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STATEMENT OF OBJECTS AND REASONS

I

Act 25 of 1957.—Five different sets of laws on Sales Tax are now in operation in the areas forming the new Mysore State. This has led to Administrative inconveniences as well as inconvenience to several dealers. Therefore, the need for unification of the Sales Tax law in the new State is too obvious to require any explanation. In view of these, the Government announced their intention to introduce a uniform law on the subject. The present Bill is the result of Government's decision to have a uniform law on Sales Tax in the new State.

2. In bringing about uniformity, due regard has been paid not only to the revenue aspect, but also to the likely repercussions of the tax on trade and commerce in the new State. This opportunity has also been availed of to remove some of the difficulties in the working of the Sales Tax Acts now in force and to redress the legitimate grievances of the dealers to the extent possible. The Bill has been prepared taking into consideration the pattern of taxation prevailing in the adjoining States, and the provisions of the newly enacted Central Sales Tax Act.

3. Though the taxable annual turnover limit is proposed to be reduced from Rs. 7,500 to Rs. 5,000, provision has been made for composition of tax in regard to annual turnovers of Rs. 20,000 and below. Exemptions have been limited in the light of the recommendations of the Taxation Enquiry Commission to a few articles essential for the life of the community.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A, as No. 240, p. 59, Notification No. 10415 LA, dated 5.8.1957.)

II

Amending Act 9 of 1958.— 1. At the Conference of Finance Ministers held at Delhi in November 1957, it was agreed that the States should discontinue the levy of State Sales Tax on textiles (Other than pure silk cloth), tobacco and its products and sugar, so as to enable the Central Government to levy additional excise duties on these commodities and to distribute the proceeds to the various States. As the Central Government proposed to bring new arrangement into force from 14th December 1957 this Government had to exempt those commodities from sales tax from that date. To give effect to these decisions, Ordinance No. 9 of 1957 was promulgated by the Governor on 13th December 1957. By the same Ordinance electrical energy was included in the list of goods exempted from sales tax and gur, garlic, onion, potatoes, turmeric, sweet potatoes and products of pulses were included among the commodities subject to one per cent turnover tax. The present Bill is mainly for replacing the Ordinance.

2. Since the promulgation of the Ordinance, a copy of the Additional Duties of Excise (Goods of Special Importance) Act, 1957, has been received from the Government of India. This Act lays down that a State Government will not be entitled to its share of additional excise duties if the State levies any sales or purchase tax on any form of tobacco or on cotton or artificial silk or woolen fabrics. It has become necessary, therefore, to remove licence fee on handloom cloth and sales tax on cigarette and pipe tobacco as well as on beedies and snuff and other products of tobacco, mentioned in item 42 in Second Schedule to the Mysore Sales Tax Act, 1957. The Bill provides for exemption from licence fee and sales tax of these commodities also.

(Published in the Gazette (Extraordinary) Part IV-2A dated 4-3-1958 as No. 53)

III

Amending Act 31 of 1958.— This Bill is intended to implement the decisions of the Conference of Finance Ministers held at Delhi in November 1957, regarding uniform taxation of certain luxury goods and to remove certain difficulties which have been felt in implementing the Mysore Sales Tax Act, 1957. The main provisions of the Bill are :-

(1) Turmeric power and dals, flour and husk of pluses will be taxed at one per cent in the same way as turmeric and pluses.

(2) The rate of tax on bullion and specie and certain luxury articles is enhanced.

(3) Voluntary payment of sales tax by Commission Agents is provided for.

(4) Cocoon and copra are brought within the definition of oil-seeds.

(5) Books meant for reading, canteen stores, fresh fruits, hosiery cloth in lengths and all cloth (including pure silk) made on handlooms, are exempted from sales tax.

(6) Provision is made for validating the rules already made and for the reduction of registration fee in particular classes of cases and for presiding fees for the grants of copies documents.

(7) The point of levy of purchase tax is changed from the last purchase point to first purchase point, in the case of declared goods.

(Published in the Gazette (Extraordinary) Part IV-2A dated 5-5-1958 as No 99.)

IV

Amending Act 32 of 1958.— Not Available

V

Amending Act 11 of 1961.—In order to have a uniform law in the State in respect of the levy of cess on sugarcane the Mysore Sugarcane Cess Act was passed in the year 1958. Under this Act, the cess is levied on the entry of sugarcane into the factory the area comprised in which is treated as a local area. The cess is in the nature of octroi falling under entry 52 of the State List, that is, taxes on the entry of goods into a local area for consumption, use or sale therein. The Allahabad and the Mysore High Courts had held that this levy was valid. But the Supreme Court has held that the local area referred to in entry 52 of the State List means the area within the jurisdiction of a local authority, and that therefore a State Act imposing a tax on entry of sugarcane into a factory, is unconstitutional. They have accordingly held the U.P. Sugarcane Cess Act, 1956, and the Madras Sugar Factories Control Act, 1949, as amended by the Madras Sugar Factories Control (Mysore Amendment and Validation of Levy of Cess) Act, 1959, as invalid.

Since under entry 97 of the Union List, Parliament can impose any tax not enumerated in any of the Lists, the levy and collection of cess under the U.P. Acts have been validated by Parliament by the enactment of the U.P. Sugarcane Cess Validation Act, 1961. The Government of India have been requested to undertake similar legislation for the validation of the levy and collection of sugarcane cess under the State Acts.

As regards the future levy, it is proposed to levy a tax at the rate of fifteen per cent on the turnover of the last dealer in the State in respect of the purchase of sugarcane, by amending the Third Schedule to the Mysore Sales Tax Act, 1957.

Hence this Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 14-4-1961 as No. 59 at page 2 & 3.)

VI

Amending Act 12 of 1961.—Under the Mysore Sales Tax Act, 1957, pure silk fabrics are taxable at the first stage of sale at 9 per cent in

respect of cloth other than cloth woven by powerlooms and handlooms and 4 per cent on cloth woven on powerlooms. The Government of India have decided that the sales-tax on pure silk fabrics may be replaced by additional duties of excise, the proceeds thereof being distributable to the States according to the formulae of distribution of net proceeds on the same lines as applicable to duties on other varieties of textiles. They have accordingly levied excise duty on pure silk fabrics with effect from the first March 1961. It is therefore necessary for the State Government to exempt pure silk fabrics on which excise duty is levied from sales-tax from first March 1961. The excise duty is not payable on the stocks with the dealers, and on this stock it is considered necessary to levy sales-tax. Since there is no provision in the Act empowering the State Government to grant exemption by notification and for assessing the floating stocks, sections 5, 8 and 18 of the Act are proposed to be amended.

At present sub-section (8) of section 5 of the Mysore Sales Tax Act, 1957, provides for making provisional assessment. In the light of the observations of the High Court in a batch of writ petitions challenging provisional assessments, the Advocate-General suggested the omission of sub-section (8) and inserting a separate section relating to provisional assessments. Provision has accordingly been made in clauses 2 (2) and 4 of the Bill.

Section 43 of the Act provides for payment of tax on the turnover or turnovers during the assessment year ending on the date of commencement of the Act. As the Act came into force on 1st October 1957, assessments have been made on the basis of the turnover of dealers up to that date. In respect of the turnover of dealers from 1st October 1957 up to the commencement of the next assessment year also, it is necessary to make specific provision for assessment. Provision has therefore been made in clause 6 of the Bill.

The assessments made on the basis of rule 6 of the Mysore Sales Tax Rules, as amended in May 1959, have been questioned, and it is considered necessary to declare that the amendment is valid. Provision for this purpose is made in clause 7. It is also considered necessary to validate the assessments already made.

Necessary provision for this purpose has been made in clause 8.

(Published in Karnataka Gazette (Extraordinary) Part IV 2-A dated 14th April 1961 as No. 60, at page. 6.)

VII

Amending Act 28 of 1961.— It is generally felt that there is much scope for evasion of Sales tax and that effective action is required to be taken to prevent evasion.

The question of setting up of Intelligence and Enforcement Section in the Commercial tax Department and establishing check posts at key points to detect and prevent evasion has been under consideration. One of the

effective methods of minimizing evasion is to keep track of goods coming into and going out of the State. For this purpose, check posts are required to be set up as has been done in the neighbouring States of Madras, Kerala and Andhra Pradesh. The Offices of the department would require legal sanction for stopping the vehicles and checking the goods and the relevant documents in order to satisfy themselves that sales tax leviable on those transactions is not evaded. There is no provision in the existing law for such a check. It is therefore, proposed to amend the Act to enable Government to establish check posts wherever necessary and to authorise the officers of the Department to stop the vehicle and check the goods and relevant documents carried by them. Hence the Bill.

(Published in the Mysore Gazette (Extraordinary) Part IV-2A dated 10-11-1961 as No 142 at page 4.)

VIII

Amending Act 29 of 1961.—It is considered necessary to designate "Inspecting Officers" as "Assistant Commissioners of Commercial Taxes" and empower them to hear appeals against the orders of Assistant Commercial Tax Officers. Provision has accordingly been made in clauses 2, 3, 6, 7 and 8 of the Bill.

Under the Central Sales Tax Act, 1956, certain goods like cotton and oil seeds have been declared to be of special importance in inter-State trade or commerce. According to section 15 of the said Act, the tax payable by any dealer under the State Sales Tax Act, in respect of any sales or purchases in respect of declared goods, shall not exceed two per cent and such tax shall not be levied at more than one stage in the State. Under the Mysore Sales Tax Act, cotton and groundnut including groundnut seed are subject to a purchase tax and the purchase tax has to be paid by the last dealer in the State liable to tax under the Act. Since tax cannot be levied in respect of declared goods at more than one stage in the State, it is necessary to provide for refund of tax paid by a dealer in a year in respect of purchase of such goods, if such goods are subsequently sold to any other dealer in the State, who is liable to pay the tax. Provision has accordingly been made in item (i) of clause 4. By item (ii) of clause 4, the first proviso to section 5(4) of the Act is proposed to be amended to prescribe by rules the manner and conditions subject to which the tax paid under section 5(4) shall be refunded.

The High Court of Mysore has recently held sub-section (3) of section 18 of the Mysore Sales Tax Act to be unconstitutional and invalid as it does not provide for refund of tax to a customer, who though not required by law to pay the tax, has paid the tax. It is therefore considered necessary to provide for refund of tax in such cases and also to specify the period within which the customer should claim refund. Provision has accordingly been made in clause 5 of the Bill. In another case the High Court has held that beer manufactured in India does not fall under entry 38 of the Second

Schedule to the Act and that the tax collected at 25 per cent on the sale of such beer is not valid. Since the intention was that beer whether manufactured in India or abroad should be subjected to tax at 25 per cent, entry 38 and Explanation II of the Second Schedule are proposed to be amended. The levy and collection of tax at 25 per cent on such beer and the tax forfeited under section 18(3) are also proposed to be validated. Provision for this purpose has been made in clause 10 of the Bill.—

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 20th November 1961 as No. 151, at page. 5.)

IX

Amending Act 26 of 1962.—In the light of certain decisions of the Mysore High Court, it has become necessary to amend sections 7, 12A and 40 of the Mysore Sales Tax Act, 1957. It is also necessary to validate rule 6 of the Mysore Sales Tax Rules with retrospective effect. Hence this Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 27th April 1962 as No. 82, at page. 8.)

X

Amending Act 30 of 1962.— The State Government are committed to raise a sum of Rs. 42 crores for the Third Five-Year Plan by additional taxation. In order to meet the commitments of the schemes in the Second Five-Year Plan and implementation of schemes in the Third Five-Year Plan, the resource of the State have to be augmented. The Mysore Resources and Economy Committees have made certain recommendations for this purposes, With reference to levy of sales tax, they have inter alia made the following recommendations:-

(i) the removal of exemption of cereals from payments of sales tax and subjecting them to tax one per cent to multi point;

(ii) chillies, now taxed at single point of first purchased, may be taxed to multi point;

(iii) the present rate of tax on timber at three per cent at first point of sale, be raised to four per cent;

(iv) raw silk may be taxed at point of last purchase at one half per cent;

(v) tamarind seeds may be taxed at the point of last purchase;

(vi) certain commodities, such as, aerated water, heavy chemical, granite slabs, mosaic tile and chips, cement and asbestos sheets and chicory now taxed at two per cent at multi point under section 5(1) may be brought under single point levy at three per cent at the point of first sale in the State;

(vii) all kinds of yarn, except cotton yarn covered by the Fourth Schedule may be taxed at two per cent, the rate of three-fourths per cent being made applicable only to pure silk yarn;

(viii) exemption of firewood and charcoal for domestic use may be removed;

(ix) exemption of dried vegetables may be removed;

(x) existing rates of tax in the case of certain commodities may be slightly enhanced to the level of those prevailing in the neighbouring States;

(xi) the rate of tax on pluses and on gold and silver articles may be raised from one to two per cent;

(xii) concessions allowed under the second and third provisions to section 5(4) of the Sales tax Act may be withdrawn; and

(xiii) the rate of sales tax on hotel turnover under section 5(1) be raised from two to three per cent.

With certain variations, it is proposed to implement the recommendations of the Committee. Hence this Bill. In the case of timber, instead of levy of tax at the first point of sale at four per cent as recommended by the Committee, it is proposed to levy multi point tax at two per cent. In respect of raw silk it is proposed to levy tax at one per cent at the point of last purchase instead of one half per cent as recommended by the Committee. In respect of mosaic tiles and chips and chicory, it is proposed to levy tax at the point of first sale at the rate of four per cent and five per cent, respectively, instead of three percent recommended by the Committees. In respect of yarn, a uniform rate of two per cent has been proposed in respect of both mill yarn and thrown silk, instead of three-fourths per cent as at present. The recommendation of the Committee to enhance the rate of tax leviable in respect of certain commodities is proposed to be implemented by levy of slightly higher rate in respect of some of those commodities. The rate of tax on pluses has not been enhanced to two per cent as recommended by the Committee, as this commodity has to be treated in the same manner as cereals. Similarly the rate of tax on hotel turnover has not been enhanced to three per cent as recommended by the Committee, since it will increase the tax burden on persons who have to take food and other eatables in hotels.

