elects, accept in lieu of the totalisator tax payable under section 3 during any year, by way of composition, an amount at the rate of four percent of the total amount of moneys paid into the totalisator.

Explanation: Where rate of composition amount is varied in the middle of the year, the tax may be compounded, for the part of year at the rates applicable to that part of the year."

2A. Amendment of Karnataka Act 25 of 1957.- In the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), in section 20, in sub-section (5), after clause (b), in the second proviso as it existed prior to the first day of August, 2004, for the words "shall be completed", the words "as far as possible may be completed" shall be and shall be deemed to have been *substituted* from the first day of April, 2002 .

3. Amendment of Karnataka Act 30 of 1958.- In the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958),-

(1) for section 3-C, the following shall be substituted, namely:-

"3-C. Special provision in respect of certain films.- Notwithstanding anything contained in sections 3 and 3-A, no tax shall be levied under the said sections on a cinematograph show of a Kannada, Kodava, Konkani, Tulu or Banjara film which is not a dubbed version of a film of other language, subject to production of a certificate by the proprietor, as may be prescribed."

(2) in section 4-A, in sub-section (1), for the provisos, the following proviso shall be substituted, namely:-

"Provided that no tax shall be levied under this sub-section on a cinematograph show of a Kannada, Kodava, Konkani or Tulu film which is not a dubbed version of a film of other language, subject to production of a certificate by the proprietor, as may be prescribed ."

(3)in section 8-B, in sub-section (3),-

(a) in sub-clause (a), after the words “in appeal”, the words “and one half of the tax or other amount disputed in appeal” shall be inserted;

(b) for the proviso, the following proviso shall be *substituted*, namely:-

“ Provided that the appellate authority may, in its discretion, stay payment of the balance half of tax or other amount disputed in appeal, if the appellant furnishes security to its satisfaction in such form and in such manner as may be prescribed.”

(c) after the proviso so substituted, the following provisos shall be *inserted*, namely:-

“ Provided further that where any application made by an applicant for staying proceedings of recovery of any tax or other amount has not been disposed of by the Appellate Authority within a period of thirty days from the date of such application, it shall be deemed that the Appellate Authority has made an order staying proceedings of recovery of such tax or other amount subject to payment of one half of the tax or other amount disputed and furnishing security to the satisfaction of the assessing authority in regard to the other half of such tax or amount within a further period of fifteen days:

Provided also that where an order staying proceedings of recovery of any tax or other amount is passed under the first proviso, the Appellate Authority shall dispose of the appeal within a period of one hundred twenty days from the date of such order:

Provided also that if such appeal is not so disposed of within the period specified in third proviso, the order of stay shall stand vacated after the expiry of the said period and the Appellate Authority shall not make any further order staying proceedings of recovery of the said tax or other amount.”

(d) after the provisos so inserted, the following explanation shall be *inserted*, namely:-

“**Explanation.**- Every appeal filed after the commencement of the Karnataka Taxation Laws (Amendment) Act, 2008, shall be subject to clause (a) and the provisos of this sub-section.”

(4) in section 8-E,-

(a) in sub-section (4), after the words “accompanied by”, the words “proof of payment of one half of tax or other amount disputed and also” shall be inserted;

(b) for sub-section (6) including the first proviso, the following shall be *substituted*, namely:-

“(6) Notwithstanding that an appeal has been preferred under sub-section (1), and notwithstanding anything contained in any other law, tax or any other amount shall be paid in accordance with the assessment or other order made in the case:

Provided that the Appellate Tribunal may, in its discretion, stay payment of balance half of the tax or other amount disputed, if the appellant furnishes sufficient security to its satisfaction in such form and in such manner as may be prescribed:

Provided further, that the Appellate Tribunal shall dispose of such appeal within a period of one hundred eighty days from the date of the order staying proceedings of recovery of such balance half of tax or other amount:

Provided also that if such appeal is not so disposed of within the period specified in second proviso, the order of stay shall stand vacated and the Appellate Tribunal shall not make any further order staying proceedings of recovery of the said tax or other amount.”

(c) in the second proviso as it exists prior to the commencement of this Act, for the word “further”, the word “also” shall be *substituted*;

(d) after the fourth proviso so amended, the following explanation shall be *inserted*, namely:-

“Explanation.- Every appeal filed after the commencement of the Karnataka Taxation Laws (Amendment) Act, 2008 shall be subject to sub-sections (4) and (6).”

4. Amendment of Act No.35 of 1976.- In the Karnataka Tax on Professions Trades, Callings and Employments Act, 1976 (Karnataka Act No.35 of 1976), in the Schedule,-

(1) in serial number 1, in column (2), the entries relating to item (a) and the corresponding entries in column (3) shall be omitted;

(2) after the entries relating to serial number 18, as it existed prior to the first day of April, 2003, the following explanation, shall be and shall always be deemed to have been *inserted*, namely:-

“Explanation.- For the purpose of this entry, ‘banking companies’ shall include any bank whose operations are governed by the provisions of the Banking Regulation Act, 1949 (Central Act 10 of 1949).”

(3) after the entries relating to serial number 24, the following explanation, shall be deemed to have been *inserted with effect* from the first day of April, 2003, namely:-

“Explanation.- For the purpose of this entry, ‘banking companies’ shall include any bank whose operations are governed by the provisions of the Banking Regulation Act, 1949 (Central Act 10 of 1949).”

5. Amendment of Karnataka Act 22 of 1979.- In the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979),-

(1) in section 3-C, for the words “fifteen per cent”, the words “twenty per cent” shall be substituted;

(2) in section 4, for sub-section (3), the following shall be *substituted*, namely:-

“(3)Where luxury provided in a hotel to any person (not being an employee of the hotel), is not charged at all, or is charged at a concessional rate, then the tax on such luxury shall be levied and collected as if full charges for such luxury were paid to the proprietor of the hotel.”

(3) for section 9, the following shall be *substituted*, namely:-

“9. Appeals.- (1) Any proprietor objecting to any order or proceedings passed under the provisions of this Act, by the Luxury Tax Officer, may appeal to the Appellate Authority as may be prescribed.

(2) The appeal shall be preferred,-

(a) in respect of an order of assessment, within thirty days from the date on which the notice of assessment, was served on the appellant, and

(b) in respect of any other order or proceedings, within thirty days from the date on which the order was communicated to the appellant:

Provided that the Appellate Authority may admit an appeal preferred after the period as aforesaid, but within a further period of one hundred and eighty days, if it is satisfied that the appellant had sufficient cause for not preferring the appeal within that period.

(3) (a) Notwithstanding that an appeal has been preferred under sub-section (1), the tax or other amount due shall be paid in accordance with the order or proceedings against which an appeal has been preferred.

(b) No appeal against an order of assessment shall be entertained by the Appellate Authority, unless it is accompanied by satisfactory proof of the payment of, tax and other amount due if any, not disputed in the appeal and one half of the tax or other amount disputed in appeal.

Provided that the Appellate Authority may, in its discretion, stay payment of the balance half of tax or other amount disputed in appeal, if the appellant furnishes security to its satisfaction in such form and in such manner as may be prescribed:

Provided further that where any application filed for staying proceedings of recovery of any tax or other amount has not been disposed of by the Appellate Authority within a period of thirty days from the date of such application, it shall be deemed that the Appellate Authority has made an order, staying proceedings of recovery of such tax or other amount subject to payment of one half of the tax or other amount disputed and furnishing of sufficient security to the satisfaction of the Luxury Tax Officer in regard to the remaining half of such tax or amount within a further period of fifteen days:

Provided also that where an order staying proceedings of recovery of any tax or other amount is passed in any proceedings relating to an appeal under sub-section (1), the Appellate Authority shall dispose of the appeal within a period of one hundred twenty days from the date of such order:

Provided also that if such appeal is not so disposed of within the period specified in third proviso, the order of stay shall stand vacated after the expiry of the said period and the Appellate Authority shall not make any further order staying proceedings of recovery of the said tax or other amount.

(4) The appeal shall be in the prescribed form and shall be verified in the prescribed manner.

(5) In disposing of an appeal, the Appellate Authority may, after giving the appellant a reasonable opportunity of being heard,-

(a) in the case of an order of assessment or penalty,-

(i) confirm, reduce or enhance the assessment including any part thereof whether or not such part is objected to in the appeal;

(ii) pass such other orders as it may think fit; and

(b) in the case of any other order or proceedings, confirm, cancel or vary such order.

Provided that in disposing of an appeal, the Appellate Authority shall not set aside any order or proceedings of assessment or any other order and direct the Luxury Tax Officer to make a fresh assessment or to make a fresh order:

Provided further that the Appellate Authority shall pass an order disposing of an appeal, within a period of thirty days from the date on which the hearing of the case was concluded and where it is not practicable so to do on the ground of the exceptional and extraordinary circumstances of the case, the Appellate Authority shall fix a future date for passing the order, and such day shall not be a day beyond sixty days from the date on which the hearing of the case was concluded, with due notice of the same to the appellant.

(6) Every order passed on appeal under this section shall, subject to the provisions of sections 11 and 11-A, be final.

Explanation.- Every appeal filed after the commencement of the Karnataka Taxation Laws (Amendment) Act, 2008 shall be subject to this section.”;

(4) in section 11,-

- (a) in sub-section (3), after the words “accompanied by”, the words “proof of payment of one half of the tax or other amount disputed and also” shall be inserted;
- (b) for sub-section (6) including the proviso, the following shall be *substituted*, namely:-

“(6) Notwithstanding that an appeal has been preferred under sub-section (1), and notwithstanding anything contained in any other law, tax or any other amount shall be paid in accordance with the assessment or other order made in the case:

Provided that the Appellate Tribunal may, in its discretion, stay the payment of the balance half of the tax or other amount disputed, if the appellant furnishes sufficient security to its satisfaction in such form and in such manner as may be prescribed:

Provided further that the Appellate Tribunal shall dispose of such appeal within a period of one hundred eighty days from the date of the order staying proceedings of recovery of such half of the tax or other amount and, if such appeal is not so disposed of within the period specified, the order of stay shall stand vacated and the Appellate Tribunal shall not make any further order staying proceedings of recovery of the said tax or other amount.

