



**KARNATAKA LEGISLATIVE ASSEMBLY
FOURTEENTH LEGISLATIVE ASSEMBLY
FIRST SESSION ADJOURNED MEETING**

**THE KARNATAKA TAXATION LAWS (SECOND AMENDMENT) BILL, 2013
(L.A. Bill No. 07 of 2013)**

A Bill 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."

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 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.

FINANCIAL MEMORANDUM

There is no extra expenditure involved in the proposed legislative measure.

SIDDARAMAIAH

Chief Minister

P. OMPRAKASHA

Secretary

Karnataka Legislative Assembly

ANNEXURE**Extract of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957)**

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4. Provision for Clarification and Advance Rulings.- (1) The Commissioner may constitute a State level 'Authority for Clarification and Advance Rulings', (hereinafter 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.

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(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.

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(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.

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Extract of the Karnataka Entertainments Tax Act, 1958 (Karnataka Act No.30 of 1958)

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4-AA. Collection of Service Charges.- Every proprietor of a cinema theatre paying tax on cinematograph show under Section 3-A or 4-A, subject to such rules as may be prescribed, may collect as service charges, an

amount of not exceeding the amount specified in the table below, on each payment for admission to any class, namely.-

Sl. No.	Classification of theatres	Amount
(1)	(2)	(3)
(a)	Air-conditioned and Air-cooled theatres	Upto a maximum of one rupee and fifty paise on each payment for admission
(b)	Other theatres but excluding Touring Talkies	Upto a maximum of one rupee on each payment for admission

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Extract of the Karnataka Tax on Professions Trades, Callings and Employments Act, 1976 (Karnataka Act No.35 of 1976)

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SCHEDULE

Rates of tax on professions, trades, callings and employments

Sl. No.	Description of Goods	Rate of tax
(1)	(2)	(3)
1.	Salary or wage earners whose salary or wage or both, As the case may be, for a month is	
(a)	xxxxx	xxxx
(b)	xxxxx	xxxx
(c)	xxxxx	xxxx
(d)	not less than Rs.10,000 but less than Rs.15,000	Rs.150 per month
(e)	Rs.15,000 and above	Rs.200 per month

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4. (i) Chief Agents, Principal Agents, Special Agents, Insurance Agents and Surveyors or Loss Assessors registered or licensed under the Insurance Act, 1938 (Central Act IV of 1938), whose annual income is not less than Rs.36,000 Rs.1,000 per annum
- (ii) Pigmy Agents or UTI Agents whose annual income is not less than Rs.36,000

Explanation.- For the purpose of this item income shall be Deemed to the commission or any other remuneration by whatever name called, earned by the person such as Chief Agent, Principal Agent, Special Agent, Insurance Agent, Survey or Loss Assessor or Pigmy Agents or UTI Agents.

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Extract of the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act No. 27 of 1979)

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12-C. Provision for clarification and advance rulings.-

(1) The "Authority for Clarification and Advance Rulings", (hereinafter referred to in this section as Authority) constituted under Section 60 of the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004) (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 provisions relating to appeal and 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.

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(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 doubt, as the case may be, and all officers and persons employed in the execution of this Act shall observe and follow such clarification.

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.

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