(Published in the Mysore Gazette (Extraordinary) Part IV-2A dated 27-8-1962 as No. 166 at page 5-6.)

XI

Amending Act 9 of 1964.— The Select Committee which considered the Mysore Sales Tax (Second Amendment) Bill, 1962 had recommended inter alia that, Government might consider separate legislation for enhancing the rates of tax on certain goods. It was decided early this year that the States should revise the rates of tax on certain luxury goods uniformly from seven per cent to ten per cent. In the Budget Speech the enhancement of rates on luxury goods was also mentioned. There have been several representations for replacement of the existing levy of licence fee on food grains by tax in view of the inconveniences involved in the present levy. It is therefore proposed to levy tax on the sale of food grains in

section 5 (1) of the Act. This is also considered necessary for increasing the State's resources.

2. The existing rates of tax on electrical earthen porcelain goods and toilet soaps are likely to produce adverse effects on the industries manufacturing these goods in the State. It is, therefore, proposed to reduce the rates of tax suitably in respect of the goods affected. Several representations are being received that the sale of potatoes, sweet potatoes, green chillies, gotta and nakki may be exempted from tax. As it is proposed to levy tax on sale of food-grain under section 5 (1), it is proposed to exempt sale of these goods from tax.

3. At present appeals are provided only against orders objecting to assessment. It is proposed to enlarge the scope of the relevant provisions so as to make all orders appealable and to provide for second appeals against orders not relating the assessment also. At present a large number of orders applicable to the Tribunal are being questioned by revision petition before the Commissioner, thereby considerably increasing the quasi-judicial functions to be performed by the Commissioner and making it difficult for him to give the attention and time necessary for the proper administration and enforcement of the Acts dealt with by the Commercial Taxes Department. It is therefore considered that in cases in which assesses can prefer appeal to the Tribunal, the alternative procedure of filing revision petitions before the Commissioner should be deleted, retaining power with the Commissioner to revise orders only when he considers that such order are prejudicial to the revenue.

4. Provision is made in sub-section (5A) and (5B) of section 5 of the Act for levy of tax on the sale or purchase of the goods held by a dealer on 14-12-1957 and 1-3-1961 on which excise duty or additional excise duty levied by the Central Government from those dates had not been levied. In a recent decision, the High Court has held that sub-section (5A) as worded has not the effect of making such goods liable to tax. It is considered necessary to ensure that the tax payable on those goods are realised by the State.

5. In another decision, it has been held by the High Court that where a dealer who is not himself liable to pay tax collects any amount from the purchaser as tax, such amount cannot be considered to be amount collected 'by way of the tax' as contemplated by sub-section (3) of section 18 as the dealer himself is not liable to tax. Consequently in such cases, the amount will neither be refunded to the purchaser nor paid to the State. It is therefore, necessary to provide that the amount will be payable to the State whether it is collected by way of tax or purporting to be by way of tax. Sub-section (3) of section 18 is accordingly proposed to be amended.

6. The other amendments proposed to be made intended to remove certain difficulties experienced in the working of the Act.

7. The provisions made in the Bill do not involve additional expenditure from the Consolidate Fund of the State.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 6-9-1963 as No. 114)

XII

Amending Act 29 of 1964.—In accordance with the decision at a conference of Chief Ministers, the rate of tax leviable on certain luxury goods has already been raised from seven per cent to ten per cent. It is now proposed to raise the rate of tax leviable under the Second Schedule to the Mysore Sales Tax Act, 1957, in respect of cigar and cigarette cases, lighters and holders of cigar and cigarettes from seven per cent to ten per cent.

Under the Fourth Schedule to the Act, a tax at the rate of two per cent on the point of first purchase is leviable on hides and skins. In view of representations made in this behalf, it is now proposed to levy tax at the rate of one per cent at the point of last purchase.

The Government of India had suggested exemption being given to food grains sold by the Central Government and by a wholesale Central Co-operative Society. On an earlier occasion, the Government of India had also suggested exemption being given in respect of goods sold to Indian Aid Mission, Nepal. It is also considered necessary to grant exemption to goods sold by canteens run under the auspices of the Central Government or State Government Offices for the benefit of the members of the staff. It is therefore proposed to amend the Fifth Schedule to the Act.

Hence this Bill.

As no expenditure is involved, financial memorandum is not given. There is also no delegated legislation.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 16th June 1964, as No. 147, at page 4.)

XIII

Amending Act 3 of 1966.—With a view to augmenting the resources of the State, it is considered necessary to rationalise and remove the differences in the rate structure as compared to rates of tax in the neighbouring State. The opportunity has been taken to make certain other amendments considered necessary.

Hence this Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 16th October 1965 as No. 200, at page. 7.)

XIV

Amending Act 7 of 1966.— For the implementation of Fourth Five-Year Plan, the State has to raise sufficient resources. These resource have to be raised mostly by additional taxation and it has therefore become necessary to make an upward revision of the rates of sales tax so as to get more revenue from this source. Many other States in India have already taken steps to enhance the rates of sales tax. The present Bill is

mainly intended to enhance the rate of sale tax on luxury goods from 10% to 12% and on goods liable to multi-point tax and also on most of the goods other than luxury goods coming under the Second Schedule by 1/2%. It is also proposed to give a rebate of 1% in respect of luxury goods imported from outside the State as they will have been subjected to Central Sales Tax during the course of import.

Some of the lacunae noticed in the course of implementing the Act are also proposed to be rectified. Industrial, Commercial or trading undertakings of the State Government are getting themselves registered as dealers under Mysore Sales Tax Act, to become eligible for registration under the Central Sales Tax Act also and get the benefit of concessional rates applicable to registered dealers in respect of inter-state transaction. The definition of "dealer" is proposed to be amplified to include such undertakings also.

The minimum turnover which would render a dealer liable to registration and to payment of tax is proposed to be enhanced from Rs. 7,500 to Rs. 10,000.

Hence this Bill.

XV

Amending Act 16 of 1967.—Consequent on the amendment of the Central Sales Tax Act by the Parliament providing for the enhancement of the rates of tax applicable to the declared goods under the local sales tax laws, it has become necessary to amend the IV Schedule which specifies the declared goods and the rates of tax applicable to them. The rates of tax applicable to the declared goods specified therein are now being enhanced accordingly.

The Government was considering the question of granting certain concessions to new industries with a view to encourage development of industries in the State. The Government recently took a decision that in respect of new industries exemption from the payment of Sales Tax should be provided for an initial period of two years. The manner in which that exemption should be provided was examined and it was thought that it can be best done by means of Notifications issued from time to time whenever occasion arises. Since the Act did not contain a provision empowering the State Government to issue such notifications it is now intended to insert a provision empowering the Government to notify exemptions and reduction of tax rates. Such a provision exists in the Sales Tax Laws of the Neighbouring States also.

This occasion is also utilised to make certain minor amendments relating to procedural matters and also to provide for concessional rate of tax for vermicelli and to reduce the rates of tax on sugarcane and to exempt Amber Charkas, Druggets, Durries and Carpets. The benefit of exemption granted to *bona fide* producers under item 28 of the V Schedule is proposed to be limited to persons who produce goods exclusively coming under village industry.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 12th December 1967 as No. 278, at page. 10.)

XVI

Amending Act 17 of 1969.—Clause (j) of sub-rule (4) of Rule 6 of the Mysore Sales Tax Rules, 1957 provided for the exclusion of excise duty paid by a dealer from the computation of his taxable turnover. By Government Notification No. GSR 882, dated 16th March 1966, this clause was deleted from the rules with the object of recovering sales tax even on the excise duty portion of the turnover of dealers. In respect of arrack which falls under entry relating to Sl. No. 39 of the Schedule, sales are made by Government to licensed contractors and sales tax was recovered from them at 6½% on the total amount payable by them including the excise duty from 1st April 1966. The Mysore High Court in W. P. No. 644/66 D. Cawasji & Co., and others vs. the State of Mysore (1968 16 LR 64) held that on the sales of arrack, the sales tax cannot be collected on the total amount but has to be collected only on the basic price excluding excise duty on the ground that the duty in such a case does not form part of the sale price but is a separate "levy" made by the Government at the time of releasing the stocks from the Government Bonded Warehouse. Consequently, a considerable amount already recovered may become refundable. In order to get over the effects of the High Court decision and retain the money already recovered by the Government, it is proposed to enhance the rate of tax on arrack to 45% with retrospective effect from 1st April 1966. The enhanced rate of tax on the basic price would be absorbed in the price already recovered, and no additional tax is expected to be realised from this Bill. Since the Legislature was not in session and in view of urgency, an Ordinance was promulgated. The Bill is to replace the Ordinance.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 14th August 1969, as No. 400, at page. 4.)

XVII

Amending Act 27 of 1969.—In sub-sections (4) to (7) of Section 28-A of the Mysore Sales Tax Act, 1957, a provision was made to confiscate the goods by the Check-post Officer, whenever the goods under transport are not covered by proper documents to show that the goods in question have already been subjected to sales tax. If the party desired to release the goods on the spot itself, he was to pay ten per cent of the estimated value of the goods. The High Court of Mysore in Venkatachalpathy vs. Commercial Tax Inspector and other (1965_16 S.T.C. 894), while upholding the validity of sub-sections (1), (2) and (3) of the said section, have struck down the provisions of sub-sections (4), (5), (6) and (7).

It is, therefore, proposed to substitute new sub-sections (4), (5), (6) and (7) providing for,—

- (1) levy of penalty;
- (2) the limits upto which the penalty may be levied;
- (3) the procedure to be followed when the penalty is not paid; and
- (4) an appeal by the aggrieved person.

Provision has also been made that the officer-in-charge of the check post or barrier shall be an officer not below the rank of an Assistant Commercial Tax Officer and not higher in rank than an Assistant Commissioner of Commercial Taxes.

In order to ensure that there is no evasion of tax, a new section 28C is also proposed to be incorporated in the Act, requiring submission of the documents referred to in sub-section (2) of Section 28A or copies thereof by the owner or other person in charge of a goods vehicle or boat in respect of the goods under transport to the Commercial Tax Officer.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 14th August 1969 as No. 398, at page. 5.)

XVIII

Amending Act 31 of 1969.—While considering methods by which delays in the disposal of cases can be reduced and the time of the courts can be saved in trying a large volume of petty cases, the Law Commission of India in their fourteenth Report recommended the adoption of the procedure laid down in section 130 of the Motor Vehicles Act, 1939. Section 130 of the Motor Vehicles Act, 1939 provides for the summary disposal of cases arising under that Act in respect of specific class of offences thereunder. In accordance with that section, the accused person can plead guilty to the charge by registered letter and remit to the court as fine such sum as the court may specify. The Commission has recommended that this procedure may be extended to minor offences under other Acts.

After examining the suggestion of the Law Commission of India, it has been decided to make a provision in the Mysore Sales Tax Act, 1957 (Mysore Act 25 of 1957) and the Mysore Entertainments Tax Act, 1958 (Mysore Act 30 of 1958) similar to section 130 of the Motor Vehicles Act, 1939 to deal with the offences prescribed under section 29 (1) of the Mysore Sales Tax Act, 1957 and section 12 (1) (b) (ii) of the Mysore Entertainments Tax Act, 1958.

Hence this Bill.

(Published in Karnataka Gazette Part IV-2A dated 13th February 1969, at page. 32.)

XIX

Amending Act 9 of 1970.—In the Budget speech it was indicated that the Mysore Taxation and Resources Enquiry Committee's Report on Sales Tax, copies of which were already circulated among the members of the Legislature, has been accepted by the Government with certain modifications. This Bills is intended to implement these decisions. The more important of these decisions are:—

(1) Enhancement of the minimum limit of turnover for tax liability from Rs. 10,000 to Rs. 25,000.

(2) Raising the maximum limit of turnover for composition benefits to Rs. 75,000.

(3) Repeal of the Mysore Sales of Motor Spirit Taxation Act, 1957 and bringing the sales of Motor Spirits within the preview of the Mysore Sales Tax Act, 1957.

(4) Rationalisation of the tax rates.

This opportunity is also being availed of to include in this Bill certain other amendments which are found necessary.

Hence the Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 26th March 1970, as No. 105, at page 21.)

XX

Amending Act 15 of 1970.—Consequent upon the amendment of the Central Sales Tax Act, 1956 by the Central Sales Tax (Amendment) Act, 1969, proceedings for the rectification of assessment and appellate orders were taken under rule 38 of the Mysore Sales Tax Rules. In respect of rectification proceedings taken by the appellate authorities, the validity of rule 38 was questioned in certain writ petitions. In view of the decision of the High Court with reference to section 12A in *Lakshmi Bags Manufacturing Co., v. State of Mysore* [1969 (1 Mys L.J. 425)], it was considered necessary to make specific provision for appeals against orders of rectification of the appellate authorities. As there are many cases in which the rectification proceedings have been challenged and the collection of tax had to be expedited, it was considered necessary to make provision in the Act itself for rectification of assessment and appellate orders. As the matter was urgent and as both the Houses of Legislature were not in Session, the Mysore Sales Tax (Amendment) Ordinance was promulgated on 9th June 1970, Provision was made by this amendment empowering the assessing authority, appellate authority, the revising authority, the Appellate Tribunal and the High Court to rectify any mistake apparent from the record.

This Bill is intended to replace the Ordinance.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A, dated 11th September 1970 as No. 389, at page. 7.)

XXI

Amending Act 18 of 1971.— In order to raise additional resources to be utilised exclusively for the relief of Bangla Desh refugees, the Government of Mysore has proposed to levy an additional tax at the rate to two paise in the rupee on the sales tax or purchase tax or both payable by all dealers liable to pay tax under the Mysore Sales tax Act, 1957. The present measure is being enacted to give effect to the said proposed.

2. The Committee constituted under the proviso to sub-section (2) of section 3 of the Mysore State Legislature (Delegation of Powers) Act, 1971 (23 of 1971), has been consulted before enactment of this measure as a President's Act.