Explanation.- Every appeal filed after the commencement of the Karnataka Taxation Laws (Amendment) Act, 2008 shall be subject to this section.”

6. Validation of assessments, etc.,-Notwithstanding anything contained in any judgement, decree or order of any Court, Tribunal or other authority to the contrary, anything done or any action taken or purporting to have been done or taken (including any notices or orders issued and all proceedings held for the levy, assessment and collection of tax or amount purported to have been collected by way of tax in relation to such levy, assessment and collection) under the provisions of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) and the Karnataka Tax on Professions Trades, Callings and Employments Act, 1976 (Karnataka Act No. 35 of 1976) (hereinafter referred to as the said Acts) before the commencement of this Act shall be deemed to be valid and effective as if such levy, assessment or collection or action or thing had been made, taken or done under the said Acts, as amended by this Act and accordingly,-

- (a) all acts, proceedings or things taken or done by any authority in connection with levy, assessment or collection of such tax shall, for all purposes be deemed to be, and to have always been taken or done in accordance with law;

- (b) no suit or other proceedings shall be maintained or continued in any Court or Tribunal or before any authority for the refund of any such tax; and
- (c) no Court shall enforce any decree or order directing the refund of any such tax.

ಕರ್ನಾಟಕ ರಾಜ್ಯಪಾಲರ ಆದೇಶಾನುಸಾರ ಮತ್ತು ಅವರ ಹೆಸರಿನಲ್ಲಿ

ಜಿ.ಕೆ. ಬೋರೇಗೌಡ

ಸರ್ಕಾರದ ಕಾರ್ಯದರ್ಶಿ,

ಸಂಸದೀಯ ವ್ಯವಹಾರಗಳು ಮತ್ತು ಶಾಸನ ರಚನಾ ಇಲಾಖೆ.

ಸರ್ಕಾರಿ ಮುದ್ರಣಾಲಯ, ಏಕಾಶ ಸೌಧ ಘಟಕ, ಬೆಂಗಳೂರು - ೦೧.

KARNATAKA ACT NO 7 OF 2009
THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2009

Arrangement of Sections

Sections:

1. **Short title and commencement**
2. **Amendment of Mysore Act IX of 1932**
3. **Amendment of Karnataka Act 30 of 1958**
4. **Amendment of Act 35 of 1976**
5. **Amendment of Karnataka Act 22 of 1979**

STATEMENT OF OBJECTS AND REASONS

Amending Act 7 of 2009.- It is considered necessary to amend the Mysore Betting tax Act, 1932, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions Trades, Callings and Employments Act, 1976 and the Karnataka Tax on Luxuries Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith.

Certain consequential and incidental amendments are also made.

Hence the Bill.

(LA Bill No.21 of 2009, File No. DPAL 13 Shasana 2009)

[Entries 60 and 62 of List II of the Seventh Schedule to the Constitution of India.]

KARNATAKA ACT NO 7 OF 2009

(First Published in the Karnataka Gazette Extra-ordinary on the Eighteenth day of March,
2009)

THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2009

(Received the assent of the Governor on sixteenth day of March, 2009)

An Act further to amend certain taxation laws inforce in the State of Karnataka.

Whereas it is expedient further to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Sixtieth year of the Republic of India, as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Taxation Laws (Amendment) Act, 2009.

(2) It shall come into force with effect from the First day of April, 2009.

2. Amendment of Mysore Act IX of 1932.- In the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932),-

(1) for section 6, the following shall be substituted, namely:-

“6. Betting Tax.- (1) There shall be levied and collected a tax, referred to as the Betting Tax, on the bets made by backers in an enclosure set apart by the licensee in accordance with the provisions of Mysore Race Courses Licensing Act, 1952 (Mysore Act No. VIII of 1952) through a licensed bookmaker on any race, whether run on the same race course or on any other race course either within the State or outside the State, at a rate not exceeding fifty thousand rupees for each day of a race meeting as may be specified by the State Government by a notification.

(2) The betting tax levied under sub-section (1) shall be paid by every licensed bookmaker.”

(2) for section 7, the following shall be substituted, namely:-

“7. Payment of betting tax.- Every licensed bookmaker shall pay the betting tax levied under section 6, in the manner and within such time along with a return in such form and manner as may be prescribed.”

3. Amendment of Karnataka Act 30 of 1958.- In the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958),-

(1) in Section 3,-

(a) in sub-section (1), in clause (b), for the figures and words “40 per cent”, the figures and words “30 per cent” shall be substituted;

(b) in sub-section (1-A), after the proviso, the following proviso shall be inserted, namely:-

“Provided further that admission to a game or sport involving proprietary teams, that is played for prize moneys and organized on commercial basis shall not be exempted from tax under the first proviso.”;

(2) in section 4-G, after the words “amounts received”, the words “or receivable” shall be inserted;

(3) in section 6-A, after sub-section (4), the following shall be inserted, namely:-

“(5) No assessment under this section for any prescribed period shall be made after a period of one year on the date on which the return under sub-section (1) for that prescribed period is submitted by a proprietor.

Provided that the assessment proceedings relating to any prescribed period ending before the commencement of the Karnataka Taxation Laws (Amendment) Act, 2009 in respect of which a return under sub-section (1) has been submitted before such commencement, shall be completed within a period of one year on the date of such commencement:

Provided further that the Commissioner may direct assessment of cases on random basis.

Provided also that nothing in this sub-section limiting the time within which assessment may be made, shall apply to an assessment made in consequence of, or to give

effect to, any findings, directions or orders made under section 8-B, 8-C, 8-D or 8-E or any judgment or order made by any Court.

(6) In computing the period of limitation for assessment under this section,-

(a) the time during which the proceedings for assessment in question have been deferred on account of any stay order granted by any Court or any other authority shall be excluded;

(b) the time during which the assessment has been deferred in any case or clause of cases by the Joint Commissioner for reasons to be recorded in writing shall be excluded.

(7) Where an assessment under this section is not concluded within the time specified in sub-section (5), the complimentary tickets and payment for admissions declared by a proprietor in his return shall be deemed to have been assessed for that prescribed period on the basis of said return and provisions of this Act relating to assessment of escaped complimentary ticket or payment for admission to any entertainment, payment and recovery, appeal and revision shall *mutatis mutandis* apply to such deemed assessment.

(8) Notwithstanding anything contained in this section, the Government may notify, subject to such conditions as may be specified, that assessment of any specified class of proprietors for any prescribed period shall be deemed to have been made on the basis of the return submitted under sub-section (1) without requiring presence of the proprietor or production of accounts and other documents by the proprietor.” ;

(4) after section 8-E, the following shall be inserted, namely:-

“8-F. Revision by High Court in certain cases.- (1) Within one hundred and eighty days from the date on which an order under sub-section (5) or (7) or (8) of Section 8-E was communicated to him, the appellant or the respondent may prefer a petition to the High Court against the order on the ground that the Appellate Tribunal has either failed to decide or decided erroneously any question of law.

(2) The High Court may admit a petition preferred after the period of one hundred and eighty days aforesaid if it is satisfied that the petitioner has sufficient cause for not preferring the petition within that period.

(3) The petition shall be in the prescribed form, shall be verified in the prescribed manner, and shall, when it is preferred by any person other than an officer empowered by the Government under sub-section (1) of Section 8-E, be accompanied by a fee of one hundred rupees.

(4) If the High Court, on perusing the petition, considers that there is no sufficient ground for interfering, it may dismiss the petition summarily:

(5) The High Court shall not dismiss any petition unless the petitioner has had a reasonable opportunity of being heard in support thereof.

(6) (a) If the High Court does not dismiss the petition summarily, it shall, after giving both the parties to the petition a reasonable opportunity of being heard, determine the question or questions of law raised and either reverse, affirm or amend the order against which the petition was preferred or remit the matter to the Appellate Tribunal with the

opinion of the High Court on the question or questions of law raised or pass such other order in relation to the matter as the High Court thinks fit.

(b) Where the High Court remits the matter to the Appellate Tribunal under clause (a) with its opinion on questions of law raised, the latter shall amend the order passed by it in conformity with such opinion.

(7) Before passing an order under sub-section (6) the High Court may, if it considers necessary so to do remit the petition to the Appellate Tribunal and direct it to return the petition with its finding on any specific question or issue.

(8) Notwithstanding that a petition has been preferred under sub-section (1), the tax shall be paid in accordance with the assessment made in the case.

(9) If as a result of the petition, any change becomes necessary in such assessment, the High Court may authorize the prescribed authority to amend the assessment and the prescribed authority shall amend the assessment accordingly and thereupon the amount overpaid by the person concerned shall be refunded to him without interest or the additional amount of tax due from him shall be collected in accordance with provisions of this Act, as the case may be.

(10) (a) The High Court may, on the application of either party to the petition, review any order passed by it under sub-section (6) on the basis of facts which were not before it when it passed the order.

(b) The application for review shall be preferred within such time and in such manner as may be prescribed, and shall where it is preferred by any person other than an officer empowered by the Government under sub-section (1) of Section 8-E be accompanied by a fee of one hundred rupees.

(11) (a) With a view to rectifying any mistake apparent from the record, the High Court may, at any time within five years from the date of the order passed by it under sub-section (6), amend such order.

(b) The High Court shall not pass an order under this sub-section without giving both parties affected by the order a reasonable opportunity of being heard.

(12) In respect of every petition preferred under sub-section (1) or (10), the costs shall be in the discretion of the High Court.”

