



**GOVERNMENT OF KARNATAKA
(DEPARTMENT OF COMMERCIAL TAXES)**

No.JCCT(LA)/WPN-1/SR-82/2013-14

Office of the Commissioner of
Commercial Taxes (Karnataka),
“Vanijya Therige Karyalaya”
Gandhinagar, Bangalore-560009,
Dt: 05-12-2019

Commissioner Of Commercial Taxes Circular No. 8 /2019-20.

Sub:- Levy of Entry Tax on “Unmanufactured Tobacco in sealed container” with effect from 02-10-2013---reg.

M/s. Giriraja Enterprises, Bangalore and others, in their Writ Petitions vide Nos. 55380-55381/2013 (T-EYT), had challenged the Notification No. FD 208 CSL 2013(III) dtd:01-10-2013 issued by the Government of Karnataka, insofar as it relates to the amendment made to the Notification No. FD 11 CET 2002 dtd:30-03-2002, for insertion of sub-item (ii) in serial No. 5 therein specifying “Unmanufactured Tobacco in sealed container” for levy of Entry tax at 5% with effect from 02-10-2013.

The Hon’ble High Court of Karnataka rendered a decision on 22nd October, 2019 in favor of revenue by upholding the impugned Notification dtd:01-10-2013. Accordingly, “Unmanufactured Tobacco in sealed container” is liable to Entry tax at the rate of 5% with effect from 02-10-2013.

It has come to the notice of the department that assessment orders have been passed in many cases relying on the order of the Authority for clarification and advance rulings vide No. AR.CLR.CR.58/03-04, dtd: 02-09-2003, wherein it was held that Ghai chhap Zarda/Thambaku prepared by beating, crushing and sieving tobacco leaves and packed in retail packets without adding any foreign material therein as unmanufactured Tobacco is an agricultural produce and therefore exempted under Second Schedule. Accordingly the said goods was not liable to tax under section 3(1) of the Karnataka Tax on Entry of Goods Act 1979 vide Notification No. FD 11 CET 2002 dtd:30-03-2002 vide serial No. 5 as a tobacco product.

The above Notification dtd:30-03-2002 was amended by Notification No. FD 208 CSL 2013 dtd:01-10-2013, by inserting sub item in serial No. 5 therein specifying "Unmanufactured Tobacco in sealed container" for levy of tax at 5% with effect from 02-10-2013. Thus the order dtd:02-09-2003 of Authority for clarification and advance rulings is not applicable to this Notification dtd:01-10-2013.

In view of the Judgment of the Hon'ble High Court of Karnataka, the following instructions are issued to all the concerned officers in the State;

- 1) To complete all the pending assignments of cases involving levy of Entry tax on "Unmanufactured Tobacco in sealed container" by 31st January 2020 in terms of the above Judgment for the periods from 02-10-2013 to 30-06-2017 subject to period of limitation.
- 2) To rectify/re-assess the cases where assessment orders have already been passed granting Entry Tax exemption on "Unmanufactured Tobacco in sealed container" by 31st December 2019 for the periods from 02-10-2013 to 30-06-2017 subject to period limitation.
- 3) To obtain audit assignments and conclude assessments in remaining cases involving levy of Entry Tax on "Unmanufactured Tobacco in sealed container" by 29th February 2020 subject to period of limitation.
- 4) The Additional Commissioner of Commercial Taxes (Audit) shall ensure speedy issuance of assignments on the request of the concerned DGSTOs.

All the Joint Commissioners of Commercial Taxes (Admn) DGSTO, are directed to personally monitor these cases and submit a report of compliance, case wise and year wise, and also ensure appropriate action is taken to recover the assessed taxes and other dues outstanding by the officers in their respective Divisions.


(SRIKAR M.S)

Commissioner of Commercial Taxes,
(Karnataka), Bangalore.
Commissioner of Commercial Taxes
Karnataka, Bangalore.

To,
All the officers in the State.