XXII

Amending Act 5 of 1972.—In the budget speech, certain changes in the sales tax rates and rationalisation of composition rates have been announced. The Bill is intended to give effect to these changes. Opportunity has been taken to make other amendments with a view to remove certain difficulties and also tighten up the procedure regarding collections.

Hence this Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 19th July 1972, as No. 285, at page 9.)

XXIII

Amending Act 7 of 1972.—Section 13 (3) (b) of the Mysore Sales Tax Act, 1957, authorises recovery of the tax assessed or any other amount due under that Act, on application to any Magistrate, by such Magistrate as if it were a fine imposed by him. Accordingly, for purposes of expeditious recovery of arrears proceedings were being taken by making applications to Magistrates.

In a recent case, namely, Messrs, Mohanlal Premchand Vs. Commercial Tax Officer and another [1971 (1) Mysore Law Journal 72], the High Court of Mysore held that under section 32 of the Code of Criminal Procedure, a Magistrate of the First Class has jurisdiction to impose a fine not exceeding two thousand rupees, that the power of the Magistrate under section 386 of the Code of Criminal Procedure to recover the fine was circumscribed by the limits of the power to impose a fine, and that therefore, by assorting to the procedure under section 386 of the Code of Criminal Procedure, a Magistrate under section 13 (3) (b) of the Act, in the absence of any other provisions, cannot recover any amount as if it were a fine, in excess of the limit prescribed under section 32 of the Code of Criminal Procedure; and consequently, quashed the recovery warrants issued by the Magistrate for recovery of the tax exceeding two thousand rupees. Similar orders were passed in other cases.

Appeals have been preferred to the Supreme Court questioning the correctness of the decision of the High Court. As the disposal of the appeals by the Supreme Court may take some time, and as the recovery of arrears has to be effected as expeditiously as possible, it is considered necessary to amend the Act to make it clear.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 19th July 1972 as No. 286, at page. 3.)

XXIV

Amending Act 4 of 1973.—President's Acts 14 of 1971, 16 of 1971, 17 of 1971 and 18 of 1971 had been enacted to raise additional resources for the relief of Bangla Desh Refugees. They expire on 24th March 1973.

It is proposed that while the additional levies for the relief of Bangla Desh Refugees may cease, the levies may be retained till 31st March 1974

to raise additional resources to meet the cost of 'People's Housing Programme' to be undertaken by the State Government.

Hence the Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 13th March 1973 as No. 253, at page. 5.)

XXV

Amending Act 7 of 1973.—Sections 14 and 15 of the Central Sales Tax Act 1956 which have a bearing upon sub-section (4) of section 5 of and the Fourth Schedule to the Mysore Sales Tax Act 1957 have been amended by the Central Sales Tax (Amendment) Act, 1972 (Central Act No. 61 of 1972). The gist of the amendments is:—

(1) items which are considered as coming within the scope of iron and steel and oilseeds which are declared goods have been exhaustively enumerated;

(2) Charcoal is excluded from the purview of coal;

(3) the refund of the State tax paid in respect of declared goods which are subsequently sold in the course of inter-State trade have been made subject to the payment of sales tax on the inter-State sale.

Sub-section (4) of section 5 and the Fourth Schedule of the Mysore Sales Tax Act 1956 have to be suitably modified to bring them in conformity with the amended provisions of sections 14 and 15 of the Central Sales Tax Act 1956. It is proposed to bring into effect the proposed amendment with effect from 1st April 1973, the date on which the amendments to the Central Sales Tax Act 1956 will come into force.

Amendments consequential to the proposals made in the budget speech are also included.

Hence the Bill.

(Published in Karnataka Gazette (Extraordinary, \) Part IV-2A dated 19th March 1973, as No. 279 at page. 7.)

XXVI

Amending Act 14 of 1974.—It is proposed to raise the rate of sales tax for various commodities in II and IV Schedules of the Karnataka Sales Tax Act, 1957 to augment the revenues of the State.

Hence this Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 21st March 1974, as No. 582 at page 8.)

XXVII

Amending Act 5 of 1975.—Purchase tax on sugarcane purchased by sugar factories was levied on advalorem basis. The rate was ten percent. For purposes of fixing the levy price of sugar, Government of India would take the purchase tax as an item of cost of processing sugarcane. Since the factories do not pay uniform price for sugarcane purchased, the purchase

tax paid by them varied. But Government of India would take only the average tax into consideration and it used to be Rs. 8.50 per tonne. So much so sugar factories paying more than Rs. 8.50 per tonne purchase tax would also bound by the levy sugar rate fixed. This was disadvantageous to such factories. Hence representations were made to levy purchase tax on tonnage basis so that the incidence felt uniformly on all sugar factories. This basis would ensure protection of Government revenues also. Besides, the factory would be enabled to recover more than at present and pass on the benefit to the grower. The altered basis therefore would ultimately benefit the grower also.

Ordinance 9 of 1974 was issued for the purpose.

The Bill is to replace the Ordinance.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 7th February 1975 as No. 270 at page 4.)

XXVIII

Amending Act 16 of 1975.—In order to augment the revenues of the State, it is proposed to amend the Karnataka Sales Tax Act, 1957. The Bill provides for:

- (i) levy of an additional tax from certain categories of dealers;
- (ii) enhancement of single point tax in respect of certain commodities;
- (iii) enhancement of multi-point rate;
- (iv) reduction in the concessional Multi-point rate for certain Commodities;
- (v) levy of sales tax on silk fabrics other than fabrics woven on handlooms;
- (vi) inclusion of certain commodities in the II Schedule of the Act (i.e., commodities liable to be taxed at single point rates).

Hence this Bill.

(Published in Karnataka Gazette (Extraordinary) dated 29th March 1975, as No. 866 at page. 6.)

XXIX

Amending Act 30 of 1975.—The Central Sales Tax Act, 1956, stipulates the maximum rate of tax leviable under the State law on the sale or purchase of 'declared' goods. The Central Sales Tax Act was amended with effect from 1st July 1975 and the maximum rate of tax leviable on 'declared' goods was enhanced from 3 percent to 4 percent. In view of the amendment to the Central Sales Tax Act and with a view to raising more revenues, the rate of tax on the following declared goods was raised from 3 to 4 percent with effect from 15th July 1975.

- (i) Coal
- (ii) Iron and Steel
- (iii) Jute

The additional revenue as a result of the enhancement will be Rs. 35 lakhs in a full year and Rs. 26 lakhs during the current financial year.

Ordinance 6 of 1975 was issued for the aforesaid reasons.

The Bill is to replace the Ordinance.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 24th July 1975 as No. 2029 at page 3.)

XXX

Amending Act 16 of 1976.—The Karnataka Sales Tax Act, 1957 provides for the levy of purchase tax at the rate of Rs. 9 per tonne on sugarcane purchased by manufacturers of jaggery. A vast majority of the jaggery manufacturers reside in rural areas and find it difficult to maintain accounts. It was, therefore considered desirable to introduce a system of compounded levy. A compounded system of levy will also facilitate tax collection.

2. With effect from 1st April 1975, the dealers whose total turnover exceeds Rs. 10 lakhs per annum are required to pay Additional Tax at the rate of 10 paise in a rupee on the sales tax or purchase tax or both. However, in the case of 'declared' goods, it is provided in the Act that the tax together with the Additional Tax should not exceed 3 percent. This condition was imposed because of the restriction contained in section 15 (a) of the Central Sales Tax that the tax payable on 'declared' goods shall not exceed 3 percent. The Central Sales Tax Act was amended with effect from 1st April 1975 and the maximum rate of tax leviable on 'declared' goods was enhanced to 4 percent. In view of the above, it is proposed to amend section 6 (B) of the Karnataka Sales Tax Act, 1957 to provide that the tax together with additional tax shall not exceed 4 percent in respect of 'declared' goods.

3. The Karnataka Sales Tax (4th Amendment) Ordinance 1975 was promulgated to give effect to the above proposals.

The Bill is to replace the Ordinance.

(Published in Karnataka Gazette Part IV-2A dated 22nd January 1976, at page. 12_13.)

XXXI

Amending Act 17 of 1976.—It is proposed to enlarge the scope of certain terms like 'business', 'dealer' and 'Miller' so as to facilitate the collection of tax on certain types of transactions. It is also proposed to raise the concessional rate of tax on component parts. A provision has also been incorporated for the publication of the names of tax defaulters. The Karnataka Sales Tax (Amendment) Bill, 1976 gives effect to the above proposals.

Hence this Bill.

(Obtained from LA Bill No. 15 of 1976.)

XXXII

Amending Act 34 of 1976.—In order to augment the revenues of the State, it is proposed to increase the rates of Sales Tax on certain commodities.

It is also proposed to levy a sales tax of 40 per cent on articles of food and drink consumed during Cabaret Shows.

Section 6B of the Karnataka Sales Tax Act, 1957, introduced by Act No. 16 of 1975 with effect from 1st April 1975, authorises the levy of additional tax at 10 per cent on the Karnataka Sales Tax payable by dealers with a turnover of Rs. 10 lakhs and above. This section authorises levy of additional tax in respect of tax payable under section 5 or section 6, but does not cover tax payable under section 25B. This was not the intention at the time of introducing section 6B. The Act is proposed to be amended to extend the levy of additional tax to the tax payable under section 25B also.

Hence this Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 30th March 1976 as No.1745 at page. 4.)

XXXIII

Amending Act 78 of 1976.—Consequent upon the Central Sales Tax (Amendment) Act, 1976 (Central Act No. 103 of 1976) amending certain provisions of the Central Sales Tax Act, 1956 and shifting some of the Food grains and pulses to the category of declared goods, consequential amendments to the relevant provisions of the Karnataka Sales Tax Act, 1957 had to be effected. As the State Legislature was not in session, these amendments had to be carried out by an Ordinance and accordingly Karnataka Sales Tax (Fourth Amendment) Ordinance, 1976 (No. 22 of 1976) was promulgated. This bill seeks to replace the above Ordinance. Opportunity is also taken to carry out amendments to certain provisions of the Act with a view to removing certain legal infirmities. Cereals and pulses which are not specifically covered by the Ordinance, and 'Chunni' of pulses have also been shifted from multipoint to single point scheme of taxation in consonance with the State's policy to shift as many commodities to single point levy as may be possible.

(Obtained from LA Bill No. 51 of 1976.)

XXXIV

Amending Act 17 of 1977.—At present, additional tax is leviable under section 6B of the Karnataka Sales Tax Act, 1957 on dealers liable to pay tax under section 5 or under section 6 and whose total turnover is ten lakhs of rupees or more in a year, the rate of tax being 10 per cent of the sales tax or purchase tax or both payable by such dealers. In order to augment the revenues of the State, it is now proposed to extend this to dealers whose total turnover is five lakhs of rupees or more but is less than ten lakhs of rupees in a year and the rate of additional tax proposed for this

group is seven and half per cent of the sales tax or purchase tax or both payable by such dealers.

Hence the Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 1st April 1977 as No. 258 at page 3.)

XXXV

Amending Act 18 of 1978.—In order to rationalise taxation structure it is proposed to make certain modifications in the Schedule to the Act.

It has been considered necessary to remove certain practical difficulties experienced in working out the provisions of the Karnataka Sales Tax Act.

It is also proposed to raise the rates of Sales Tax of certain commodities in keeping with the rates on these items in the neighbouring States of Tamil Nadu, Kerala and Andhra Pradesh.

Hence this Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 11th August 1978 as No. 1143 at page 11.)

XXXVI

Amending Act 21 of 1979.— In order to augment the revenues of the State it is proposed to second taxation and other laws. Opportunity is taken to make some other amendments also.

Hence this Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 27-3-1979 as No. 259).

XXXVII

Amending Act 14 of 1980.—To augment the revenue of the State and to further rationalise the taxation structure, it is proposed to make certain amendments to the Karnataka Entertainments Tax Act, 1958, the Karnataka Forest Act, 1963 and the Karnataka Sales Tax Act, 1957.

Hence the Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 14th March 1980 as No. 192 at page 5.)

XXXVIII

Amending Act 7 of 1981.—The Minister for Finance has, in his budget speech for 1981_82, announced various measures to augment the

State's revenue by selectively fixing or raising the rates of sales tax in respect of certain items, combat the problem of tax evasion and obviate some of the hardships caused to small/petty dealers.

The present Bill seeks to achieve the objectives contained in the budget speech. Opportunity has also been taken to introduce certain other necessary and consequential amendments and to remove certain difficulties experienced by the Government in the administration of the Act.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 28th March 1981 as No. 215.)

XXXIX

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 27th March 1982 as No. 223 at page 31.)

XL

Amending Act 3 of 1983.—This Bill seeks to exempt Department of the Central and all State Governments, including those of the Government of Karnataka from the levy of turnover tax with effect from 1st April 1982; to shift the point of incidence of tax in respect of iron and steel scrap to counter bill-trading activities of certain unscrupulous dealers; and to modify entry 8-A of the V Schedule to remove certain doubts with reference to the levy or otherwise of tax in respect of certain varieties of textile fabrics which have not been subjected to Additional Excise Duty under Additional Duties of Excise (Goods of Special Importance) Act, 1957 (Central Act 58 of 1957).

As both Houses of the State Legislature were not in Session and Ordinance was promulgated. This Bill seeks to replace the said Ordinance.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 24th November 1982 as No. 816 at page. 5.)

XLI

Amending Act 10 of 1983.—The Bill seeks to give effect to the taxation proposals contained in the Finance Minister's Budget Speech for 1983_84 in relation to sales tax. Opportunity is also taken to introduce certain other necessary and consequential Amendments to the provisions of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) in order to plug certain loop-holes leading to tax avoidance/evasion and to rationalise the system of penalties etc.—

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 29th March 1983 as No. 203 page 20.)

XLII

Amending Act 23 of 1983.— Under the existing provisions of the Bill Agent is taxed as qua-agent and not as a dealer. The agent's liability is, therefrom, co-extensive with that of his principal and if the principal cannot be taxed in respect of a transaction his agent also cannot be taxed. It is proposed to modify the applicability of law of agency to the assessments under the Bill by providing that the turnover effected by the Agents, who is also a dealer under the Bill, shall be deemed to be his own turnover for the purposes of levying tax.