4. Amendment of Act 35 of 1976.- In the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976),-

(1) in section 5, after sub-section (4), the following shall be inserted, namely:-

“(5) Where an employer or a person liable for registration or enrolment has failed to apply for such registration or enrolment within the time specified, the assessing authority shall, after giving him a reasonable opportunity of being heard, impose a penalty of one thousand rupees in the case of an employer and five hundred rupees in the case of any other person.” ;

(2) in section 6-A, after sub-section (3), the following shall be inserted, namely:-

“(4) Where an employer has failed to furnish a statement in the prescribed form or failed to pay the tax due on any statement furnished as required under the Act, the assessing authority shall, after giving him a reasonable opportunity of being heard, impose a penalty of two hundred and fifty rupees.”;

(3) in section 7,-

(a) for sub-section (1), the following shall be substituted, namely:-

“(1) Notwithstanding anything contained in sub-section (2) as it existed prior to commencement of the Karnataka Taxation Laws(Amendment) Act, 2009, every employer shall be deemed to have been assessed to tax based on the return filed by him under section 6 for any year commencing from the first day of April, 2008, except in cases where the Commissioner may notify the employer of any requirement of production of accounts before the assessing authority in support of a return filed for any year and such authority shall proceed to assess such dealer,-

(a) on the basis of the return filed where he is satisfied that the return filed is correct and complete, or

(b) to the best of its judgment, where the return filed appears to be incorrect or incomplete, after giving the employer an opportunity of showing cause against such assessment in writing.” ;

(b) for sub-section (2), the following shall be substituted, namely:-

“(2) Notwithstanding anything contained in this section as it existed prior to commencement of the Karnataka Taxation Laws (Amendment) Act, 2009, the Government may notify, subject to such conditions as may be specified, that assessment of any specified class of employers for any year shall be deemed to have been made on the basis of the return submitted under sub-section (1) without requiring the presence of the employer or production of accounts and other documents by the employer.” ;

(4) in section 21, after the words “Any authority”, the words “or any officer authorised by the Commissioner either generally or specifically” shall be inserted;

(5) in section 26, in sub-section (1), after the words “assessing authority”, the words “or the officer authorised under section 21” shall be inserted;

(6) in the Schedule, in serial number 1, in column (2),-

(a) the entries relating to item (b) and the corresponding entries in column (3) shall be omitted;

(b) the entries relating to item (c) and the corresponding entries in column (3) shall be omitted.

5. Amendment of Karnataka Act 22 of 1979.- In the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979),-

(1) in section 3, for sub-section (1), the following shall be substituted, namely:-

“3. Levy and collection of tax on luxury provided in a hotel.- (1) Subject to the provisions of this Act, there shall be levied and collected a tax on the luxury provided in a hotel in respect of every room (to be known as `Luxury Tax') at the following rates, namely:-

Serial Number	Charges	Rate of tax
1	Where the charges for lodging per room per day are not less than five hundred rupees but not more than one thousand rupees	Four per cent of such charges
2	Where the charges for lodging per room per day are more than one thousand rupees but not more than two thousand rupees	Six per cent of such charges
3	Where the charges for lodging per room per day are more than two thousand rupees	Ten per cent of such charges

Provided that where charges for lodging are payable otherwise than on daily basis, then, for the purposes of determining the tax liability under this section, the charges shall be computed as for a day, based on the period of lodging for which the charges are payable.

Provided further that where any charges for lodging are paid by any person who is a member of the Foreign Diplomatic Mission in India, other than such foreign diplomatic mission as may be notified then such person shall be exempt from payment of tax. ” ;

(2) in section 3-B, for the words “twenty per cent”, the words “ten per cent” shall be substituted;

(3) in section 3-C, for the words “twenty per cent”, the words “ten per cent” shall be substituted;

(4) in section 4, for sub-section (3), the following shall be substituted, namely:-

“(3) Where luxury provided in a hotel to any person is charged at a concessional rate, then the tax on such luxury, shall be levied and collected on such lower charges where such lower charges are allowed as a result of any discount allowed in general or is in accordance with the terms of a contract or agreement entered into in a particular case and also where such discount allowed is published in tariff cards or displayed or disclosed in writing, in any manner for information.” ;

(5) in section 12-A, for the words “specified class of hotels”, the words “specified class of hotels, marriage halls, clubs and hospitals” shall be substituted.

By Order and in the name of the Governor of
Karnataka

G.K. BOREGOWDA
Secretary to Government,
Department of Parliamentary Affairs and
Legislation

KARNATAKA ACT NO 5 OF 2010

THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2010

Arrangement of Sections

Sections:

1. Short title and commencement
2. Amendment of Karnataka Act 25 of 1957
3. Amendment of Karnataka Act 30 of 1958
4. Amendment of Karnataka Act 35 of 1976
5. Amendment of Karnataka Act 22 of 1979
6. Amendment of Karnataka Act 27 of 1979
7. Validation of assessments, etc.

STATEMENT OF OBJECTS AND REASONS

Amending Act 5 of 2010.- It is considered necessary to amend the Karnataka Sales Tax Act, 1957, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, the Karnataka Tax on Luxuries Act, 1979 and the Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith and specifically to,

- (i) amend the Karnataka Sales Tax Act, 1957 to provide for levy of tax on supply of goods by an association or a body of persons like clubs, registered or unregistered, to its members retrospectively from second day of February, 1983 from which day by the forty-sixth amendment to the Constitution of India, the State Legislature was empowered to levy tax on such transactions so as to remove doubts raised in this regard because of the judgment of the Hon'ble High Court of Karnataka in the case of Century Club and Others versus The State of Mysore and another, declaring the provisions made in the Karnataka Sales Tax Act, 1957 before such constitutional amendment for levy of tax on such transactions as void and inoperative.
- (ii) provide for collection of entry tax in advance under the Karnataka Tax on Entry of Goods Act, 1979 at the point of sugar factories selling sugar to dealers who subsequently cause entry of such sugar into any local area in the State.

Certain consequential and incidental amendments are also made.

Hence the Bill.

[L.A.Bill No. 9 of 2010, File No.DPAL 12 Shasana 2010]

[Entry 52,54, 60 and 62 of List II of the Seventh Schedule to the Constitution of India.]

KARNATAKA ACT NO 5 OF 2010

(First Published in the Karnataka Gazette Extra-ordinary on the thirtieth day of March, 2010)

THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2010

(Received the assent of the Governor on the twenty ninth day of March, 2010)

An Act further to amend certain taxation laws in force in the State of Karnataka.

Whereas it is expedient further to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Sixty First year of the Republic of India, as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Taxation Laws (Amendment) Act, 2010.

(2) It shall come into force with effect from the First day of April, 2010.

2. Amendment of Karnataka Act 25 of 1957.- In the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957),-

(1) in section 2, in sub-section (1),-

(a) in clause (k), after sub-clause (vi), the following sub-clause shall be and shall be deemed to have been inserted with effect from the second day of February, 1983, namely:-

“(vi-1) an unincorporated association or body of persons which supplies goods to its members for cash, deferred payment or other valuable consideration;”

(b) in clause (t),-

(i) after sub-clause (iv), the following shall be and shall be deemed to have been inserted with effect from the second day of February, 1983, namely:-

“(v) a supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration;

(vi) a supply by way of or as part of any service or in any other manner whatsoever of goods, being food or any other article for human consumption or any drink (whether or not intoxicating) where such supply or service is for cash, deferred payment or other valuable consideration, and such transfer, delivery or supply of any goods shall be deemed to be a sale of those goods by the person making the transfer, delivery or supply and a purchase of those goods by the person to whom such transfer, delivery or supply is made.”

(ii) Explanation 3-A shall be and shall be deemed to have been omitted with effect from the second day of February, 1983.

(2) in section 12,-

(a) in sub-section (1), the following proviso shall be inserted, namely:-

“Provided that the specified class of dealers as may be notified by the Commissioner shall submit the return in the prescribed form, electronically through internet in the manner specified in the said notification.”

(b) in sub-section (1-A), the following proviso shall be inserted, namely:-

“Provided that the specified class of dealers as may be notified by the Commissioner shall pay the tax payable on the basis of the return under sub-section (1), by electronic remittance through internet in the manner specified in the said notification.”

(3) in section 12-B, in sub-section (1), after the fourth proviso, the following proviso shall be inserted, namely:-

“Provided also that the specified class of dealers as may be notified by the Commissioner shall submit the statement in the prescribed form, electronically through internet and also pay the tax payable on the basis of the statement, by electronic remittance through internet, in the manner specified in the said notification.”

(4) in section 13, in sub-section (1), after the proviso, the following proviso shall be inserted, namely:-

“Provided further that the specified class of dealers as may be notified by the Commissioner shall pay the tax or any other amount due under this Act, by electronic remittance through internet in the manner specified in the said notification.”

(5) in section 25-B,-

(a) in sub-section (3), the following proviso shall be inserted, namely:-

“Provided that the specified class of dealers as may be notified by the Commissioner shall submit the return in the prescribed form, electronically through internet in the manner specified in the said notification.”

(b) in sub-section (4), the following proviso shall be inserted, namely:-

“Provided that the specified class of dealers as may be notified by the Commissioner shall pay the tax payable under sub-section (1) and cess payable under sub-section(2), by electronic remittance through internet in the manner specified in the said notification.”

3. Amendment of Karnataka Act 30 of 1958.- In the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958),-

(1) in section 6-A,-

(a) in sub-section (1), after the proviso, the following proviso shall be inserted, namely:-

“Provided further that the specified class of proprietors of entertainments as may be notified by the Commissioner shall submit the return in the prescribed form, electronically through internet in the manner specified in the said notification.”

(b) in sub-section (1-A), the following proviso shall be inserted, namely:-

“Provided that the specified class of proprietors of entertainments as may be notified by the Commissioner shall pay the tax payable on the basis of the return under sub-section (1), by electronic remittance through internet in the manner specified in the said notification.”

