



GOVERNMENT OF KARNATAKA
(Department of Commercial Taxes)

No. KSA/CR/101/ 16-17

Office of the
Commissioner of Commercial Taxes,
(Karnataka), Vanijya Therige Karyalaya,
Gandhinagar, Bengaluru,
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COMMISSIONER OF COMMERCIAL TAXES CIRCULAR NO. 01/2017-18

Sub: - Karasamadhana Scheme, 2017-Reg.

Ref: G.O. No. FD 24 CSL2017 Dated 31.3.2017

The Hon'ble Chief Minister in para 488 of the Budget Speech for the year 2017-18 had announced a Karasamadhana Scheme aiming at reducing the arrears of tax and other amounts due in view of the proposed introduction of Goods and Services Tax. Therefore, a Scheme for waiver of penalty and interest under the Karnataka Sales Tax Act, 1957, the Central Sales Tax Act, 1956, the Karnataka Value Added Tax Act, 2003, the Karnataka Tax on Entry of Goods Act, 1979, the Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976, the Karnataka Tax on Luxuries Act, 1979 and the Karnataka Agricultural Income Tax Act, 1957, and the Karnataka Entertainments Act, 1958 is formulated by the Government vide order under reference. Following are the features of the Scheme:

- It grants waiver of 90% of arrears of penalty and interest payable by a dealer under the Karnataka Sales Tax Act, 1957 and the Central Sales Tax Act, 1956 relating to the assessment years up to 31.3.2005.
- It grants waiver of 90% of arrears of penalty and interest payable by a dealer relating to the assessment/ re-assessment orders passed under the provisions KVAT Act for the tax periods relating to the years from 1.4.2005 to 31.3.2016, and assessment /re-assessment orders passed under CST Act for the tax periods relating to the years from 1.4.2005 to 31.3.2016.
- It grants waiver of 90% of arrears of penalty and interest payable by a dealer or person or proprietor as the case may be relating to the assessment or reassessment for the years up to 31.3.2016 under minor Acts administered by the Department namely:-

(a) The Karnataka Tax on Entry of Goods Act, 1979;

- (b) The Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976;
- (c) The Karnataka Tax on Luxuries Act, 1979;
- (d) The Karnataka Agricultural Income Tax Act, 1957 and
- (e) The Karnataka Entertainments Act, 1958.

• It grants of waiver of penalty and interest subject to certain conditions and procedure as envisaged in the Government Order. Important conditions and procedure as envisaged in the Government Order are as follow:

2. **“Arrears of tax”** assessed/reassessed as per the provisions of the KST and CST Act relating to the assessment years up to 31.3.2005 and tax assessed/reassessed as per the provisions of the KVAT Act and CST Act relating to the tax periods for the years from 1.4.2005 to 31.3.2016 and also tax assessed or reassessed under the provisions of KTEG Act, KTPTC & E Act, KTL Act, KAIT Act and KET Act relating to the assessment or reassessment for the years up to 31.3.2016 and remaining unpaid upto 15.3.2017 shall be paid along with 10% of ‘penalty and interest put together relating to such arrears of tax on or before 31.5.2017 for availment of this scheme.
3. If the arrears of tax along with 10% of arrears of penalty and interest as mentioned in Sl. No. 2 above is paid on or before 31.5.2017, then such dealer/person/proprietor is eligible to opt for the Scheme to get a waiver of 90% of ‘penalty and interest’ put together.
4. It is also applicable to a dealer or person or proprietor as the case may be, who has no ‘arrears of tax’, but only ‘arrears of penalty and interest’. In such cases, if the dealer or person or proprietor as the case may be, pays 10% of ‘arrears of penalty and interest’ put together on or before 31.5.2017, the balance ‘arrears of penalty and interest’ shall be waived.
5. If the dealer or person or proprietor as the case may be, has filed appeal or other applications against the order or proceedings relating to ‘arrears of tax’ and ‘arrears of penalty and interest’ before any Appellate Authority or Court and if disposal of such applications is still pending, then the dealer or person or proprietor as the case may be, shall withdraw the appeal or other application before availing the benefit of waiver of arrears of penalty and interest under this Scheme.
6. If appeal or other applications are withdrawn, and on payment of full arrears of tax, the quantum of arrears of tax/penalty and interest for the purpose of this Scheme shall be considered as per the order against which appeal or other applications were filed which are since withdrawn to avail of the benefits of the Karasamadhana Scheme, 2017.