Opportunity is also taken to make certain other amendments with a view to rationalising and streamlining the other provisions of the Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 22.09.1983 as No.835).

XLIII

Amending Act 8 of 1984.— In the Budget Speech for the year 1984-85 the Chief Minister has indicated several proposals in order to streamline the taxation structure keeping in view the recommendations of the Karnataka Taxation Review Committee to augment the revenues of the State. Opportunity is also taken to make amendments to Act to rectify anomalies.

Hence the Bill.

(Obtained from L.A. Bill No. 25 of 1984)

XLIV

Amending Act 27 of 1985.—It is proposed in the Budget speech for the year 1985_86, to levy tax on the transfer of property in goods (whether as goods or in some other form) involved in the execution of work contract, on the transfer of the right to use goods, on the delivery of goods on hire purchase or any other kind of payment by installments; for payment of interest for belated refunds; to prescribe time limit for concluding assessments; to simplify summary assessments; and to give certain concessions and reliefs.

Hence this Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 1st August 1985 as No. 415 at page 28.)

XLV

Amending Act 9 of 1986.—To give effect to the proposals made in the budget speech it is proposed to amend the Sales Tax Act, 1957.

Opportunity is taken to make some other amendment to streamline the administration.

Hence the Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 14th March 1986 as No. 194 at page 52.)

XLVI

Amending Act 36 of 1986.— The Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) is proposed to be amended to enable the Commissioner taxes, to stay the operation of the orders passed by the subordinate officers which are prejudicial to the interest of Government Revenue and to authorise the Commissioner to empower an officer not below the rank of a Commercial Tax Officer to function as a State Representative before the Karnataka Appellant Tribunal. Further, it is proposed to provide for exempting poultry farmers, for liability to registration.

(Obtained from L.A. Bill No. 51 of 1986)

XLVII

Amending Act 14 of 1987.—To give effect to the proposals made in the Budget speech it is proposed to amend the Karnataka Sales Tax Act 1957.

Hence the Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 27th March 1987 as No. 248 at page 21.)

XLVIII

Amending Act 30 of 1987.—The tax on sale of silk fabrics was enhanced from three per cent to four per cent and the point of levy was shifted from the last sale point to the last purchase point with effect from 1st April 1987. Now it is considered necessary to amend the Karnataka Sales Tax Act, 1957 to provide for levy of sales tax on silk fabrics at the point of last sale in the State, as it existed earlier.

The High Court of Karnataka in W. P. No. 18193 of 1979 has held that sale of skimmed milk powder is not eligible to tax under the Karnataka Sales Tax Act, 1957 as it falls within the expression 'Fresh Milk' which is exempt from tax under the said Act. The general notion prevalent prior to this decision however, was that only milk in liquid form was covered by the exemption and that milk powder was liable to tax. Dealers had been assessed and taxes recovered on that basis. However, consequent upon this decision, the taxes so collected over a long period become refundable and the State may be required to make huge refunds. Therefore, it is proposed to amend the provisions of the Act in order to retain the tax already levied and collected from the sale of milk powder and also to continue the levy.

The opportunity is also taken to amend certain other provisions of the Act to grant certain reliefs.

Hence the Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 11th September 1987 as No. 612 at page 5.)

XLIX

Amending Act 15 of 1988.—To implement the various announcements made by the Chief Minister in the Budget Speech for 1988_89 relating to Sales Tax, it is necessary to make certain amendments to the Karnataka Sales Tax Act, 1957. Opportunity is also taken to make certain consequential changes in the said Act.

Hence the Bill.

(Published in Karnataka Gazette (Extraordinary) dated 4th April 1988, as No. 206 at page 43.)

L

Amending Act 8 of 1989.—(1) Section 5 is proposed to be amended to extend time limit beyond 31st May 1988 upto 31st July 1988 to enable dealers to dispose off the old stock of Indian made foreign liquor which has already been suffered tax at the rate prevailing prior to 1st April 1988.

(2) In 69 STC Page 320 (Deputy Commissioner of Sales Tax-Vs-Thomas Stephen & Co. Ltd.), the Supreme Court has held that taxable goods purchased and consumed for ancillary purposes like fuel and consumables in the manufacture of goods for sale are not liable for purchase tax under section 6. Taxes levied on such purchases hitherto, have become liable for refunds. In order to prevent claims for refund and to retain the taxes already collected, amendment is proposed to section 6 of the Karnataka Sales Tax Act, 1957, to insert retrospectively an explanation to the said section. Further, goods consumed otherwise than in manufacturing of goods are also proposed to be taxed.

(3) Section 12 is proposed to be amended to extend limitation period of three years prescribed for completion of assessment, relating to the years upto 1984_85, by one more year, to complete assessments in pending cases.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 17th September 1988 as No. 588 at page. 8.)

LI

Amending Act 16 of 1989.—To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Sales Tax Act, 1957.

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

Hence the Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 27th March 1987 as No. 160 at page 12.)

LII

Amending Act 8 of 1990.—To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Sales Tax Act, 1957.

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

Hence the Bill.

(Published in the Karnataka Gazette (Extraordinary), dated 29th March 1990, PART IV—2-A, No. 163, p. 145.)

LIII

Amending Act 15 of 1991.— It is considered necessary to amend the Karnataka Sales Tax Act, 1957, to give effect to the proposals made in the Budget speech and for removing ambiguity, streamlining administration and rationalisation of procedure.

Hence the Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 21st March 1991 as No. 126 at page 251.)

LIV

Amending Act 4 of 1992.—To give effect to the proposal made in the Budget Speech, it is considered necessary to amend the Karnataka Sales Tax Act, 1957.

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

Hence the Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 28th March 1992 as No. 187 at page 220.)

LV

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.)

LVI

Amending Act 11 of 1993.— It is considered necessary to amend the Karnataka tax on Luxuries (Hotel and Lodging Houses) Act, 1979, the Karnataka Tax on Professions, Traders Callings and Employments Act, 1976, the Karnataka Entertainments Tax Act, 1958 and the Karnataka Sales Tax Act, 1957 to give effect to the proposals made in the budget speech and matters connected therewith.

Hence the Bill.

(Obtained from L.A. Bill No. 15 of 1993.)

LVII

Amending Act 13 of 1994.—It is considered necessary to amend the Karnataka Sales Tax Act, 1957 to provide for levy and collection of surcharge on certain goods except those specified in the fourth schedule.

Hence the Bill.

(Obtained from LA Bill No. 31 of 1993.)

LVIII

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.)

LIX

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.)

LX

Amending Act 1 of 1996.— x x x

2) It is considered necessary to amend the Karnataka Sales Tax Act, 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) x x x

Certain consequential amendments are also made.

Hence the Bill.

(Obtained from LA Bill No. 8 of 1996.)

LXI

Amending Act 5 of 1996.—It is considered necessary to amend the Karnataka Tax on Luxuries (Hotels and Lodging Houses) Act, 1979, the Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976, the Karnataka Entertainments Tax Act, 1958, the Karnataka Agricultural Income Tax Act, 1957, and the Karnataka Sales 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 1996.)

LXII

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

1. x x x

2. x x x

3. x x x

4. In the Karnataka Sales Tax Act, 1957, it is proposed to amend:—

(i) sub-section (1) of section 3B to empower the Commissioner instead of the State Government to specify the functions of the Additional Commissioners.

(ii) Explanation to sub-section (1C) of Section 5, to redefine the term silk fabrics with a view to include only such silk fabrics in which proportion of silk is 60% or more by weight of total fibre content so that small time weavers

who weave the silk sarees of inferior quality with less than 60% silk content and sell to the customers, will get tax relief.

(iii) proviso to sub-section (2) of section 6A, to empower the Commissioner to notify any other goods in addition to the goods referred to in the proviso.

(iv) sub-section (3) of section 28-A, to empower the officer intercepting any goods vehicle at any place other than a check post or barrier to direct the person incharge or owner of such goods vehicle to take it to the nearest check post or Police Station for the purpose of examining contents in the vehicle;

(v) sub-section (4) of section 28-A to provide for levy of minimum penalty and to enhance the upper limit of the penalty.

(vi) sub-section (6) of section 28-A, to empower the officer levying penalty to retain the goods vehicle in case of a tanker carrying goods in liquid or gaseous form or to retain the whole goods if it is a single unit and not separable into any part; and to provide for furnishing Bank guarantee in respect of the penalty leviable under the Act.

(vii) serial number 3-A of Second Schedule to reduce the tax from 12 per cent to 4 per cent in respect of agricultural implements like cultivators, disploughs etc.,

5. Certain consequential amendments are also made

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

LXIII

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.)

LXIV

Amending Act 18 of 1997.—It is considered necessary to amend the Karnataka Sales Tax Act, 1957 to reflect the clear intention of the Budget speech for the year 1997_98.

x x x

Hence the Bill.

(Obtained from LA Bill No. 35 of 1997.)

LXV

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.)

LXVI

Amending Act 20 of 1998.—It is considered necessary to amend the Karnataka Sales Tax Act 1957 (Karnataka Act 25 of 1957) and the Karnataka Entertainments Tax Act 1958 (Karnataka Act 32 of 1958) to provide for exemption for certain State public undertakings engaged in manufacturing activities from deducting Tax under section 19-AA, to authorise the Joint Commissioners of Commercial Taxes to permit prosecutions under section 29(2), to increase the composition amount to be on par with the other penalties under the Karnataka Sales Tax Act 1957 (Karnataka Act 25 of 1957), and to provide relief to cinema theatres in respect of Show Tax under the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 32 of 1958).

Hence the Bill.

(Published in Karnataka Gazette (Extraordinary) Part IV-2A dated 25th May 1998 as No. 601 at page 13.)

LXVII

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.)

LXVIII

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.)

LXIX

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 22 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.)

LXX

Amending Act 9 of 2000.— In the meeting of Chief Ministers and Finance ministers held on 16.11.1999 a consensus was arrived to adopt floor rates recommended by the State Finance Minister's Committee 1995 with effect from the first day of January 2000.

Accordingly to give effect to the decision taken in the aforesaid meeting, it was considered necessary to amend the Second, Third, Fourth and Fifth Schedules to the Karnataka Sales tax Act, 1957, by changing the rates of tax on several commodities.

Since the matter was urgent and both the Houses of Legislature were not in session, the Karnataka Sales Tax (Amendment) Ordinance, 1999 (Karnataka Ordinance No. 8 of 1999) was promulgated to achieve the object.

This Bill seeks to replace the said Ordinance.

(Obtained from L.A. Bill No. 9 of 2000.)

LXXI

Amending Act 21 of 2000.— Representation were made to the Government by the manufactures, Wholesales and Retail Traders of Liquor for Merger of Sales tax with the Excise duty, since for payment of Sales Tax and Excise duty, the trade has to deal with two Departments resulting in

administrative and procedural difficulties and inconvenience. Further merger of sales tax with excise duty will simplify the procedural complication etc. On examination of the above representations the Government considered it necessary to amend the Karnataka Sales Tax Act, 1957 and the Karnataka excise Act, 1965, to provide for,

(i) levy of additional excise duty on the value, cost or price of the excisable article.

(ii) recovery of sales tax arrears as arrears of excise revenue.

(iii) treating tax or other amount due as arrears of excise revenue for the purpose of recovery of such tax or other amount due.

Hence the Bill.

(Obtained from L.A. Bill No. 38 of 2000.)

LXXII

Amending Act 25 of 2000.— In keeping with the decision taken in the Chief Ministers and Finance Ministers Conference held on 16.11.1999 at New Delhi, to adopt floor rates recommended by the State Finance Ministers' Committee were made to the Karnataka Sales Tax Act, 1957.

Subsequently, in the meeting of the Standing Committee of State Finance ministers held on 7.6.2000 and 22.6.2000, it has been decided that there should be 100% compliance by all the States concerned with regard to implementation of floor rates and that any deviation would be viewed seriously and such non-compliance would result in withholding of 25% Central Assistance.

Since, it was found that there was deviation in respect of twenty commodities, action had been already taken issue notification under the Karnataka Sales tax Act, 1957 regarding some of the items. However the rates of Sales Tax in respect of certain items like Teleprinter, Narcotics, marble tiles and silk yarn etc., were required to be revised. Therefore, it was considered necessary to further amend the second and fifth Schedule of the Karnataka Sales Tax Act, 1957 to implement the uniform floor rates of tax of those commodities to ensure 100% compliance of uniform floor rates.

Since the matter was urgent and the Karnataka Legislative Council was not in session, the Karnataka Sales Tax (Amendment) Ordinance, 2000 (Karnataka Ordinance 5 of 2000) was promulgated to achieve the above object.

Hence the Bill.

(Obtained from L. A. Bill No. 27 of 2000.)

LXXIII

Amending Act 5 OF 2001.— 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)

LXXIV

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.

(L.A. Bill No. 12 of 2002)

LXXV

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.

Hence the Bill.

[L.A. Bill No. 9 of 2003]

(Entries 46, 52, 53, 54, 60 and 62 of List-II of the Seventh Schedule to the Constitution of India)

LXXVI

Amending act, 13 of 2003.- it is considered necessary to prepare upto date codal volumes of the karnataka acts and to repeal all the spent acts and amendment acts from time to time.

The Government constituted One-man Committee for the above purpose. The Committee has reviewed the Karnataka Acts for the period from 1.11.1956 to 31.12.2000 and has proposed the "Repealing and Amending Bill, 2002" which seeks to repeal the following types of Acts,-

- (i) Acts which amended the Karnataka Acts whether they are now in force or not;
- (ii) Acts which amended regional Acts which are no longer in force;
- (iii) Appropriation Acts as they are spent Acts;
- (iv) Acts which have been struck down or by necessary implication struck down by the Courts;
- (v) Acts which are by implication repealed by Central Acts;
- (vi) Acts which are temporary and spent enactments; and
- (vii) Acts which amend the Central Acts and regional Acts which are in force.