(2) in section 9, in sub-section (1), the following proviso shall be inserted, namely:-

“Provided that the specified class of proprietors of entertainments as may be notified by the Commissioner shall pay the tax or any other amount due under this act, by electronic remittance through internet in the manner specified in the said notification.”

4. Amendment of Karnataka Act 35 of 1976.- In the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976),-

(1) in section 6,-

(a) in sub-section (1), the following proviso shall be inserted, namely:-

“Provided further that the specified class of employers as may be notified by the Commissioner shall submit the return in the prescribed form, electronically through internet in the manner specified in the said notification.”

(b) in sub-section (2), the following proviso shall be inserted, namely:-

“Provided that the specified class of employers as may be notified by the Commissioner shall pay the tax payable on the basis of the return under sub-section (1), by electronic remittance through internet in the manner specified in the said notification.”

(2) in section 6-A,-

(a) in sub-section (1), after the proviso, the following proviso shall be inserted, namely:-

“Provided further that the specified class of employers as may be notified by the Commissioner shall submit the statement in the prescribed form, electronically through internet in the manner specified in the said notification.”

(b) in sub-section (2), the following proviso shall be inserted, namely:-

“Provided that the specified class of employers as may be notified by the Commissioner shall pay the tax payable on the basis of the statement under sub-section (1), by electronic remittance through internet in the manner specified in the said notification.”

(3) in section 10,-

(a) in sub-section (1), after the proviso, the following proviso shall be inserted, namely:-

“Provided further that the specified class of enrolled persons as may be notified by the Commissioner shall pay the tax payable, by electronic remittance through internet and also submit the return in the prescribed form, electronically through internet, in the manner specified in the said notification.”

(b) in sub-section (5), the following proviso shall be inserted, namely:-

“Provided that the specified class of persons as may be notified by the Commissioner shall submit the statement in the prescribed form, electronically through internet and also pay the amount of tax deducted on the basis of the statement, by electronic remittance through internet, in the manner specified in the said notification.”

5. Amendment of Karnataka Act 22 of 1979.- In the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979),-

(1) in section 3, in sub-section (1),-

(a) in the entries relating to serial number 2, for the words “Six per cent of such charges”, the words “Eight per cent of such charges” shall be substituted;

(b) in the entries relating to serial number 3, for the words “Ten per cent of such charges”, the words “Twelve per cent of such charges” shall be substituted.

(2) in section 5,-

(a) in sub-section (1), the following proviso shall be inserted, namely:-

“Provided that the specified class of proprietors as may be notified by the Commissioner shall submit the return in the prescribed form, electronically through internet in the manner specified in the said notification.”

(b) in sub-section (2), the following proviso shall be inserted, namely:-

“Provided that the specified class of proprietors as may be notified by the Commissioner shall pay the tax payable on the basis of the return under sub-section (1), by electronic remittance through internet in the manner specified in the said notification.”

(3) in section 5-A,-

(a) in sub-section (1), the following proviso shall be inserted, namely:-

“Provided that the specified class of proprietors as may be notified by the Commissioner shall submit the statement in the prescribed form, electronically through internet in the manner specified in the said notification.”

(b) in sub-section (2), the following proviso shall be inserted, namely:-

“Provided that the specified class of proprietors as may be notified by the Commissioner shall pay the tax payable on the basis of the statement under sub-section (1), by electronic remittance through internet in the manner specified in the said notification.”

(4) in section 8, in sub-section (1), the following proviso shall be inserted, namely:-

“Provided that the specified class of proprietors as may be notified by the Commissioner shall pay the tax or any other amount due under this Act, by electronic remittance through internet in the manner specified in the said notification.”

(5) in section 11-A, in sub-section (1), for the words “sixty days” in two places where they occur, the words “one hundred and eighty days” shall be substituted.

6. Amendment of Karnataka Act 27 of 1979.- In the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979),-

(1) in section 5,-

(a) in sub-section (1), the following proviso shall be inserted, namely:-

“Provided that the specified class of dealers as may be notified by the Commissioner shall submit the return in the prescribed form, electronically through internet in the manner specified in the said notification.”

(b) in sub-section (2), the following proviso shall be inserted, namely:-

“Provided that the specified class of dealers as may be notified by the Commissioner shall pay the tax payable on the basis of the return under sub-section (1), by electronic remittance through internet in the manner specified in the said notification.”

(2) in section 7, in sub-section (1), the following proviso shall be inserted, namely:-

“Provided that the specified class of dealers as may be notified by the Commissioner shall submit the statement in the prescribed form, electronically through internet and also pay the tax payable on the basis of the statement, by electronic remittance through internet, in the manner specified in the said notification.”

(3) in section 8, in sub-section (1), the following proviso shall be inserted, namely:-

“Provided further that the specified class of dealers as may be notified by the Commissioner shall pay the tax or any other amount due under this Act, by electronic remittance through internet in the manner specified in the said notification.”

(4) after section 8-A, the following shall be inserted, namely:-

“8-B. Payment of tax at source in the case of sugar.- (1) Notwithstanding anything contained in sections 7 and 8, every dealer purchasing sugar from a manufacturer in the State, shall pay an amount equivalent to the tax payable by such dealer under the Act on entry of sugar so purchased into a local area in the State by such dealer to such manufacturer of sugar.

(2) Every manufacturer of sugar to whom an amount is payable by a purchaser as specified under sub-section (1), shall deliver sugar to the purchaser only after payment of such amount to him and where the sugar is delivered without payment of such amount, it shall be deemed to be an amount due under this Act from such manufacturer of sugar.

(3) Every manufacturer of sugar in the State shall submit every month to the prescribed authority a statement in the prescribed form containing particulars of tax paid to him under sub-section (1) during the preceding month and remit the amount of tax so paid to him within twenty days after the close of the preceding month in which such payment was made and the amount liable to be so remitted shall be deemed to be an amount due under this Act.

Provided that the specified class of manufacturers as may be notified by the Commissioner shall submit the statement in the prescribed form, electronically through internet and also pay the amount of tax payable on such statement, by electronic remittance through internet, in the manner specified in the said notification.

(4) The manufacturer of sugar to whom payment is made under sub-section (3), shall furnish to the purchaser who has made such payment, a certificate obtained from the prescribed authority containing such particulars as may be prescribed.

(5) Payment in accordance with sub-section (1), shall be without prejudice to any other mode of recovery of tax due under this Act from the purchasing dealer on entry of sugar purchased.

(6) Where tax in respect of purchase of sugar is remitted under sub-section (3), the tax payable by the purchasing dealer on entry of such sugar or where no tax is payable in respect of purchase of such sugar, any other tax payable by the purchasing dealer, shall be reduced by the amount of tax already remitted under the said sub-section.

(7) The burden of proving that the tax on such entry of sugar has already been remitted and of establishing the exact quantum of tax so remitted shall be on the dealer claiming the reduction.”

(5) in section 12-C, in sub-section (1), for the words, figures and brackets “Section 4 of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957)”, the words, figures and brackets “section 60 of the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)” shall be substituted.

7. Validation of assessments, etc.,-Notwithstanding anything contained in any judgment, decree or order of any Court, Tribunal or other authority to the contrary, anything done or any action taken or purporting to have been done or taken (including any notices or orders issued and all proceedings held for the levy, assessment and collection of tax or amount purported to have been collected by way of tax in relation to such levy, assessment and collection) under the provisions of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) (hereinafter referred to as the said Act) before the commencement of this Act from an unincorporated association or body of persons which supplies goods to its members for cash, deferred payments or other valuable consideration shall be deemed to be valid and effective as if such levy, assessment or collection or action or thing had been made, taken or done under the said Act, as amended by this Act and accordingly,-

- (a) all acts, proceedings or things taken or done by any authority in connection with levy, assessment or collection of such tax shall, for all purposes be deemed to be, and to have always been taken or done in accordance with law;
- (b) no suit or other proceedings shall be maintained or continued in any Court of Tribunal or before any authority for the refund of any such tax; and
- (c) no Court shall enforce any decree or order directing the refund of any such tax.

By Order and in the name of the Governor of Karnataka

G.K. BOREGOWDA

Secretary to Government,

Department of Parliamentary Affairs and Legislation

ಸರ್ಕಾರಿ ಮುದ್ರಣಾಲಯ, ವಿಕಾಸ ಸೌಧ ಘಟಕ, ಬೆಂಗಳೂರು. (ಪಿ-3)

KARNATAKA ACT NO. 15 OF 2011
THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2011
Arrangement of Sections

Sections:

1. Short title and commencement
2. Amendment of Mysore Act IX of 1932
3. Amendment of the Mysore Act VIII of 1952
4. Amendment of Karnataka Act 30 of 1958
5. Amendment of Karnataka Act 35 of 1976
6. Amendment of Karnataka Act 22 of 1979
7. Amendment of Karnataka Act 27 of 1979
8. Repeal of certain enactments

STATEMENT OF OBJECTS AND REASONS

Amending Act 15 of 2011.- It is considered necessary to amend the Mysore Betting Tax Act, 1932, the Mysore Race Courses Licensing Act, 1932, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, the Karnataka Tax on Luxuries Act, 1979 and the Karnataka Tax on Entry of Goods Act, 1979 to,

- (i) extend the application of the Betting Tax Act, 1932 and the Mysore Race Courses Licensing Act, 1952 for the whole of State of Karnataka;
- (ii) to omit certain redundant provisions and the Schedules in the Betting Tax Act, 1932 and the Mysore Race Courses Licensing Act, 1952;
- (iii) to repeal certain redundant enactments; and
- (iv) give effect to the proposals made in the Budget and matters connected therewith.

Certain consequential and incidental amendments are also made.

Hence the Bill.