7. The dealer or person or proprietor as the case may be, shall not file appeal or other application before any Appellate Authority or Court after filing application for availing of the benefits of this scheme.

8. The dealer or person or proprietor as the case may be, shall not seek rectification of orders/proceedings after filing application for availing of the benefits of this Scheme or after availing the benefits of this scheme for whatever the reasons.

9. Benefits of this scheme is not available in relation to the order giving rise to arrears of tax/penalty and interest where the State has filed appeal before the Karnataka Appellate Tribunal and where the State has filed appeal or revision or any kind of application before the High Court or the Supreme Court. It is also not applicable to a case suo motu revision proceedings which are initiated by the officers of the Commercial Taxes Department as on 15.3.2017.

10. The dealer opting for this Scheme shall submit separate application in the format Annexure-I appended to the Government Order under the KST and CST Acts for each assessment year relating to the assessment years up to 31.3.2005 and in format Annexure-IA appended to the Government Order under KVAT Act and CST Act relating to each assessment/re-assessment order relating to the tax periods for the years from 1.4.2005 to 31.3.2016 and the dealer or person or proprietor as the case may be, opting for this scheme shall submit separate application in the format Annexure-IB appended to the Government Order under the KTEG Act/KTPTEC&E Act/KTL Act/KAIT Acts for each year relating to the assessment years up to 31.3.2016 and the dealer or person or proprietor as the case may be, opting for this scheme shall submit separate application in the format Annexure-IC appended to the Government Order under the KET Act for each year relating to the assessment/re-assessment for the years up to 31.3.2016 electronically as specified in the website <https://vat.kar.nic.in/epay>(or through the link provided in <http://ctax.kar.nic.in>) after full payment of tax due as on 15/03/2017 and 10% of interest accrued and penalty levied up to the date of filing of application. The electronic application so filed shall be downloaded, duly signed shall be submitted to the concerned Assessing Authority/Recovery Officer/ Prescribed Authority <https://vat.kar.nic.in/epay> along with declaration in Annexure II on or before 31.05.2017. It is hereby clarified that an application other than the one as specified in the website <https://vat.kar.nic.in/epay> shall not be accepted under any circumstances.

11. User Manual called '***User Manual for Filing of Application Electronically under Karasamadhana Scheme, 2017***' is hosted on the website <https://vat.kar.nic.in/epay>. This document provides the process and procedure for filing of electronic application intended for use by assesses who want to avail the benefit of Karasamadhana Scheme, 2017 as provided by the Government Order No. FD 24 CSL 2017, Bengaluru, Dated 31st March 2017 with regard

to the assessment/reassessments up to the year 31.3.2005 under KST & CST Acts and relating to the assessment/reassessment under KVAT Act, CST Act, KTEG Act, KTPTC&E Act, KTL Act, KAIT Act and KET Act for the years up to 31.3.2016.

12. The important steps of filing of an electronic application by the dealer, person or proprietor as the case may be are reiterated below for the sake of clarity.

- (a) Application for waiver of interest and penalty as per Government Order No. FD 24 CSL 2017, Bengaluru, Dated 31st March, 2017 shall be filed electronically and a printout shall be taken thereafter shall be submitted to the Assessing Authority /Recovery Officer/Prescribed Authority.
- (b) Payment of outstanding tax as on 15/03/2017, interest accrued or/and the penalty levied up to the date of filing of application shall be paid through e-Payment (net banking) only (through <https://vat.kar.nic.in/epay>).
- (c) Payment by cheque/DD/Cash or any other modes except net banking are not allowed.
- (d) The payment of entire outstanding tax as on 15/03/2017, 10% interest accrued and 10% of the penalty levied upto the date of filing of application shall be paid as a single amount. Part payments will not be accepted.
- (e) If it is intended to avail the benefit of waiver of 90% of interest and penalty for more than one Act, separate application shall be filed for each Act.
- (f) For availing the benefit of waiver of interest and penalty for more than one assessment year, it is mandatory to file separate application for each of such assessment/ reassessment year.
- (g) If the assessment period is other than year (for example a month for VAT and CST from 2005-06, or a week for ET), all the assessment periods of a financial year shall be included and consolidated tax, interest and penalty shall be entered.
- (h) After filing the application electronically and making the e-Payment of the amount, the dealer, person or proprietor as the case may be shall take the printout of such application and the challan copy and shall submit to the assessing authority/recovery officer/ prescribed officer by duly signing along with declaration in Annexure –II.