The Bill does not include Acts which are already repealed expressly.

This Bill also seeks to amend certain Acts which are considered necessary.

Hence the Bill.

[L.C. BILL No. 4 OF 2002]

[Various entries of List II and III of the Seventh Schedule]

LXXVII

Amending Act 30 of 2003.- In view of deferment of implementation of the Value Added Taxation System in the State it is considered necessary to amend the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), to provide for revision of Sales tax rates on certain commodities from two, four, eight, twelve and fifteen per cent to four, five, nine, thirteen and sixteen per cent which would be close to the tax rate prevalent prior to the year 2002-2003. It is also proposed to introduce a non-collectable additional tax of one per cent on certain commodities.

The proposed revised taxes would come into effect from 1st June, 2003. These additional resource mobilization measures are expected to yield a revenue of about Rupees three hundred crores for the current financial year. These measures are interim and would be dismantled on introduction of Value Added Tax.

As the matter was urgent and the Karnataka Legislative Council was not in Session the Karnataka Sales Tax (Amendment) Ordinance, 2003 was promulgated.

Hence, the Bill.

[L.A. Bill No. 18 of 2003]

[Entry 54 of List-II of Seventh Schedule to the Constitution of India]

LXXVIII

Amending Act 2 OF 2004.- To give effect to the proposals made in the Budget Speech of 2003-04, it is considered necessary to amend the Karnataka Sales Tax Act, 1957, the Karnataka Stamp Act, 1957 and the Karnataka Motor Vehicles Taxation Act, 1957.

Hence the Bill.

[L.A. BILL No. 7 OF 2004]

(Entries 54, 57 and 63 of List II of the Seventh Schedule to the Constitution of India)

LXXIX

Amending Act 3 of 2004.- The Hon'ble High Court of Karnataka in S.T.R.P. numbers 46 to 57/2003 has held that tax cannot be levied on civil works like asphaltting and repairing of roads under the existing provisions of the Karnataka Sales Tax Act, 1957. However, taxes have been levied and collected on such civil works from 1st April 1986 relying on the existing entries. In view of the decision of the Hon'ble High Court, it is considered necessary to incorporate an enabling provision to levy such tax by amending the Karnataka Sales Tax Act, 1957 with retrospective effect.

Similarly, the Hon'ble High Court of Karnataka in W. P. Nos. 8607-8608/2003 has held that the tax cannot be levied on works contract of processing and supplying of photographs, photo prints and photo negatives under the existing provisions of the Karnataka Sales Tax Act, 1957. The Hon'ble High court has held that though the State Legislature has the power to levy tax on such works contracts, in view of the relevant entry having been struck down by the Hon'ble Supreme Court, in September 1999, tax cannot be levied and collected on such works contracts till the relevant entry is re-introduced in the Karnataka Sales Tax Act, 1957. Taxes have been levied and collected on such works contracts from 1st July 1989. In view of the decision of the Hon'ble Supreme Court and the High Court, it is considered necessary to amend the Karnataka Sales Tax Act, 1957 with retrospective effect.

It is also considered necessary that there should be a provision under the Karnataka Sales Tax Act, 1957 to constitute a Settlement Commission to reduce long pending disputes and recover tax arrears expeditiously.

The rate of sales tax being levied at present on Camphor is 5%. Whereas the Empowered Committee of State Finance Ministers has appealed to all the States / UTs to adopt the floor rates on all items. Hence, the rate of sales tax on Camphor is being increased to the floor rate of 8% by amending the Karnataka Sales Tax Act, 1957.

It is also considered necessary to amend the Karnataka Tax on Luxuries Act, 1979, to give tax relief to clubs situated within areas outside municipal corporations and to give tax relief to senior citizens and members of a youth club registered or recognised by the Department of Youth Services.

It is also considered necessary to omit the provisions under the Karnataka Entertainments Tax Act, 1958 relating to collection of service charges by the owners of theatres.

Hence the Bill.

[L.A. BILL No. 6 OF 2004]

(Entries 54 and 62 of List II of the Seventh Schedule to the Constitution of India)

LXXX

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)

LXXXI

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.

(LA Bill No.12 of 2005)

LXXXII

Amending Act 5 of 2006.- 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]

LXXXIII

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]

[Entry 54, 60 and 62 of List II of the Seventh Schedule to the Constitution of India.]

LXXXIV

Amending Act 6 of 2008.- 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.

[L.A.Bill No. 3 of 2008]

[Entry 54 of List II of the Seventh Schedule to the Constitution of India.]

LXXXV

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.]

LXXXI

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.]

LXXXVII

Act 28 of 2017.- Tax on petrol, high speed diesel, aviation turbine fuel, crude oil and natural gas shall be levied from a date that the GST Council may decide. Till then and even after that, States will be empowered to levy tax on sale of these products. Hence, it is considered to amend the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957).

Hence, the Bill.

[L.A. Bill No. 20 of 2017, File No. Samvyashae 29 Shasana 2017]

[entry 54 of List II of the Seventh Schedule to the Constitution of India.]

* * * *

¹[KARNATAKA]¹ ACT No. 25 OF 1957.

(First published in the ¹[Karnataka Gazette]¹ on the Thirtieth day of September, 1957.)

THE ¹[KARNATAKA]¹ SALES TAX ACT, 1957.

(Received the assent of the President on the Twenty-ninth day of September, 1957.)

(As amended by Karnataka Acts 9, 31 and 32 of 1958; 11, 12, 28 and 29 of 1961; 26 and 30 of 1962; 9 and 29 of 1964; 3 and 7 of 1966; 16 of 1967; 17, 27 and 31 of 1969; 9 and 15 of 1970; President's Act 18 of 1971; Karnataka Acts 5 and 7 of 1972; 4 and 7 of 1973; 14 of 1974; 5, 16 and 30 of 1975; 16, 17, 34 and 78 of 1976; 17 of 1977; 18 of 1978; 21 of 1979; 14 of 1980; 7 of 1981; 13 of 1982; 3, 10 and 23 of 1983; 8 of 1984; 27 of 1985; 9 and 36 of 1986; 14 and 30 of 1987; 15 of 1988; 8 & 16 of 1989; 8 of 1990; 15 of 1991; 4 of 1992; 5 of 1993; 11 of 1993; 13 of 1994; 18 of 1994; 6 of 1995; 1 of 1996, 5 of 1996; 15 of 1996; 7 of 1997; 18 of 1997; 3 of 1998; 20 of 1998; 4 of 1999; 18 of 1999; 5 of 2000; 9 of 2000; 21 of 2000, 25 of 2000, 5 of 2001, 5 of 2002, 7 of 2003, 13 of 2003, 30 of 2003, 2 of 2004, 3 of 2004, 26 of 2004, 11 of 2005, 5 of 2006, 5 of 2007, 6 of 2008, 5 of 2010, 53 of 2013 and 28 of 2017.)

An Act to consolidate and amend the laws relating to the levy of tax on the purchase or sale of goods.

Whereas it is expedient to consolidate and amend the laws relating to the levy of tax on the purchase or sale of goods in the ¹[State of Karnataka]¹;

Be it enacted by the ¹[Karnataka State]¹ Legislature in the Eighth Year of the Republic of India as follows:—

CHAPTER I**preliminary**

1. Short title, extent and commencement.- (1) This Act may be called the ¹[Karnataka]¹ Sales Tax Act, 1957.

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

(2) It extends to the whole of the ¹[State of Karnataka]¹.

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

(3) This section shall come into force at once, and the rest of the Act shall come into force on such ¹[date]¹ as the State Government may by notification in the official Gazette appoint.

1. All the provisions of the Act (except section 1) came into force on 1.10.1957 by notification. Text of the notification is at the end of the Act.

2. Definitions.- (1) In this Act, unless the context otherwise requires,—

(a) "agriculture" with its grammatical variations includes horticulture, the raising of crops, grass or garden produce and grazing but does not include dairy farming, poultry farming, stock breeding and mere cutting of wood;

(b) "agriculturist" means a person who cultivates land personally;

(c) "agricultural produce or horticultural produce" shall not be deemed to include tea, ¹[beedi leaves, raw cashew, timber, wood, tamarind]¹ ²[and such produce ³[except coffee]³ as has been subject to any physical, chemical or other process for being made fit for consumption, save mere cleaning, grading, sorting or drying;]²

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

2. Inserted by Act 23 of 1983 w.e.f. 18.11.1983.

3. Inserted by Act 16 of 1989 w.e.f. 18.10.1983.

(d) "Appellate Tribunal" means ¹[the Karnataka Appellate Tribunal constituted under the Karnataka Appellate Tribunal Act, 1976;]¹

1. Substituted by Act 27 of 1985 w.e.f. 1.8.1985.

(e) "assessee" means a person by whom a tax is payable;

¹[(f) "assessing authority" means an ²[Commercial Tax Officer]² or ²[Assistant Commissioner of Commercial Taxes]² or any other officer of the Commercial Taxes Department authorised to make any assessment by or under this Act;]¹

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964, by notification. Text of notification is at the end of the Act.

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

²[(f-1)]³ ¹["Deputy Commissioner"]¹ means any person appointed to be an ¹[Deputy Commissioner of Commercial Taxes]¹ under section 3;]²

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

2. Inserted by Act 29 of 1961 w.e.f. 7.12.1961.

3. Re-lettered by Act 9 of 1964 w.e.f. 1.4.1964.

¹[(f-1a) "body corporate" means a corporation, a company as defined under the Companies Act, 1956 (Central Act 1 of 1956) and a Company incorporated outside India but does not include,—

(i) a corporation sole;

(ii) a co-operative society registered under any law relating to co-operative societies; and

(iii) any other body corporate, not being a company as defined in the Companies Act, 1956, which the State Government may, by notification in the official Gazette, specify in this behalf.]¹

1. Inserted by Act 14 of 1987 w.e.f. 1.4.1987.

¹[(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;]¹

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

¹[(f-2) 'business' includes,—

(i) 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

(ii) any transaction in connection with, or incidental or ancillary to such trade, commerce, manufacture, adventure or concern;]²

(f-3) "casual trader" means a person who has, whether as principal, agent or in any other capacity, occasional transactions of a business nature involving the buying, selling, supply or distribution of goods in the State, whether for cash or for deferred payment, or for commission, remuneration, or other valuable consideration;]¹

1. Inserted by Act 9 of 1964 w.e.f. 1.4.1964

2. Substituted by Act 17 of 1976 w.e.f. 1.4.1976.

(g) "Commissioner" means any person appointed to be a Commissioner of Commercial Taxes under section 3;

(h) "¹[Assistant Commissioner of Commercial Taxes]¹" or "¹[Commercial Tax Officer]¹" means any person appointed to be a ¹[Assistant Commissioner of Commercial Taxes]¹ or ¹[Commercial Tax Officer]¹ respectively under section 3;

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

¹[(h-1) "Company" shall have the meaning assigned to it in the Companies Act, 1956 (Central Act 1 of 1956);]¹

1. Inserted by Act 15 of 1991 w.e.f. 1.4.1991.

(i) "to cultivate" with its grammatical variations and cognate expressions means to carry on any agricultural operation;

(j) "to cultivate personally" means to cultivate on one's own account,-

(i) by one's own labour, or

(ii) by the labour of one's own family, or

(iii) by servants on wages payable in cash or kind but not in crop share, or by hired labour under one's personal supervision or the personal supervision of any member of one's family;

Explanation I.—A person who is a widow or a minor or is subject to any physical or mental disability shall be deemed to cultivate the land personally if it is cultivated by her or his servants or by hired labour.

Explanation II.—In the case of undivided family, the land shall be deemed to have been cultivated personally, if it is cultivated by any member of such family.

¹[(k) "dealer" means any person who carries on the business of buying, selling, supplying or distributing goods, directly or otherwise, whether for cash or for deferred payment, or for commission, remuneration or other valuable consideration, and includes,—

(i) ²[an industrial, commercial or trading undertaking of the ³[Government of Karnataka]³, the Central Government, a State Government of any State, other than the ³[State of Karnataka]³]², a local authority, company, a Hindu undivided family, an Aliyasanthana family, a firm, a society, a club or an association which carries on such business;

(ii) a casual trader;

(iii) a commission agent, a broker or del credere agent or an auctioneer or any other mercantile agent by whatever name called, who carries on the business of buying, selling, supplying, or distributing goods on behalf of any principal;

(iv) a non-resident dealer or an agent of a non-resident dealer, a local branch of a firm or company or association situated outside the State;

(v) a person who sells goods produced by him by manufacture or otherwise;

⁴[(vi) a miller who carries on such business;]⁴

⁵[(vi-1) an unincorporated association or body of persons which supplies goods to its members for cash, deferred payment or other valuable consideration;]⁵

⁶[(vii) a person engaged in the business of transfer otherwise than in pursuance of a contract of property in any goods for cash, deferred payment or other valuable consideration;

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

2. Substituted by Act 7 of 1966 w.e.f. 1.4.1966.

3. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

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

5. Shall be and shall deemed to have been Inserted by Act 5 of 2010 w.e.f. 02.02.1983.

6. Inserted by Act 27 of 1985 w.e.f. 1.8.1985.

(viii) a person engaged in the business of transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract;

(ix) a person engaged in the business of delivery of goods on hire purchase or any system of payment by instalments;

(x) a person engaged in the business of transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration.]⁶

¹[**Explanation 1**]¹.—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;

1. Renumbered by Act 17 of 1976 w.e.f. 1.4.1976.

¹[**Explanation 2.**—The Central Government or ²[a State Government or a local authority or a statutory body]² which whether or not, in the course of business, buy, sell, supply or distribute 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;]¹

1. Inserted by Act 17 of 1976 w.e.f. 1.4.1976.

2. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

¹[**Explanation 3.**—In respect of the transfer of the right to use feature films, the person who transfers such right to the exhibitor and from whom the exhibitor derives the right to make such use shall be deemed to be the dealer under this clause;]¹

1. Inserted by Act 14 of 1987 w.e.f. 1.4.1987.

Exception.— An agriculturist who sells exclusively agricultural produce grown on land cultivated by him personally ¹[or a person who is exclusively engaged in poultry farming and sells the products of such poultry farm]¹ shall not be deemed to be a dealer within the meaning of this clause;]¹

1. Inserted by Act 36 of 1986 w.e.f. 8.10.1986.

¹[Provided that where the agriculturist is a company ²[x x x]² and is selling pepper, ³[cardamom, rubber ⁴[timber, wood, raw cashew]⁴ or coffee]³ grown on land cultivated by it personally, directly or otherwise, such company ²[x x x]² shall be deemed to be a dealer in respect of turnovers relating to sales of such produce.]¹

1. Inserted by Act 15 of 1991 w.e.f. 1.4.1991.

2. Inserted by Act 6 of 1995 and omitted by Act 1 of 1996 w.e.f. 1.4.1995

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

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

(l) "¹[Joint Commissioner]¹" means any person appointed to be a ¹[Joint Commissioner]¹ of Commercial Taxes under section 3;

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

¹[(m) "goods" means all kinds of movable property (other than newspapers, actionable claims, stocks and shares and securities) and includes livestock, all materials, commodities, and articles ²[(including goods, as goods or in some other form involved in the execution of a works contract or those goods to be used in the fitting out, improvement or repair of movable property)]² and all growing crops, grass or things attached to, or forming part of the land which are agreed to be severed before sale or under the contract of sale;]¹

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

2. Substituted by Act 27 of 1985 w.e.f. 1.8.1985.

¹[(m-1) "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 23 of 1983 w.e.f. 18.11.1983.