[L.A. Bill No.11 of 2011, File No.Samvyashae 13 Shasana 2011]

[Entries 34,52, 60 and 62 of List II of the Seventh Schedule to the Constitution of India.]

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KARNATAKA ACT NO. 15 OF 2011

(First Published in the Karnataka Gazette Extra-ordinary on the nineteenth day of March, 2011)

THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2011

(Received the assent of the Governor on the seventeenth day of March, 2011)

An Act further to amend certain taxation laws in force in the State of Karnataka.

Whereas it is expedient further to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Sixty second year of the Republic of India, as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Taxation Laws (Amendment) Act, 2011.

(2) It shall come into force with effect from the First day of April, 2011.

2. Amendment of Mysore Act IX of 1932.- In the Betting Tax Act, 1932 (Mysore Act IX of 1932),-

(1) in section 1, for sub-section (2), the following shall be substituted, namely:-

“(2) It extends to the whole of the State of Karnataka.”

(2) for section 3-A, the following shall be substituted, namely:-

“**3-A. Payment of totalisator tax by way of composition.-** Notwithstanding anything contained in section 3, but subject to such conditions as may be prescribed, the State Government may, if a licensee so elects, accept in lieu of the totalisator tax payable under section 3 during any year, by way of composition, in respect of a licensee in Bangalore City at the rate of eight percent of the total amount of moneys paid into the totalisator and in respect of a licensee in Mysore City at the rate of four percent of the total amount of moneys paid into the totalisator.”

(3) sections 12, 13 and 14, as existed before the Mysore Betting Tax (Karnataka Amendment) Act, 1980 (Karnataka Act 22 of 1980) shall be omitted.

3. Amendment of the Mysore Act VIII of 1952.- In the Mysore Race Courses Licensing Act, 1952 (Mysore Act VIII of 1952),-

(1) in the Title, long title and preamble, for the word “Mysore”, the word “Karnataka” shall be substituted; and

(2) in section 1,-

(i) in sub-section (1), for the word “Mysore”, the word “Karnataka” shall be substituted;

(ii) for sub-section (2), the following shall be substituted, namely:-

“(2) It extends to the whole of the State of Karnataka.”.

(3) sections 12, 13 and 14 and the Schedule shall be omitted.

4. Amendment of Karnataka Act 30 of 1958.- In the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958),-

(1) in section 2,-

(i) after clause (a), the following shall be inserted, namely:-

“(aa) “**Additional Commissioner**” means the Additional Commissioner of Commercial Taxes appointed under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) or the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004);”

(ii) clause (da) shall be omitted;

(2) in section 5,-

(i) after the words “with the previous approval of the State Government”, the words “ or the Commissioner or any officer authorised by the State Government or the Commissioner” shall be inserted;

(ii) for the words “as may be specified by the State Government”, the words “as may be prescribed or specified by the State Government” shall be substituted.

(iii) in the proviso, after the words “the State Government”, the words “ or the Commissioner or any officer authorised by the State Government or the Commissioner” shall be inserted.

(3) in section 6-A,-

(i) in the title, for the word “Returns”, the words “Submission of returns and furnishing of information” shall be substituted.

(ii) after sub-section (1-A), the following shall be inserted, namely:-

“(1-B) Every proprietor of a cinema theatre belonging to a specified class as may be notified by the Commissioner shall enter in the website, particulars of each cinematograph show within such time as may be specified in the notification.”

(4) after section 8-C, the following shall be inserted, namely:-

“8-CC. Revision by the Additional Commissioner.- (1) The Additional Commissioner may on his own motion call for and examine the record of any order passed or proceeding recorded under this Act and if he considers that any order passed therein by any officer, who is not above the rank of a Joint Commissioner, is erroneous in so far as it is prejudicial to the interest of the revenue, he may, if necessary, stay the operation of such order for such period as he deems fit and after giving the person concerned an opportunity of being heard and after making or causing to be made such inquiry as he deems necessary, pass such order thereon as the circumstances of the case justify, including an order enhancing or modifying the assessment, or canceling the assessment or directing a fresh assessment.

(2) The Additional Commissioner shall not exercise any power under sub-section (1), if.-

- (a) the time for appeal against the order has not expired;
- (b) the matter has been subject to an appeal under Section 8-E or a revision in the High Court; or
- (c) more than four years have expired after the passing of the order sought to be revised.

Provided that in the case of an order passed by the Appellate Authority under Section 8-E allowing the appeal preferred in full, the condition specified in clause (a) shall not apply.

(3) Notwithstanding anything contained in sub-section (2), the Additional Commissioner may pass an order under sub-section (1), on any point which has not been raised and decided in an appeal or revision referred to in clause (b) of sub-section (2), before the expiry of a period of one year from the date of the order in such appeal or revision or before the expiry of a period of four years referred to in clause (c) of that sub-section, whichever is later.

(4) Every order passed in revision under sub-section (1) shall, subject to the provisions of Section 8-D be final.

(5) If the order passed or proceedings recorded by the Additional Commissioner, involves an issue on which the High Court has given its decision adverse to the revenue in some other proceedings and an appeal to the Supreme Court against such decision of the High Court is pending, the period spent between the date of the decision of the High Court and the date of the decision of the Supreme Court shall be excluded in computing the period referred to in clause (c) of sub-section (2).

(6) In computing the period of limitation for the purpose of sub-section (2), any period, during which any proceeding under this Section is stayed by an order or injunction of any court, shall be excluded.

(7) For the purposes of this Section, ‘record’ shall include all records relating to any proceedings under this Act available at the time of examination by the Additional Commissioner.”

(5) Section 10A shall be omitted.

5. Amendment of Karnataka Act 35 of 1976.- In the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976), in section 5,-

(1) after sub-section (1), the following proviso shall be inserted, namely:-

“Provided that the Commissioner may notify the website in which an application for registration shall be made electronically in the manner specified in the said notification.”

(2) after sub-section (2), the following proviso shall be inserted, namely:-

“Provided that the Commissioner may notify the website in which an application for enrolment shall be made electronically in the manner specified in the said notification.”

6. Amendment of Karnataka Act 22 of 1979.- In the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979),-

(1) in section 2, after clause (1-C), the following shall be inserted, namely:-

“(1-D) **“Additional Commissioner”** means the Additional Commissioner of Commercial Taxes appointed under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) or the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004);”

(2) in section 4-A, after sub-section (1), the following proviso shall be inserted, namely:-

“Provided that the Commissioner may notify the website in which an application for registration shall be made electronically in the manner specified in the said notification.”

(3) in section 10,-

(i) in the title for the words “Joint Commissioner and ”, the words and punctuation mark “Joint Commissioner, Additional Commissioner and ” shall be substituted;

(ii) after sub-section (1), the following shall be inserted, namely:-

“(1-A) The Additional Commissioner may of his own motion, call for and examine the record of any order passed or proceedings recorded under the provisions of this Act by any officer, who is not above the rank of a Joint Commissioner, for the purpose of satisfying himself as to the legality or propriety of such order or as to the regularity of such proceeding insofar as it is prejudicial to the interest of revenue, and pass such orders with reference thereto as he thinks fit.”

(iii) in sub-section (2), for the words “Joint Commissioner”, the words “Additional Commissioner” shall be substituted;

(iv) in sub-section (3), for the words, brackets and figures “sub-sections (1) and (2)”, the words, brackets, figures and letter “sub-sections (1), (1-A) and (2)” shall be substituted;

(v) in sub-section (4), for the words, brackets and figures “sub-section (1) or (2)”, the words, brackets, figures and letter “sub-section (1), (1-A) or (2)” shall be substituted;

(vi) in sub-section (6), for the words, brackets and figures “sub-section (1)”, the words, brackets, figures and letter “sub-section (1) or (2)” shall be substituted.

(vii) in the Explanation I, for the words “the Joint Commissioner”, the words “the Additional Commissioner or the Joint Commissioner” shall be substituted.

(4) for section 12-A, the following shall be substituted, namely:-

“12-A. Power of State Government to exempt or reduce tax or permit payment of composition amount.- The State Government may, if in its opinion, it is necessary in the public interest so to do, by notification and subject to such restrictions and conditions and for such period as may be specified in the notification,-

(a) exempt or reduce the tax payable under this Act in respect of specified class of hotels, marriage halls, clubs and hospitals; and,

(b) permit payment of an amount by way of composition in lieu of the tax payable under this Act in respect of specified class of hotels.”

7. Amendment of Karnataka Act 27 of 1979.- In the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979),-

(1) in section 4, in sub-section (1), after the proviso, the following proviso shall be inserted, namely:-

“Provided further that the Commissioner may notify the website in which an application shall be made electronically.” ;

(2) in section 18-B,-

(i) in sub-section (1), for the word, figure and letter “Section 28-A”, the words, figures and letter “Section 28-A of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) or sub-section (3) of Section 53 of the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)” shall be substituted;

(ii) for the Explanation at the end, the following shall be substituted, namely:-

“Explanation.- In case where a vehicle owned by a person is hired for transportation of goods by some other person including a transporting or any other similar agency, both the persons shall for the purposes of this Section, be deemed to be the owner of the vehicle, and shall be jointly and severally liable to pay any amount of tax or penalty payable.”

8. Repeal of certain enactments.- The enactments specified in the Schedule below, as in force in the Belgaum, Gulbarga and Mangalore and Kollegal Areas of the State are hereby repealed.