13. The concerned Assessing Authority /Recovery Officer/Prescribed Authority shall scrutinize the application and work out the actual arrears of tax, penalty and interest payable by the dealer or person or proprietor up to the date of filing of application and if any discrepancies are found in the amount of ‘ arrears of tax ‘ and ‘ arrears of penalty and interest ‘ payable up to the date of application as declared by the dealer or person or proprietor in his application, then the concerned Assessing Authority/Recovery Officer/Prescribed Authority

shall inform the dealer or person or proprietor within 15 days from the date of filing of application about the discrepancies.

14. After receipt of information from the Assessing authority /Recovery Officer/Prescribed Authority, the dealer or person or proprietor as the case may be at his option may pay the balance amount of tax as in Clause 2.1 and 'arrear of penalty and interest' as in Clause 2.2/2.3 of the G.O. under reference above so as to avail of the benefits of this scheme. All payments should be made through e-Payment only as specified in the website, on or before 31.5.2017. The dealer or person or the proprietor as the case may be shall file a declaration in support of withdrawal of appeal or other application as per Annexure-II along with application for waiver of 'arrear of penalty and interest'.

15. If the dealer or person or proprietor as the case may be fails to do so, the authority/officer shall pass a speaking order rejecting the application.

16. On satisfaction that the applicant-dealer or person or proprietor as the case may be is eligible for the benefits of the Scheme, the Assessing Authority/Recovery Officer/prescribed authority shall pass the order waiving the balance amount of arrears of penalty and interest payable by the dealer or person or proprietor as the case may be as per Annexure-III separately under relevant Acts.

17. The order of waiver shall be passed within 30 days from the date of making payment as specified in the Government Order.

18. The order of waiver shall be served on the dealer or person or proprietor within ten days from the date of such order.


19. The Assessing Authority/Recovery Officer/Prescribed Authority shall help the dealer or person or proprietor as the case may be in correct quantification of the amount of interest and penalty.

20. Following instructions are issued for effective implementation of the Scheme.

- (a) All the Audit Officers/LVOs/VSOs are directed to intimate and educate all the dealers to avail the benefits of the Scheme.
- (b) All the DVOs shall ensure that all the dealers who have arrears as on 15.3.2017 are invariably informed about the Scheme.
- (c) All the LVOs/VSOs shall send SMS to all the registered dealers about the Scheme with a request to avail the Scheme.

- (d) All the Enforcement and Vigilance Officers shall ensure that Scheme is given due publicity in their jurisdiction. Additional Commissioner of Commercial Taxes (Enforcement), South Zone, Bengaluru, JCCT (Vig), Bengaluru and all the Enforcement Joint Commissioners shall ensure that the officers who are entrusted with the work of migration in their respective divisions shall contact the dealers who are in arrears of tax, interest and penalty if any by the dealers allotted to them and educate them to avail the benefits of the Scheme.
- (e) All the reviewing Additional Commissioners and Additional Commissioner of Commercial Taxes (Enforcement), South Zone, Bengaluru, JCCT (Vig), Bengaluru and all the Enforcement Joint Commissioners and DVOs shall hold a meeting of the respective enforcement/vigilance officers with regard to the Scheme in the second week of April 2017, share the list of dealers, persons or proprietors as the case may be having arrears of tax, interest and penalty and draw an action plan for effective implementation of the scheme.
- (f) All the officers shall ensure that the dealers persons or proprietors as the case may be who are availing the scheme and who are registered under KVAT Act/KLT Act/KTPT & E Act/KET Act as on today shall make e-payment of arrears of Tax and 10% of 'Penalty & Interest' put together .
- (g) All the Audit Officers shall ensure that all the dealers shall pay make e-payment of arrears of Tax and 10% of 'Penalty & Interest' put together in the electronically as per the procedure prescribed in the website <https://vatctax.kar.nic.in/epay> on or before 31.05.2017.
- (h) Reviewing Additional Commissioners of the concerned VAT Divisions shall invariably visit the allotted divisions and shall ensure the progress made in the concerned VAT Divisions for successful implementation of the scheme.

All the officers of the Department shall ensure that the Scheme announced by the Hon'ble Chief Minister and given effect to by the Government Order No. FD 24 CSL 2017 dated 31.3.2017 is implemented effectively in the interest of revenue and administration. Any lapses in the implementation of the Scheme will be viewed seriously.


 (RITVIK PANDEY)
 Commissioner of Commercial Taxes
 (Karnataka), Bengaluru.

To

All the officers in the State.