¹[²[(m-2)]² "³[Additional Commissioner]³" means any person appointed to be a ³[Additional Commissioner]³ of Commercial Taxes under section 3;]¹

1. Inserted by Act 10 of 1983 w.e.f. 1.4.1983.

2. Re-numbered as (m-2) by Act 23 of 1983 w.e.f. 18.11.1983.

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

¹[(n) x x x]¹

1. Omitted by Act 29 of 1961 w.e.f. 7.12.1961.

¹[(o) x x x]¹

1. Omitted by Act 9 of 1986 w.e.f. 1.4.1986.

¹[(o-1) "miller" means a person who engages himself in rice milling operations in a rice mill or in causing operations in an oil mill ²[or in a saw mill]² or in dehusking in a decorticating ³[factory or ginning and pressing operation in a ginning factory ⁴[curing of coffee seeds in a coffee curing works]⁴ ⁵[hulling of coffee beans and coffee seeds in a coffee hulling unit]⁵ and includes a person]³ who, or the authority which, has the ultimate control over the affairs of ³[such mill or such factory]³ ⁴[or such works]⁴ ⁵[or such unit]⁵ and when the said affairs are entrusted to a manager, managing director or managing agent, such manager, managing director or managing agent;

1. Inserted by Act 9 of 1970 w.e.f. 1.4.1970.

2. Inserted by Act 17 of 1976 w.e.f. 1.4.1976.

3. Substituted by Act 27 of 1985 w.e.f. 1.8.1985.

4. Inserted by Act 3 of 1998 w.e.f. 1.4.1998.

5. Inserted by Act 5 of 2001 w.e.f. 1.4.2001

Explanation.—For the purpose of this clause,—

(i) "rice mill" means the plant and machinery with which, and the premises including the precincts thereof in which or in any part of which, rice milling operation is carried on;

(ii) "oil mill" means the plant and machinery with which oil is extracted from oil seeds; ¹[x x x]¹

1. Omitted by Act 17 of 1976 w.e.f. 1.4.1976.

¹[(iii) "saw mill" means the plant and machinery with which and the premises including the precincts thereof in which or in any part of which, sawing operation is carried on; ²[x x x]²]¹

1. Inserted by Act 17 of 1976 w.e.f. 1.4.1976.

2. Omitted by Act 27 of 1985 w.e.f. 1.8.1985.

¹[(iiia) "Coffee curing works" means the plant and machinery with which and the premises including the precincts thereof in which or in any part of which, curing of coffee seeds is carried on.]¹

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

¹[(iii-b) "**Coffee hulling unit**" means the plant and machinery with which and the premises including the precincts thereof in which or in any part of which, hulling or curing coffee beans or coffee seeds is carried on.]¹

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

¹[(iv)]¹ "decorticating factory" means any machinery with which the groundnut seeds are separated from groundnuts (with husk);¹ ²[and]²

1. Re-numbered by Act 17 of 1976 w.e.f. 1.4.1976.

2. Inserted by Act 27 of 1985 w.e.f. 1.8.1985.

¹[(v) "ginning factory" means the plant and machinery with which cotton is ginned and pressed into bales.]¹

1. Inserted by Act 27 of 1985 w.e.f. 1.8.1985.

(p) "notification" means a notification published in the Official Gazette;

¹[(q) "place of business" means any place where a dealer purchases or sells goods and includes,—

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

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

(iii) any place where a dealer keeps his books of account;

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

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

(r) "prescribed" means prescribed by rules made under this Act;

(s) "registered dealer" means a dealer registered under this Act;

¹[(t) "sale" with all its grammatical variations and cognate expressions means every transfer of the property in goods ²[(other than by way of a mortgage, hypothecation, charge or pledge)]² by one person to another in the course of trade or business for cash or for deferred payment or other valuable consideration, ³[and includes,—

⁴[(i) a transfer otherwise than in pursuance of a contract of property in any goods for cash, deferred payment or other valuable consideration;]⁴

(ii) a transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract;

(iii) a delivery of goods on hire purchase or any system of payment by instalments.

(iv) a transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration;]³

⁵[(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.]]⁵

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

2. Inserted by Act 27 of 1985 w.e.f. 1.8.1985.

3. Substituted by Act 27 of 1985 w.e.f. 1.8.1985.

4. Clause (i) brought into force by Act 14 of 1987 w.e.f. 2.2.1983.

5. Shall be and shall be deemed to have been Inserted by Act 5 of 2010 w.e.f.02.02.1983.

Explanation 1.—A transfer of property involved in the supply or distribution of goods by a society (including a co-operative society), club, firm or any association to its members, for cash, or for deferred payment or other valuable consideration, whether or not in the course of business, shall be deemed to be a sale for the purposes of this Act.

¹[**Explanation 2.**— x x x]¹

1. Omitted by Act 7 of 1966 w.e.f. 1.4.1966.

Explanation 3.— (a) The sale or purchase of goods ¹[other than in the course of inter-State trade or commerce or in the course of import or export]¹ shall be deemed, for the purposes of this Act, to have taken place in the State wherever the contract of sale or purchase might have been made, if the goods are within the State,—

1. Inserted by Act 9 of 1986 w.e.f. 1.4.1986.

(i) in the case of specific or ascertained goods, at the time the contract of sale or purchase is made; and

(ii) in the case of unascertained or future goods, at the time of their appropriation to the contract of sale or purchase by the seller or by the purchaser, whether the assent of the other party is prior or subsequent to such appropriation.

(b) where there is a single contract of sale or purchase of goods situated at more places than one, the provisions of clause (a) shall apply as if there were separate contracts in respect of the goods at each of such places.

¹[(c) Notwithstanding anything contained in the Sale of Goods Act, 1930 (Central Act 3 of 1930), for the purpose of this Act, the transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract shall be deemed to have taken place in the State, if the goods are within the State at the time of such transfer, irrespective of the place where the agreement for works contract is made, whether the assent of the other party is prior or subsequent to such transfer;

(d) Notwithstanding anything contained in the Sale of Goods Act, 1930 (Central Act 3 of 1930), for the purpose of this Act, the transfer of the right to use any goods for any purpose (whether or not for a specified period) shall be deemed to have taken place in the State, if such goods are for use within the State, irrespective of the place where the contract of transfer of the right to use the goods is made.]¹

1. Inserted by Act 27 of 1985 w.e.f. 1.8.1985.

¹[**3-A. XXX**]¹

1. Shall be and shall be deemed to have been Omitted by Act 5 of 2010 w.e.f. 02.02.1983.

Explanation 4.—Notwithstanding anything to the contrary contained in this Act or any other law for the time being in force, two independent sales or purchases shall, for the purposes of this Act, be deemed to have taken place,—

(a) when the goods are transferred from a principal to his selling agent and from the selling agent to the purchaser, or

(b) when the goods are transferred from the seller to a buying agent and from the buying agent to his principal, if the agent is found in either of the cases aforesaid,—

(i) to have sold the goods at one rate and to have passed on the sale proceeds to his principal at another rate, or

(ii) to have purchased the goods at one rate and to have passed them on to his principal at another rate, or

(iii) not to have accounted to his principal for the entire collections or deductions made by him in the sales or purchases effected by him on behalf of his principal, or

(iv) to have acted for a fictitious or non-existent principal;]¹

¹[**Explanation 4-A.**—Every transfer of property in goods by the Central Government, any State Government, a statutory body or a local authority for cash or for deferred payment or other valuable consideration, whether or not in the course of business, shall be deemed to be a sale for the purposes of this Act.]¹

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

¹[**Explanation 5.- x x x**]¹

1. Inserted by Act 10 of 1983 w.e.f. 2.2.1983 & omitted by Act 23 of 1983 w.e.f. 2.2.1983.

¹[(t-1) "State Representative" means any person appointed to be the State Representative under section 3;]¹ ²[and includes an officer empowered by the Commissioner under section 3 to perform the functions of a State Representative;]²

1. Inserted by Act 9 of 1970 w.e.f. 1.4.1970.

2. Inserted by Act 36 of 1986 w.e.f. 8.10.1986.

(u) "tax" means a tax leviable under the provisions of this Act;

¹[(u-1) "taxable turnover" means the turnover on which a dealer shall be liable to pay tax as determined after making such deductions from his total turnover and in such manner as may be prescribed, but shall not include the turnover of purchase or sale in the course of inter-State trade or commerce or in the course of export of the goods out of the territory of India or in the course of import of the goods into the territory of India;

(u-2) "total turnover" means the aggregate turnover in all goods of a dealer at all places of business in the State, whether or not the whole or any portion of such turnover is liable to tax, including the turnover of purchase or sale in the course of inter-State trade or commerce or in the course of export of the goods out of the territory of India or in the course of import of the goods into the territory of India;]¹

1. Inserted by Act 9 of 1964 w.e.f. 1.4.1964.

(v) "turnover" means the aggregate amount for which goods are bought or sold, or supplied or distributed ¹[or delivered or otherwise disposed of in any of the ways referred to in clause (t)]¹ by a dealer, either directly or through another, on his own account or on account of others, whether for cash or for deferred payment or other valuable consideration;

²[Proviso x x x]²

1. Inserted by Act 27 of 1985 w.e.f. 1.8.1985.

2. Proviso inserted by Act 23 of 1983 w.e.f. 18.11.1983 & omitted by Act 7 of 1997 and Act 3 of 1998 w.e.f. 1.4.1994.

Explanation.—Subject to such conditions and restrictions, if any, as may be prescribed, in this behalf—

¹[(i) x x x]¹

1. Omitted by Act 7 of 1966 w.e.f. 1.4.1966.

(ii) the amount for which goods are sold include any sums charged for anything done by the dealer in respect of the goods sold at the time of or before the delivery thereof;

¹[(iii) x x x]¹

1. Omitted by Act 23 of 1983 w.e.f. 18.11.1983.

(iv) where for accommodating a particular customer, a dealer obtains goods from another dealer and immediately disposes of the same to the said customer, the sale in respect of such goods shall be included in the turnover of the latter dealer but not in that of the former;

¹[(v-i) "works contract" includes any agreement for carrying out for cash, deferred payment or other valuable consideration, the building, construction, manufacture, processing, fabrication, erection, installation, fitting out, improvement, modification, repair or commissioning of any movable or immovable property;]¹

1. Inserted by Act 27 of 1985 w.e.f. 1.8.1985.

¹[(w) x x x]¹

1. Omitted by Act 9 of 1964 w.e.f. 1.4.1964.

¹[(x) "year" means the year commencing on the first day of April.]¹

1. Substituted by Act 15 of 1988 w.e.f. 1.4.1989.

(2) The ¹[Karnataka]¹ General Clauses Act, 1899 (¹[Karnataka]¹ Act III of 1899), shall apply for the interpretation of this Act as it applies for the interpretation of a ¹[Karnataka]¹ Act.

1. Adapted by the Karnataka Adaptations of Laws Order, 1973 w.e.f. 1.11.1973.

CHAPTER II

authorities and appellate tribunal.

3. Appointment of Commissioner, ¹[²[Additional Commissioner]¹]², ²[²[Joint Commissioners]² of Commercial Taxes, ²[²[Deputy Commissioners]² of Commercial Taxes, ²[²[Assistant Commissioner of Commercial Taxes]², a ³[³[State Representative]³ and ²[²[Commercial Tax Officer]²]- ⁴[(1)]⁴ The State Government may appoint a Commissioner of Commercial Taxes and as many ¹[²[Additional Commissioner]²]¹ of Commercial Taxes, ²[²[Joint Commissioners]² of Commercial Taxes, ²[²[Deputy Commissioner]² of Commercial Taxes, ³[³[Assistant Commissioner of Commercial Taxes]², ³[³[a State Representative]³ and ²[²[Commercial Tax Officers]², as they think fit for the purpose of performing the functions respectively conferred on them by or under this Act ⁵[or by or under any other law for the time being in force.]⁵ ⁶[x x x]⁶

1. Inserted by Act 10 of 1983 w.e.f. 1.4.1983.

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

3. Inserted by Act 9 of 1970 w.e.f. 1.4.1970.

4. Re-numbered by Act 9 of 1970 w.e.f. 1.4.1970.

5. Inserted by Act 30 of 1962 w.e.f. 1.10.1962 by notification. Text of the notification is at the end of the Act.

6. Omitted by Act 9 of 1964 w.e.f. 27.2.1964.

¹[(1-A) The Commissioner may, empower an officer not below the rank of a ³[³[Assistant Commissioner of Commercial Taxes]³ ²[or an Advocate or a Chartered Accountant or a Sales Tax Practitioner enrolled in the prescribed manner]² to perform the functions of a State Representative.]¹

1. Inserted by Act 36 of 1986 w.e.f. 8.10.1986.

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

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

¹[(2) In proceedings before the Appellate Tribunal, the State Representative shall be competent,—

(i) to prepare and sign applications, 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.]¹¹

1. Inserted by Act 9 of 1970 w.e.f. 1.4.1970.

¹[²**3A. Instructions to subordinate authorities.-** (1) 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:

1. Sections 3A, 3B, 3C inserted by Act 9 of 1964 w.e.f. 27.2.1964.

2. Substituted by Act 27 of 1985 w.e.f. 1.8.1985.

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.