SCHEDULE
(see section 3)

Sl. No.	Year of Enactment	No. of Enactment	Name of Enactment	Area where the enactment is in force
(1)	1912	III	The Bombay Race-Courses Licensing Act	Belgaum Area
(2)	1358F	LI	The Hyderabad Horse Racing and Betting Tax Regulation 1358F	Gulbarga Area
(3)	1925	VI	The Bombay Betting Tax Act	Belgaum Area
(4)	1935	XX	The Madras Betting Tax Act	Mangalore and Kollegal Area

By Order and in the name of the Governor of Karnataka

G.K. BOREGOWDA

Secretary to Government,

Department of Parliamentary Affairs and Legislation

KARNATAKA ACT NO 18 OF 2012
THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2012

Arrangement of Sections

Sections:

1. **Short title and commencement**
2. Amendment of Karnataka Act 22 of 1957
3. Amendment of Karnataka Act 30 of 1958
4. Amendment of Karnataka Act 35 of 1976
5. Amendment of Karnataka Act 22 of 1979
6. Amendment of Karnataka Act 27 of 1979

STATEMENT OF OBJECTS AND REASONS

Amending Act 18 of 2012.- It is considered necessary to amend the Karnataka Agricultural Income Tax Act, 1957, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, the Karnataka Tax on Luxuries Act, 1979 and the Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith.

Certain consequential and incidental amendments are also made.

Hence the Bill.

[L.A. Bill No. 4 of 2012, File No.Samvyashae 24 Shasana 2012]

[Entries 46, 52, 60 and 62 of List II of the Seventh Schedule to the Constitution of India.]

KARNATAKA ACT NO 18 OF 2012

(First Published in the Karnataka Gazette Extra-ordinary on the thirty-first day of March, 2012)

THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2012

(Received the assent of the Governor on the thirty-first day of March, 2012)

An Act further to amend certain taxation laws in force in the State of Karnataka.

Whereas it is expedient further to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Sixty third year of the Republic of India, as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Taxation Laws (Amendment) Act, 2012.

(2) It shall come into force with effect from the First day of April, 2012.

2. Amendment of Karnataka Act 22 of 1957.- In the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957),-

(1) in section 55, in sub-section (1), for the words “sixty days” occurring in two places, the words “one hundred and eighty days” shall be substituted;

(2) section 66 shall be omitted.

(3) in the Schedule Part II shall be omitted.

3. Amendment of Karnataka Act 30 of 1958.- In the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958),-

(1) in section 6-A,-

(i) for sub-section (2), the following shall be substituted, namely:-

“(2) Every proprietor shall be deemed to have been assessed to tax based on the return submitted by him under sub-section (1), except in cases where the Commissioner may notify the requirement of production of accounts by the proprietor before the prescribed authority within a period of six months from the date of submitting the return, in support of a return submitted for any period and such authority shall proceed to assess such proprietor,-

(a) on the basis of the return submitted where it is satisfied the return submitted is correct and complete, or

(b) to the best of its judgment, where the return submitted appears to be incorrect or incomplete, after giving the proprietor a reasonable opportunity of showing cause against such assessment in writing.

Provided that nothing in this sub-section shall apply to a return submitted for any prescribed period upto the period ending 31st March, 2012.”

(ii) in sub-section (5), after the third proviso, the following proviso shall be inserted, namely:-

“Provided also that nothing in this sub-section shall apply to a return submitted for any prescribed period commencing after 1st April, 2012. ” ;

(2) after section 6-D, the following shall be inserted, namely:-

“6-E. Registration of certain proprietors.- (1) No proprietor of a cinema theatre or a video parlour shall run such cinema theatre or video parlour without registration under this Act.

(2) Every proprietor of a cinema theatre or video parlour liable to pay tax under this Act shall get himself registered by making an application in the prescribed form in such manner as may be prescribed.

Provided that the Commissioner may notify the website in which an application shall be made electronically.

(3) On receipt of an application to register, the prescribed authority shall register any such proprietor and granting him a certificate of registration if he satisfies that he complies with the requirements of this Act with effect from the date of commencement of entertainment.

(4) Every proprietor who is already paying tax under the Act shall be deemed to have been registered under this Act and he shall be granted a certificate of registration without making any application.

(5) The prescribed authority may for good and sufficient reasons, cancel any registration granted, on its own motion or on the application of the proprietor.

Provided that no registration granted shall be cancelled on its own motion without giving a reasonable opportunity to the proprietor”

4. Amendment of Karnataka Act 35 of 1976.- In the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976),-

(1) in section 6-A, in sub-section (1), the first proviso and the Explanation shall be omitted;

(2) Section 7-A shall be omitted; and

(3) in section 18-A, in sub-section (1), for the words “sixty days” occurring in two places, the words “one hundred and eighty days” shall be substituted.

5. Amendment of Karnataka Act 22 of 1979.- In the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979),-

(1) in section 2, for clause (5-B), the following shall be substituted, namely:-

“(5-B) “**Marriage Hall**” means,-

(i) Kalyana Mantap, Shadi Mahal, Community Hall, a building or part of a building or a temporary structure or a property as defined in section 3 of the Transfer of Property Act, 1882 where accommodation is provided for marriage or reception or matters related therewith or for organizing any official, social or business function whether functions are conducted in such place regularly or not;

(ii) Seminar, convention, banquets, meeting or exhibition hall or a temporary structure or a property as defined in section 3 of the Transfer of Property Act, 1882 where accommodation is provided for marriage or reception or matters related therewith or for organizing any official, social or business function whether functions are conducted in such place regularly or not;

(iii) Any other place or temporary structure as may be specified by the Commissioner, where accommodation is provided for marriage or reception or matters related therewith or for organizing any official, social or business function whether functions are conducted in such place regularly or not.”

(2) in section 6, for sub-sections (1) and (2), the following shall be substituted, namely:-

“(1) Every proprietor shall be deemed to have been assessed to tax based on the return submitted by him under sub-section (1) of section 5, except in cases where the Commissioner may notify the requirement of production of accounts by the proprietor before the Luxury Tax Officer within six months from the date of submitting the return, in support of a return submitted for any period and such authority shall proceed to assess such proprietor,-

- (a) on the basis of the return submitted where he is satisfied the return submitted is correct and complete, or
- (b) to the best of his judgment, where the return submitted appears to be incorrect or incomplete, after giving the proprietor a reasonable opportunity of showing cause against such assessment in writing.

Provided that nothing in this sub-section shall apply to a return submitted for any year upto the year ending 31st March, 2012.”

6. Amendment of Karnataka Act 27 of 1979.- In the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979), in section 15-A, in sub-section (1), for the words “one hundred and twenty days” occurring in two places, the words “one hundred and eighty days” shall be substituted.

By Order and in the name of the Governor of Karnataka,

G.K. BOREGOWDA

Secretary to Government,

Department of Parliamentary Affairs and Legislation

KARNATAKA ACT NO 27 OF 2013
THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2013
Arrangement of Sections

Sections:

1. Short title and commencement
2. Amendment of Karnataka Act 35 of 1976
3. Amendment of Karnataka Act 27 of 1979

STATEMENT OF OBJECTS AND REASONS

Amending Act 27 of 2013.- It is considered necessary to amend the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 and the Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith.

Hence the Bill.

[L.A. Bill No.9 of 2013, File No. Samvyashae 17 Shasana 2013]

[Entries 52 and 60 of List II of the Seventh Schedule to the Constitution of India.]

KARNATAKA ACT NO 27 OF 2013

(First Published in the Karnataka Gazette Extra-ordinary on the Eighth day of March, 2013)

THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2013

(Received the assent of the Governor on the fifth day of March, 2013)

An Act further to amend certain taxation laws in force in the State of Karnataka.

Whereas it is expedient further to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Sixty Fourth Year of the Republic of India, as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Taxation Laws (Amendment) Act, 2013.

(2) It shall come into force with effect from the First day of April, 2013.

2. Amendment of Karnataka Act 35 of 1976.- In the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976), in section 16, in sub-section (1), the proviso shall be omitted.

3. Amendment of Karnataka Act 27 of 1979.- In the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979),-

(1) in section 3, in sub-section (7), for the words "two lakh rupees", the words "five lakh rupees" shall be substituted;

(2) in section 4, in sub-section (1), in clause (b), for the words "two lakhs rupees", the words "five lakh rupees" shall be substituted.

By Order and in the name of the Governor of Karnataka

G.K. BOREGOWDA

Secretary to Government,

Department of Parliamentary Affairs and Legislation

KARNATAKA ACT NO 53 OF 2013
THE KARNATAKA TAXATION LAWS (SECOND AMENDMENT) ACT, 2013
Arrangement of Sections

Sections:

1. Short title and commencement
2. Amendment of Karnataka Act 25 of 1957
3. Amendment of Karnataka Act 30 of 1958
4. Amendment of Karnataka Act 35 of 1976
5. Amendment of Karnataka Act 27 of 1979

STATEMENT OF OBJECTS AND REASONS

Amending Act 53 of 2013.- It is considered necessary to amend the Karnataka Sales Tax Act, 1957, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 and the Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith particularly to specify that any clarification issued by the Commissioner of Commercial Taxes under the Karnataka Sales Tax Act, 1957 or the Karnataka Tax on Entry of Goods Act, 1979 overrides the clarification of the Authority for Clarification and Advance Rulings.

Certain consequential and incidental amendments are also made.

Hence the Bill.

[L.A. Bill No. 07 of 2013, File No. Samvyashae 36 Shasana 2013]

[Entries 52, 54, 60 and 62 of List II of the Seventh Schedule to the Constitution of India.]

KARNATAKA ACT NO 53 OF 2013

(First Published in the Karnataka Gazette Extra-ordinary on the Thirty First day of July, 2013)

THE KARNATAKA TAXATION LAWS (SECOND AMENDMENT) ACT, 2013

(Received the assent of the Governor on the Thirty First day of July, 2013)

An Act further to amend certain taxation laws in force in the State of Karnataka.

Whereas it is expedient further to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Sixty Fourth year of the Republic of India, as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Taxation Laws (Second Amendment) Act, 2013.

(2) It shall come into force with effect from the First day of August, 2013.

2. Amendment of Karnataka Act 25 of 1957.- In the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), in section 4, after sub-section (12), the following shall be inserted, namely:-

“(13) Notwithstanding any clarification or any ruling given by the ‘Authority for Clarification and Advance Rulings’ under sub-section (7) pertaining to any particular goods, the rate of tax payable in respect of such goods by the applicant shall be at such rate as may be clarified by the Commissioner under sub-section (2) of section 3-A, from the date of its publication in the official Gazette.”

3. Amendment of Karnataka Act 30 of 1958.- In the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958), in section 4-AA, in the table,

(i) in the entries relating to serial number (a), in column (3), for the words “one rupee and fifty paise”, the words “three rupees” shall be substituted;

(ii) in the entries relating to serial number (b), in column (3), for the words “one rupee”, the words “two rupees” shall be substituted.

4. Amendment of Karnataka Act 35 of 1976.- In the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976), in the schedule, in the entries relating to serial number 4, in column (2), for the letters and figures “Rs. 36,000”, occurring in two places, the letters and figures “Rs. 1,20,000” shall respectively be substituted.

5. Amendment of Karnataka Act 27 of 1979.- In the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979), in section 12-C, after sub-section (2), the following shall be inserted, namely:-

“(3) Notwithstanding any clarification or any ruling given by the ‘Authority for Clarification and Advance Rulings’ under sub-section (1) pertaining to any particular goods, the rate of tax payable in respect of such goods by the applicant shall be at such rate as may be clarified by the Commissioner under sub-section (7) of section 12, from the date of its publication in the official Gazette.”

By Order and in the name of the Governor of Karnataka,

K.S. MUDAGAL

Secretary to Government (i/c)

Department of Parliamentary Affairs and Legislation

KARNATAKA ACT NO. 14 OF 2014
THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2014

Arrangement of Sections

Sections:

1. Short title and commencement
2. Amendment of Karnataka Act 22 of 1979
3. Amendment of Karnataka Act 27 of 1979

STATEMENT OF OBJECTS AND REASONS

Amending Act 14 of 2014.- It is considered necessary to amend the Karnataka Tax on Luxuries Act, 1979 and Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith

Hence, the Bill.

[L.A. Bill No.32 of 2014, File No. Samvyashae 11 Shasana 2014]

[Entries 52 and 62 of List II of the Seventh Schedule to the Constitution of India.]

KARNATAKA ACT NO 14 OF 2014

(First Published in the Karnataka Gazette Extra-ordinary on the Twenty eighth day of February, 2014)

THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2014

(Received the assent of the Governor on the Twenty eighth day of February, 2014)

An Act further to amend certain taxation laws in force in the State of Karnataka.

Whereas it is expedient further to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Sixty fifth year of the Republic of India, as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Taxation Laws (Amendment) Act, 2014.

(2) Section 1` and 2 shall come into force with effect from First day of March 2014 and Section 3 shall come into force with effect from First day of April 2014.

2. Amendment of Karnataka Act 22 of 1979.- In the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979), in section 3, in sub-section (1), in the table, in the entries relating to serial number 1, for the words "five hundred rupees", the words "seven hundred and fifty rupees" shall be substituted.

3. Amendment of Karnataka Act 27 of 1979.- In the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979),-

(1) for section 5, the following shall be substituted, namely:-

"5. Returns.- (1) Subject to sub-sections (2) to (4), every registered dealer, and every dealer who is liable to get himself registered under this Act, shall furnish a return to the assessing authority in such form and manner, including electronic methods, and shall pay the tax due on such return within twenty days or fifteen days after the end of the preceding month or any other tax period as may be prescribed:

Provided that the specified class of dealers as may be notified by the Commissioner shall furnish particulars for preparation of the return in the prescribed form or submit the return in the prescribed form, electronically in the manner specified in the notification issued:

Provided further that the specified class of dealers as may be notified by the Commissioner shall pay tax payable on the basis of the return, by electronic remittance in the manner specified in the notification issued.

(2) The tax on entry of goods declared in a return furnished shall become payable at the expiry of the period specified in sub-section (1) without requiring issue of a notice for payment of such tax.

(3) Subject to such terms and conditions as may be specified, the assessing authority may require any registered dealer.-

(a) to furnish a return for such periods, or

(b) to furnish separate branch returns where the registered dealer has more than one place of business.

(4) If any dealer having furnished a return under this Act, other than a return furnished under sub-section (3) of Section 5-D, discovers any omission or incorrect statement therein, other than as a result of an inspection or receipt of any other information or evidence by the assessing authority,

(a) he shall furnish a revised return within the time prescribed for filing the return for the succeeding tax period; and

(b) he shall furnish a revised return any time thereafter but within six months from the end of the relevant tax period, if so permitted by the assessing authority.

(5) Every registered dealer shall furnish every year to the assessing authority, a statement in such form, containing such particulars and within such period as may be prescribed.”

(2) for section 5-B, the following shall be substituted, namely,-

“5-B. Interest in case of failure to furnish returns or to pay tax declared on returns or other amounts payable.- (1) Every dealer shall be liable to pay simple interest on any amount of tax which should have been declared on a return, but which has been omitted from it, unless that omission is corrected within three months of the omission subject to sub-section (2) of Section 20-B, and such interest is payable from the date the tax should have been declared, and the dealer shall declare his liability to pay that interest in such form and manner as may be prescribed.

(2) If a dealer required to furnish a return under this Act.-

(a) fails to pay any amount of tax or additional tax declared on the return, or

(b) furnishes a revised return more than three months after tax became payable, declaring additional tax, but fails to pay any interest declared to be payable under sub-section (1), or

(c) fails to declare any tax or interest which should have been declared, or

(d) fails to make a return,

such dealer shall be liable to pay interest in respect of the tax and additional tax payable declared by him or the tax payable and interest payable under sub-section (1) for the period for which he has failed to furnish a return.

(3) Where any other amount is payable under this Act is not paid within the period specified in Section 8, interest shall be payable on such amount from such period.

(4) The interest shall also be payable under this Section during any period during which recovery of any tax or other amount payable under the Act is stayed by an order of any authority or Court in any appeal or other proceedings disputing such tax or amount.”

(3) for section 5-C, the following shall be substituted, namely,-

“5-C. Rate of interest.- (1) The rate of simple interest payable under Section 5-B shall be one and one half per cent per month:

- (a) from the date the tax had become payable to the date of its payment or to the date of any assessment under this Act, whichever is earlier; and
- (b) from the date on which any amount payable under this Act was due.

(2) For the purpose of this Section interest in respect of parts of a month shall be computed proportionately and month shall mean any period of thirty days.

5-D. Assessment.- (1) Every dealer shall be deemed to have been assessed to tax based on the return filed by him under section 5, except in cases where the Commissioner may notify the dealer of any requirement of production of accounts before the assessing authority in support of a return filed for any period and such authority shall proceed to assess such dealer,-

- (a) on the basis of the return filed where he is satisfied that the return filed is correct and complete, or
- (b) to the best of its judgment, where the return filed appears to be incorrect or incomplete, after giving the dealer an opportunity of showing cause against such assessment in writing and any additional tax assessed shall be paid within thirty days from the date of service of such assessment on the dealer.

(2) Where a registered dealer fails to furnish his return on or before the date provided in this Act or the rules made thereunder, the assessing authority shall issue an assessment to the registered dealer to the best of its judgement and the tax assessed shall be paid within ten days from the date of service of such assessment on the dealer.

(3) Where an assessment has been made under sub-section (2) and the dealer subsequently furnishes a return for the period to which the assessment relates, the assessing authority may withdraw the assessment but the dealer shall be liable to penalties and interest as applicable.

(4) Where the dealer furnishes a return under sub-section (3), such return shall be furnished within one month of service of such assessment on the dealer.

(5) (a) The assessing authority on any evidence showing a liability to tax coming to its notice may with the previous permission of his Joint Commissioner or Additional Commissioner issue a

protective assessment in the case of a dealer registered under this Act or a dealer liable to be registered under this Act, if the assessing authority has reason to believe that such dealer will fail to pay any tax, penalty or interest so assessed or imposed or payable and such tax, penalty or interest shall become payable forthwith.

(b) On any application made within thirty days from the date of receipt of such protective assessment by the dealer or on his own motion within thirty days from the date of issue of such protective assessment, if the Joint Commissioner or Additional Commissioner considers that any protective assessment issued is erroneous, he may after giving the dealer concerned an opportunity of being heard and after making such enquiry as he deems necessary, pass such order thereon as the circumstances of the case may justify.

(6) The authority authorized by the Commissioner in this behalf shall assess, a dealer who fails, within the time specified, to get registered though liable to do so, to the best of its judgement for the tax period or periods that would apply to such dealer if he were to be registered, after giving the dealer an opportunity of showing cause against such assessment in writing and the tax assessed and any interest payable shall be paid within ten days from the date of service of such assessment on the dealer.” ;

(4) for section 6, the following shall be substituted, namely,-

“6. Re-assessment of tax.-(1) Where the assessing authority has grounds to believe that any return furnished which is deemed as assessed or any assessment issued under Section 5-B understates the correct tax liability of the dealer, it,-

(a) may, based on any information available, re-assess, to the best of its judgement, the additional tax payable and also impose any penalty under sub-section (2) of section 20-B and demand payment of any interest; and

(b) shall issue a notice of re- assessment to the dealer demanding that the tax shall be paid within thirty days of the date of service of the notice after giving the dealer the opportunity of showing cause against such re-assessment in writing.

(2) Where after making a re-assessment under this Section.-

(a) any further evidence comes to the notice of the assessing authority; or

(b) if the assessing authority has reason to believe that the whole or any part of the turnover of a dealer or the value of taxable goods brought or caused to be brought into a local area by a dealer whether on his own account or on account of his principal or any other person or who has taken delivery or is entitled to take delivery of such goods on its entry into local area in respect of any tax period has escaped re-assessment to tax; or

(c) tax has been under re-assessed; or

(d) has been re-assessed at a rate lower than the rate at which it is assessable under this Act;

or

(e) any deductions or exemptions have been wrongly allowed in respect thereof,

The assessing authority may, notwithstanding the fact that whole or part of such escaped turnover or value of taxable goods as the case may be, was already before the said authority at the time of assessment or re-assessment, proceed to make assessment or any further re-assessments in addition to such earlier assessment or re-assessment.”