(2) Without prejudice to the generality of the foregoing power, the Commissioner may, on his own motion or on an application by a registered dealer liable to pay tax under the Act, ¹[or a recognized association or a body representing a class of dealers] 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, clarify the rate of tax payable under this Act in respect of goods liable to tax under the Act, and all officers and persons employed in the execution of this Act shall observe and follow such clarification.

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

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 15 of 1988 w.e.f. 1.4.1988.

(3) All officers and persons employed in the execution of this Act, shall observe and follow such administrative instructions as may be issued to him for his guidance by the ¹[Additional Commissioner]¹ ²[Joint Commissioner]² within whose jurisdiction he performs his functions.]¹

1. Inserted by Act 5 of 2002 w.e.f. 1.4.2003.

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

3B. Jurisdiction of officers.- (1) ²[(a) The ¹[Additional Commissioners]¹ shall perform their functions in respect of such areas or of such dealers or classes of dealers or of such cases or classes of cases as the ³[Commissioner]³ may direct.]²

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

2. Inserted by Act 10 of 1983 w.e.f. 1.4.1983 & substituted by Act 9 of 1986 w.e.f. 1.4.1983.

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

¹[(b) x x x]¹

1. Inserted by Act 9 of 1986 w.e.f. 1.4.1986 & omitted by Act 15 of 1996 w.e.f. 5.9.1996.

¹[(c)]¹ The ²[Joint Commissioners]² shall perform their functions in respect of such areas or of such dealers or classes of dealers or of such cases or classes of cases as the ³[Commissioner]³ may direct.

1. Re-lettered by Act 9 of 1986 w.e.f. 1.4.1986.

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

3. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

¹[(d)]¹ Where any directions issued under ²[clause (c)]² have assigned to two or more ³[Joint Commissioners]³, the same area or the same dealers or classes of dealers, or the same cases or classes of cases, they shall perform their functions in accordance with any orders which the Commissioner may make for the distribution and allocation of the work to be performed.

1. Re-lettered by Act 9 of 1986 w.e.f. 1.4.1986.

2. Substituted by Act 9 of 1986 w.e.f. 1.4.1986.

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

(2) (a) The ¹[Deputy Commissioners]¹ shall perform their functions in respect of such areas or of such dealers or classes of dealers or of such cases or classes of cases as the ²[Commissioner]² may direct.

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

2. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

(b) Where any directions issued under clause (a) have assigned to two or more ¹[Deputy Commissioners]¹, the same area or the same dealers or classes of dealers or the same cases or classes of cases, they shall perform their functions in accordance with any orders the Commissioner may make for the distribution and allocation of the work to be performed.

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

(3) (a) The ¹[Commercial Tax Officers]¹ and the ¹[Assistant Commissioner of Commercial Taxes]¹ shall perform their functions in respect of such areas or of such dealers or classes of dealers or such cases or classes of cases as the Commissioner may direct.

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

(b) Where any directions issued under clause (a) have assigned to two or more ¹[Commercial Tax Officers]¹ or ¹[Assistant Commissioner of Commercial Taxes]¹, as the case may be, the same area or the same dealers or classes of dealers or the same cases or classes of cases, they shall perform their functions in accordance with any orders which the Commissioner may make for the distribution and allocation of the work to be performed.

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

(4) (a) The Commissioner may, by general or special order in writing, direct that the powers conferred on the ¹[Assistant Commissioner of Commercial Taxes]¹ by or under this Act, shall, in respect of any specified case or

classes of cases or any specified dealers or classes of dealers be exercised by the ¹[Deputy Commissioner.]¹

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

(b) Where an order under clause (a) is issued, then for the purposes of any case or dealer in respect of which any such order applies, reference in this Act or in any rule made thereunder to the ¹[Assistant Commissioner of Commercial Taxes]¹ or assessing authority shall be deemed to be references to the ¹[Deputy Commissioner.]¹

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

Explanation.—In this section, the word "case" in relation to any dealer specified in any order or direction 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.

3C. Change of incumbent of an office.— Whenever in respect of any proceeding under this Act, an assessing authority or any 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 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[**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 ¹[its finding on the clarification sought or question raised and also] any information or records.

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

(5) The Authority may, after examining the application and any records called for, by order, either, ¹[admit] or reject the application.

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

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 ¹[admitted]¹ 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 ²[and also to the assessing authority or registering authority concerned]². The authority shall pass an order within ¹[ninety days] of the receipt of any application and a copy of such order shall be sent to the applicant and to the officer concerned.

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

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

(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 mis-representation 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.]¹

1. Omitted by Act 27 of 1985 w.e.f. 1.8.1985 and again inserted by Act 5 of 2002 w.e.f. 1.4.2002.

¹[(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]¹

1. Inserted by Act 53 of 2013 w.e.f. 01.08.2013

¹[CHAPTER - IIA SETTLEMENT OF CASES

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

- (a) "case" means any proceeding under this Act by way of appeal or revision in connection with such assessment, reassessment, levy of penalty or interest payable which may be pending before a Sales Tax authority or Appellate Tribunal on the date on which an application is made under sub-section (1) of section 4E;

Provided that where an appeal has been preferred after the expiry of the period specified for the filing of such appeal under this Act and which has not been admitted, such appeal shall not be deemed to be a proceeding pending within the meaning of this clause;

Provided further that any ex-parte proceeding under this Act for assessment or re-assessment of tax, levy of penalty or interest on any person for any year, where no appeal has been preferred or where an appeal filed has been rejected, shall be deemed to be pending before the Sales Tax Authority for a limited purpose of this chapter.

- (b) "Chairman" means the Chairman of the Settlement Commission;
- (c) "Member" means a Member of the Settlement Commission and includes the Chairman;
- (d) "Settlement Commission" means the Sales Tax Settlement Commission constituted under section 4B;
- (e) "Sales Tax Authority" means a Sales Tax authority specified in sub-section (1) of section 3.

4B. Constitution of Sales Tax Settlement Commission.- (1) The State Government may by notification constitute a "Sales tax Settlement Commission" for settlement of cases under this Act;

(2) The Settlement Commission shall consist of a Chairman and two other Members.

(3) The Chairman of the Settlement Commission shall be appointed by the State Government from amongst the retired Judges of the High Court of Karnataka;

(4) The State Government shall appoint officers not below the rank of Additional Commissioners to be the members of the Settlement Commission.

(5) Terms and conditions of service of, and salary and allowances payable to the chairman and other members shall be as may be prescribed.

4C. Place of sitting of Settlement Commission.- The Settlement Commission shall ordinarily sit at Bangalore and at such other places as it deems fit.

4D. Decision to be by majority.- The decision of the Settlement Commission shall be according to the opinion of the majority.

4E. Application for settlement of cases.- (1) An assessee or an aggrieved person may at any stage of a case relating to him, make an application to the Settlement Commission in such form and in such manner as may be prescribed in respect of each assessment year, to have the case settled and any such application shall be disposed of in the manner hereinafter provided;

Provided that no such application shall be made unless, the tax payable on the turnover or the penalty or interest sought to be settled in the application exceeds twenty five thousand rupees.

(2) Every application made under sub-section (1) shall be accompanied by such fees as may be prescribed.

(3) An application made under sub-section (1) shall not be withdrawn by the applicant, except with the permission of the Settlement Commission and the Settlement Commission shall make an order thereof.

(4) A copy of the application made under sub-section (1) shall be sent by the Settlement Commission to the Sales Tax Authority or the Appellate Tribunal, as the case may be. The Sales Tax Authority or the Appellate Tribunal shall keep the case pending up to the date of order under sub-section (3), if the application is permitted to be withdrawn or up to the date of order under sub-section (1) of section 4F, if the application is rejected, or up to ninety days from the date of order of the Settlement Commission, if the application is disposed of under sub-section (4) of section 4F.

4F. Procedure on receipt of an application.- (1) On receipt of an application under sub-section (1) of section 4E, the Settlement Commission shall call for a factual report from the Sales Tax Authority in respect of matters pending before such Authority and from the Commissioner in respect of matters pending before the Appellate Tribunal and on the basis of the materials contained in such report and having regard to the nature and circumstances of the case or the complexity of the investigation involved therein, the Settlement Commission shall, by an order within thirty days of the application, admit the application to be proceeded with or reject the application:

Provided that an application shall not be rejected under this sub-section unless an opportunity of being heard has been given to the applicant:

Provided further that the Sales Tax Authority or the Commissioner shall furnish the report within a period of fifteen days of the receipt of communication from the Settlement Commission and if the report is not furnished within the said period, the Settlement Commission may make an order of admission or rejection of application without such report.

(2) A copy of every order under sub-section (1) shall be sent to the applicant and to the Sales Tax Authority or the Tribunal, as the case may be.

(3) Where an application is allowed to be proceeded with under sub-section (1), the Settlement Commission may call for the relevant records from the Sales Tax Authority or the records of the Sales Tax Authority available with the Appellate Tribunal and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the Sales Tax Authority to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matters relating to the case.

(4) After examination of the report and the records of the Sales Tax Authority received under sub-section (1) and sub-section (3) and after giving an opportunity to the applicant and to the Sales Tax Authority or the State Representative authorised under section 3, to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may settle and pass such order as it thinks fit by re-determining the turnovers, taxes payable, penalties and interest on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Sales Tax Authority under sub-section (1) or sub-section (3). The order shall be pronounced in the open court on the date posted for orders and such pronouncement shall be deemed to be a communication. A copy of the order shall also be sent to the applicant and the Sales Tax Authority or the Appellate Tribunal.

(5) The Sales Tax Authority or the Appellate Tribunal shall dispose of the case before them after the expiry of ninety days from the date of order under sub-section (4). The quantum of turnover taxes, penalties or interest, etc. settled under this section shall be adopted as such by the Sales Tax Authorities or the Appellate Tribunal while disposing of the case before them, if the settlement does not get annulled as provided under sub-section (8) and the matters not covered in order of settlement under sub-section (1) shall be disposed of by the Sales Tax Authority or the Appellate Tribunal in accordance with law. The matters referred to in the application under sub-section (1) of section 4E shall be disposed, along with other matters by the Sales Tax Authority or the Appellate Tribunal, in accordance with law, in the event if the settlement gets annulled under sub-section (8).

(6) Every order passed under sub-section (4) shall provide for the terms of settlement including any demand by way of tax, penalty or interest, the manner in which any sum due under the settlement shall be paid and all other matters to make the settlement effective and shall also provide that the settlement shall be void if it is subsequently found by the Settlement Commission that it has been obtained by fraud or misrepresentation of facts.

(7) The settlement commission shall annul the settlement order passed under sub-section (4), after hearing the parties if the settlement has been obtained by fraud or misrepresentation of facts.

(8) Where any tax, penalty or interest etc payable in pursuance of an order under sub-section (4) is not paid by the applicant within ninety days of the pronouncement of order, the settlement stands annulled and the case shall be deemed to be restored to the stage as it stood immediately prior to the date on which an application under sub-section (1) of section 4E was made.

(9) Where a settlement has been annulled as provided under sub-section (7), the proceedings with respect to the matters covered by the settlement shall be deemed to have been revived from the stage at which the application was allowed to be proceeded with by the Settlement Commission and the Sales Tax Authority or Appellate Tribunal concerned, may, notwithstanding anything contained in any other provision of this Act, proceed and complete such proceedings at any time before the expiry of two years from the end of the financial year in which the settlement has been annulled.

(10) Where an application under sub-section (1) of section 4E is rejected under sub-section (1) of section 4F or allowed to be withdrawn under sub-section (3) of section 4E by the Settlement Commission, the period of time elapsed between the date of filing the application under sub-section (1) of section 4E and the date of communication of the order of rejection or withdrawal, to the Sales Tax Authority or the Appellate Tribunal shall be excluded for the purpose of computing the period of time prescribed for completing any proceedings under the Act in relation to the case.

(11) Where a settlement gets annulled as provided under sub-section (8), the period of time elapsed between the date of filing the application under sub-section (1) of section 4E and up to ninety days from the date of order under sub-section (4) shall be excluded for the purpose of computing the limitation of time prescribed for initiating or completing any proceedings under the Act in relation to the case.

(12) An application for settlement of a case shall be disposed of by the Settlement Commission, within ninety days from the date of order of admission under sub-section (1).

4J. Powers and procedure of Settlement Commission.- (1) In the absence of any express direction to the contrary issued by the Settlement Commission, nothing contained in this Chapter shall affect the operation of any provision of this Act requiring the applicant to pay taxes or any amount due in relation to the matters before the Settlement Commission.

(2) For the removal of doubt, it is hereby declared that, in the absence of any express direction by the Settlement Commission to the contrary, nothing in this chapter shall affect the operation of the provisions of this Act in so far as they relate to any matters other than those before the Settlement Commission.

(3) The Settlement Commission shall, subject to the provisions of this chapter, have power to regulate its own procedure in all matters arising out of the exercise of its powers or of the discharge of its functions.