(5) for section 7, the following shall be substituted, namely.-

“7. Period of limitation for assessment and re-assessment.- (1) An assessment under Section 5-D or re-assessment under Section 6 of an amount of tax due for any prescribed tax period shall not be made after five years after the end of the prescribed tax period.

Provided that an assessment or re-assessment relating to any tax period up to the period ending 31st day of March, 2014 shall be made within a period of eight years after the end of the prescribed tax period;

(2) Notwithstanding anything contained in sub-section (1), if any tax is, not paid by a dealer who has failed to get registered though liable to do so or fraudulently evaded attracting punishment under sub-section (2) of Section 21, an assessment or re-assessment may be made within eight years from the end of the prescribed tax period;

Provided that an assessment or re-assessment relating to any tax period up to the period ending 31st day of March, 2014 shall be made under this sub-section within a period of ten years after the end of the prescribed tax period.

(3) In computing the period of limitation specified for assessment or re-assessment, as the case may be under this Act, the period taken for disposal of any appeal against an assessment or other proceeding by the appellate authority, a tribunal or competent court shall not be taken into account in computing such period for assessment or reassessment as the case may be.

Provided that nothing contained in this section limiting the time within which any action may be taken or any order, assessment or re-assessment may be made, shall apply to an assessment or re-assessment made on the dealer or any person in consequence of, or to give effect to, any finding, direction or order made under sections 13, 14, 15, 15-A or 16 or any judgement or order made by the Supreme Court, the High Court, or any other court.”

(6) in section 8,

(i) in the heading, for the words “recovery of tax”, the words and punctuation marks “recovery of tax, penalties, interest and other amounts” shall be substituted;

(ii) for sub-section (1), excluding the proviso, the following shall be substituted namely,-

“(1) Every registered dealer shall furnish returns to the assessing authority or prescribed authority, and the tax payable or any penalty or interest due shall be paid in such manner as may be prescribed, within the period specified and on an application by a dealer, the Government or Commissioner may permit, subject to such conditions as may be specified or prescribed, payment of tax or any other amount payable, in such instalments and at such intervals as may be prescribed.” ;

(iii) after sub-section (1) so substituted, the following shall be inserted, namely,-

“(1-A) Where the amount paid falls short of the aggregate of the tax or any other amount due and interest payable, the amount so paid shall first be adjusted towards interest payable and the balance, if any, shall be adjusted towards the tax or any other amount due.

(1-B) A registered dealer, furnishing a revised return in accordance with this Act which shows a greater amount of tax to be due than was paid or payable in accordance with the original return, shall pay with that revised return the tax so payable in such manner as may be prescribed.”;

(iv) after sub-section (4), the following shall be inserted, namely:-

“(5) The High Court may, either *suo motu* or on an application by the Commissioner or any person aggrieved by the order, revise any order made by a Magistrate under clause (c) of sub-section (4).”

(7) in section 14, in sub-section (3), the following proviso shall be inserted, namely,-

“Provided that a single appeal may be preferred against orders of assessment or reassessment or any other orders or proceedings, in respect of more than one tax periods of any year.”

(8) for Section 17, the following shall be substituted, namely:-

“17. Rectification of apparent mistakes and power of rectification of assessment or re-assessment in certain cases.- (1) With a view to rectifying any mistake apparent from the record, the prescribed authority, appellate authority or revising authority, may, at any time within five years from the date of an order passed by it, amend such order.

(2) Any amendment which has the effect of enhancing an assessment or otherwise increasing the liability of the person concerned shall not be made unless the prescribed authority, appellate authority or revising authority, as the case may be, has given notice to the person concerned of its intention to do so and has allowed the person concerned the opportunity of showing cause in writing against such amendment.

(3) Where an order has been considered and decided in any proceedings by way of appeal or revision relating to an order referred to in sub-section (1), the authority passing such order may, notwithstanding anything contained in any law for the time being in force, amend the order under that sub-section in relation to any matter other than the matter which has been so considered and decided.

(4) An order passed under sub-section (1), shall be deemed to be an order passed under the same provision of law under which the original order, the mistake in which was rectified, has been passed.”

(5) Where any assessment or re-assessment or an order of an appellate authority or a revisional authority other than a court or tribunal, is found to be erroneous in so far as it is prejudicial to the interest of the public revenue by a judgement or an order of any court, then notwithstanding anything contained in this Act, authority concerned may proceed to rectify such assessment or re-assessment or order and determine the tax payable by the dealer in accordance with such judgement or order at any time within a period of three years from the date of such judgement or order.

(6) Where any court makes an order or gives judgement to the effect that any tax assessed under this Act or any other law should have been assessed under a provision of a law different from that under which it was assessed, then in consequence of such order or judgement or to give effect to any finding or direction contained in any such order or judgement, such turnover or part thereof, may be assessed or re-assessed to tax, as the case may be, at any time within five years from the date of such order or judgement, notwithstanding any limitation period which would otherwise be applicable under the law applicable to that assessment or re-assessment.

(7) Where any proceedings for the recovery of any tax, penalty, interest or any part thereof remaining unpaid, have been commenced in a court and the amount of tax, penalty or interest is subsequently modified, enhanced or reduced in consequence of any decision made or order passed in the appeal, the prescribed authority may, in such manner and within such period as may be prescribed, inform the dealer or the person and the authority under whose order the recovery is to be made, and thereupon such proceedings may be continued with the modified, enhanced or reduced amount of tax, penalty or interest therein substituted.

Provided that a rectification which has the effect of enhancing an assessment or otherwise increasing the liability of the assessee shall not be made unless the assessing authority, appellate authority or revising authority, as the case may be, has given notice to the assessee of its intention to do so and has allowed the assessee a reasonable opportunity of being heard.

(9) after section 20, the following shall be inserted, namely:-

“20-A. Penalties relating to registration.- (1)A dealer who, without reasonable cause, fails to apply for registration within the time prescribed in section 4 shall be liable to a penalty of two thousand rupees in addition to the interest chargeable on the tax payable at the rate provided under section 5-C.

(2) The power to levy the penalties shall be vested in the registering authority as prescribed.

20-B. Penalties relating to returns and assessment.- (1) A dealer who fails to furnish a return or who fails to pay the tax due on any return furnished as required under the Act shall be liable to pay together with any tax or interest due,

(a) a penalty of fifty rupees for each day of default and where such default is for more than five days, such penalty.-

(i) shall not exceed two hundred and fifty rupees if the tax due is less than the said amount;

(ii) shall be calculated at fifty rupees per day not exceeding the amount of tax due, if the tax due is more than two hundred and fifty rupees; and

(b) a further penalty equal to.-

(i) five percent of the amount of tax due or fifty rupees whichever is higher, if the default is not for more than ten days, and

(ii) ten percent of the tax due, if the default is for more than ten days.

(2) A dealer who for any prescribed tax period furnishes particulars for preparation of a return or furnishes a return which understates his liability to tax or overstates his entitlement to a tax deduction by more than five per cent of his actual liability to tax, of his actual tax deduction, as the case may be shall after being given the opportunity of showing cause in writing against the imposition of a penalty, be liable to a penalty equal to ten per cent of the amount of such tax understated or overstated.

(3) A dealer who furnishes a return which is incomplete or incorrect in any material particular as informed in a notice issued to him, shall be liable to a penalty of fifty rupees for each day the return remains incomplete or incorrect.

(4) In any case where a dealer who has failed to furnish a return has been issued with an assessment showing less than his actual liability to tax and he pays such tax as assessed, such dealer, after being given the opportunity of showing cause in writing against the imposition of a penalty, shall be liable to a penalty of ten percent of the amount of the tax under-assessed.

(5) A dealer who fails, within the time specified, to get registered though liable to do so, after being given an opportunity of showing cause in writing against the imposition of a penalty, shall be liable to pay penalty of thirty percent of the amount of tax payable by him as assessed under section 5-D or re-assessed under section 6.

(6) The power to levy the above penalties shall be vested in the prescribed authority to which returns are required to be furnished or the prescribed authority making an assessment or re-assessment.

(7) Any dealer who fails to submit returns as required by the provisions of the Act continuously for three months or two quarters, as the case may be, shall on conviction, in addition to recovery of any tax or penalty or interest or other amount that may be due from him or levied on him, be punishable with simple imprisonment which may extend to six months or with a fine which shall not be less than five thousand rupees but which may extend to twenty five thousand rupees or with

both and when the offence is a continuing one, with a daily fine not exceeding two hundred rupees during the period of continuance of the offence.”

(10) In Section 21,-

- (i) in sub-section (1), clauses (a), (b), (c), (d), (e) and (f) shall be omitted.
- (ii) in sub-section (2), clause (a) and clause (b) shall be omitted.

(11) after section 32, the following shall be inserted, namely:-

“33. Savings.- The amendments made to the provisions of this Act by Karnataka Taxation Laws (Amendment) Act, 2014 shall not affect the previous operation of the said provisions before commencement of the said Act and payment of tax in advance, submission of statement and return, assessment including self-assessment and cancellation of assessment, re-assessment, levy of penalty, liability for payment of interest, period of limitation for assessment or re-assessment and all other similar matters and obligations imposed in respect of any year prior to the commencement of the said Act shall be governed by the relevant provisions as if the said Act had not passed.”

By Order and in the name of the Governor of Karnataka,

S.B. GUNJIGAVI

Secretary to Government

Department of Parliamentary Affairs and Legislation