4K. Inspection, etc., of reports.- No person shall be entitled to inspect or obtain copies of any reports made by any Sales Tax Authority or the Commissioner, to the Settlement Commission; but the Settlement

Commission may, in its discretion, furnish copies thereof to any such person on an application made to it in this behalf and on payment of the prescribed fee;

4L. Power of Settlement Commission to grant immunity from prosecution and penalty.- (1) If the Settlement Commission, is satisfied that any person who made the application for settlement under this section has co-operated with the Settlement Commission in the proceedings before it, the Settlement Commission may grant to such person, subject to such conditions as it may think fit to impose, immunity from prosecution for any offence under this Act, and also (either wholly or in part) from the imposition of any penalty under this Act, with respect to the matters in the case covered by the settlement:

Provided that no such immunity shall be granted in cases where the proceedings for the prosecution for any such offence has been instituted before the date of receipt of the application under sub-section (1) of section 4E.

(2) An immunity granted to a person under sub-section (1) shall stand withdrawn if such person fails to pay any sum specified in the order of settlement passed under sub-section (5) of section 4F, within the time specified or fails to comply with any other condition subject to which the immunity was granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted.

(3) An immunity granted to a person under sub-section (1), may, at any time, be withdrawn by the Settlement Commission, if it is satisfied that such person had, in the course of the settlement proceedings, concealed any particulars or material from the Settlement Commission or had given false evidence, and thereupon such person may be tried for any other offence of which he appears to have been guilty in connection with the settlement and shall also become liable to imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted.

4M. Power of Settlement Commission to send a case back if the applicant does not co-operate.- (1) If the Settlement Commission is of opinion that any person who made an application for settlement under sub-section (1) of section 4E has not co-operated with it in the proceedings before it, the Settlement Commission may by an order send the case, back to the Sales Tax Authority or the Appellate Tribunal which shall thereupon dispose of the case in accordance with provisions of this Act as if no application under sub-section (1) of section 4E had been made.

(2) For the purposes of sub-section (1), the Sales Tax Authority or the Appellate Tribunal shall be entitled to use all the materials and other information produced by the assessee before the Settlement Commission or the results of the inquiry held or evidence recorded by the Settlement Commission in the course of the proceedings before it as if such materials, information, inquiry and evidence had been produced before the Sales Tax Authority or the Appellate Tribunal or held or recorded by it in the course of the proceedings before it.

(3) Where a case is sent back to the Sales Tax Authority or the Appellate Tribunal under sub-section (1), the period of time elapsed between the date of filing the application under sub-section (1) of section 4E and the date of communication of the order under sub-section (1) to the Sales Tax Authority or the Appellate Tribunal, as the case may be, shall be excluded for the purpose of computing the period prescribed for initiating or completing any proceeding under the Act in relation to the case.

4N. Order of settlement to be conclusive.- Every order of settlement passed under sub-section (4) of section 4F shall be conclusive as to the matters stated therein and no matter covered by such order shall, save as otherwise provided in this Chapter, be reopened in any proceeding under this Act or under any other law for the time being in force.

4O. Proceedings before Settlement Commission to be judicial proceedings.- (1) Any proceeding under this chapter before the Settlement Commission shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purposes of section 196 of the Penal Code (Central Act 45 of 1860).¹

1. Inserted by Act, 3 of 2004 w.e.f. 29.1.2004.

CHAPTER III

incidence and levy of tax

5. Levy of tax on sale or purchase of goods.- ¹[(1) Every dealer shall pay for each year tax on his taxable turnover at the rate of ²[twelve percent]² at the point of first sale.]¹

³[Provisos x x x]³

1. Substituted by Act 11 of 1993 w.e.f. 1.4.1993.

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and again Substituted by Act 5 of 2002 w.e.f. 1.4.2002 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003 again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

3. Provisoes were inserted and omitted by Acts 18 of 1994 and 6 of 1995 w.e.f. different dates.

¹[(1-A) x x x]¹

1. Inserted by Act 15 of 1988 w.e.f. 1.4.1988 & omitted by Act 5 of 2000 w.e.f. 1.4.2000.

¹[(1-B) Notwithstanding anything contained in sub-section (1), in the case of ³[x x x]³ glass bottles, the tax shall be payable by a dealer, at every point of sale at the rate of ²[twelve per cent]² on the taxable turnover, in each year relating to such goods.]¹

1. Substituted by Act 11 of 1993 w.e.f. 1.4.1993.

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and again Substituted by Act 5 of 2002 w.e.f. 1.4.2002

3. Omitted by Act 5 of 1996 w.e.f. 1.4.1996.

¹²[(1-C) Notwithstanding anything contained in sub-section (1), in the case of silk fabrics, the tax shall be payable by a dealer, at every point of sale at the rate of four percent on the taxable turnover in each year relating to such goods:

Provided where the own manufactured silk fabrics are sold to a dealer liable to tax under this Act, the sale of such silk fabrics shall not be deemed to be a sale by a dealer liable to tax under this Act.]²

Explanation.—For the purpose of this sub-section and sub-section (8) of section 17, "silk fabrics" means ³[silk fabrics in which the proportion of silk is sixty percent or more by weight of the total fibre content]³ but excluding any cloth on which a duty under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (Central Act 58 of 1957), has been levied.]¹

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

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

3. Substituted by Act 15 of 1996 w.e.f. 1.4.1995.

¹[(1-D x x x)]¹

1. Inserted by Act 4 of 1999 w.e.f. 1.4.1999 & Omitted by Act 5 of 2000 w.e.f. 1.4.2000.

¹[(2) Notwithstanding anything contained in sub-section (5), ²[every dealer,]² shall, whatever be the quantum of his total turnover, be liable to pay tax at the rate specified in this Act, ³[on the sale of any goods which he has purchased in the course of inter-State trade or commerce in respect of which the concessional rate of tax under clause (b) of sub-section (1) of section 8 of the Central Sales Tax Act, 1956, has been levied.]³¹

1. Substituted by Act 31 of 1958 w.e.f. 1.1.1959.

2. Substituted by Act 11 of 1993 w.e.f. 1.4.1993.

3. Substituted by Act 3 of 1966 w.e.f. 1.3.1966 by notification. Text of notification is at the end of the Act.

(3) Notwithstanding anything contained in sub-section (1), the tax under this Act shall be levied—

(a) in the case of the sale of any of the goods mentioned in column (2) of the Second Schedule, by the first or the earliest of successive dealers in the State who is liable to tax under this section, a tax at the rate specified in the corresponding entry of column (3) of the said Schedule, on the ¹[taxable turnover]¹ of sales of such dealer in each year relating to such goods:

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

¹[Provided that in respect of sale by the State Government of any of the goods mentioned in ²[Serial Number 6 of Part 'L' and Serial Number 2 of Part 'O']² of the Second Schedule, the State Government shall be deemed to be the first dealer in the State and shall be entitled to collect the tax under section 19:]¹

1. Inserted by Act 32 of 1958 w.e.f. 1.10.1957.

2. Substituted by Act 15 of 1988 w.e.f. 1.4.1988.

¹[2nd proviso x x x]¹

1. Omitted by Act 15 of 1988 w.e.f. 1.4.1988.

¹[Explanation x x x]¹

1. Omitted by Act 15 of 1988 w.e.f. 1.4.1988.

¹[Proviso x x x]¹

1. Inserted by Act 7 of 1981 and omitted by Act 10 of 1983 w.e.f. 1.4.1983.

¹[Provided also that in respect of sale of goods mentioned in ²[Serial Number 11-A of Part 'F', Serial Number 12 of Part 'M' and ³[Serial Number

5 of Part 'P' and Serial Number 1 of Part 'K'³,]² of the Second Schedule, the sale by one oil company to another oil company shall not be deemed to be a sale by the first or the earliest of successive dealers in the State but the sale by the latter company to another person not being an oil company shall be deemed to be the sale by the first or the earliest of successive dealers in the State liable to tax.]¹

1. Inserted by Act 27 of 1985 w.e.f. 1.8.1985.

2. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

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

¹[²[Provided further that where any goods liable to tax under this Act are produced or manufactured by a dealer with the ³[brand name or trade mark]³, of any other dealer and which are not used by the latter as ⁴[raw materials, component parts or packing materials]⁴ as defined under the explanation to section 5-A, the sale of such goods by the dealer who has produced or manufactured to the dealer who is the brand name or trade mark holder, shall not be deemed to be, but the subsequent sale of such goods by the dealer having the right either as proprietor or otherwise to use the said name or the trade mark, either directly or through another, on his own account or on account of others shall be deemed to be the sale by the first dealer liable to tax under this section.]²

Illustration.—'A' has registered a Trade Mark for manufacture of certain goods. He gets the said goods manufactured by 'B' under the said Trade Mark. The sale by 'B' to 'A' of the said goods is not the first sale but the sale by 'A' or by any other person on his account is the first sale.]¹

1. Inserted by Act 14 of 1987 w.e.f. 1.4.1987.

2. Substituted by Act 4 of 1992 w.e.f. 1.4.1987.

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

4. Substituted by Act 4 of 1992 w.e.f. 1.4.1990.

¹[Proviso xxx]

1. Inserted by Act, 7 of 2003 w.e.f. 1.4.1995 and Omitted by Act, 7 of 2003 w.e.f. 1.4.96

¹[Provided also that no tax under this sub-section shall be payable on the currency notes printed by the Bharatiya Reserve Bank Note Mudrana Limited, Mysore and sold to the Reserve Bank of India.]¹

1. Inserted by Act 18 of 1999 w.e.f. 1.4.1996.

¹[Provided also that where for any reason, the goods sold under the brand name have been subjected to tax at the hands of the producer or the manufacturer of such goods the tax payable under clause (a) on subsequent sale of such goods by the trademark holder or the brand name holder or any other dealer having the right either 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, shall be reduced by the amount of tax already paid on the sale of such goods by such producer or the manufacturer and the said producer or manufacturer shall not be entitled to refund of such tax paid by him.]¹

1. Inserted by Act 18 of 1999 w.e.f. 1.9.1999 by notification. Text of notification is at the end of the Act.

¹[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.]¹

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

¹[Proviso xxx]¹

1. Seventh Proviso Inserted w.e.f. 1.4.1995 and deemed to have been omitted w.e.f. 1.4.1996 by Act 7 of 2003 w.e.f. 1.4.2003.

Provided also that the taxable turnover in respect of sale of Beer shall be arrived at by deducting the charges levied as litre fee under sub-rule (3) of rule 2 of the Karnataka Excise (Duties and Fees) Rules, 1968.

1. Inserted by Act 7 of 2003 w.e.f. 1.4.2000.

(b) in the case of purchase of any of the goods mentioned in column (2) of the Third Schedule, at the rate and only at the point specified in the corresponding entries of columns (4) and (3) of the said Schedule, on the dealer liable to tax under this Act, on his ¹[taxable turnover]¹ of purchases in each year relating to such goods.

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

¹[Proviso x x x]¹

1. Inserted by Act 4 of 1992 w.e.f. 3.3.1992 & omitted by the same Act w.e.f. 31.3.1992.

¹[(c) x x x]¹

1. Inserted by Act 30 of 1987 w.e.f. 21.4.1987 & omitted by Act 4 of 1992 w.e.f. 1.4.1992.

¹[**Explanation II.**— For the purpose of the ²[second]² proviso to clause (a), the expression "oil company" namely means:—

(a) The Indian Oil Corporation Limited;

(b) The Bharath Petroleum Corporation Limited;

(c) The Hindustan Petroleum Corporation Limited;

³[(d) Indo-Burma Petroleum Company;

(e) Mangalore Refinery and Petrochemicals Limited;]³

and includes any other oil company which the Government of Karnataka may by notification, specify.]¹

1. Inserted by Act 27 of 1985 w.e.f. 1.8.1985.

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

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

¹[**Explanation III.**— For the purpose of the sixth proviso to clause (a), 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, who is exempt from tax by any notification issued under Section 8-A or Section 19-C, the expression "tax already paid" means the tax payable under this Section on such sale if the sale had been effected by any other dealer.]¹

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

¹[(3A) Notwithstanding anything contained in clause (a) of sub-section (3) of this section, in the case of sale of Indian made liquor (other than beer) held in opening stock as on the date of commencement of the Karnataka Taxation Laws (Amendment) Act, 2000 by a dealer holding licence in CL-I under the Karnataka Excise (Sale of Indian and Foreign liquor) Rules, 1968, tax at the rate of sixty per cent shall be levied on the taxable turnover of sales of such dealer relating to such goods :

Provided that the tax payable on the sale of such liquor shall be reduced by an amount of tax paid on such liquor at the immediately preceding point of sale.]¹

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

¹[(3B) x x x]¹

1. Omitted by Act 10 of 1983 w.e.f. 1.4.1983.

¹[(3-C) Notwithstanding anything contained in sub-section (3), in the case of sale of any of the goods mentioned in column (2) of the Eighth Schedule which has already been subjected to tax under ²[x x x]² clause (a) of sub-section (3) by a dealer liable to tax under this Act, a tax at the rate specified in the corresponding entry of column (3) of the said schedule shall be levied at the point of last sale in the State on the taxable turnover of sales of such dealer in each year relating to such goods.]¹

1. Inserted by Act 27 of 1985 w.e.f. 1.8.1985 & substituted by Act 9 of 1986 w.e.f. 1.4.1986

2. Inserted by Act 15 of 1988 w.e.f. 1.4.1988 & omitted by Act 5 of 2000 w.e.f. 1.4.2000.

¹[**Explanation.** —For the purposes of this sub-section last sale shall be the sale by the retailer to a consumer and shall not include the first sale in the State.]¹

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992 & substituted by Act 5 of 2000 w.e.f. 1.4.2000.

(3-CC) ¹[x x x]

1. Subsection (3-CC) Inserted by Act 5 of 2001 w.e.f. 1.4.2001 and Omitted by Act, 5 of 2002 w.e.f. 1.4.2002.

¹[(3-D) Notwithstanding anything contained in this Act, where goods sold or purchased are contained in containers or are packed in any packing materials liable to tax under this Act, the rate of tax and the point of levy applicable to turnover of such containers or packing materials as the case may be, shall, whether the containers or the packing materials have already been subjected to tax under this Act or not or whether the price of the containers or of the packing materials is charged for separately or not, be the same as those applicable to goods contained or packed:

Provided that no tax under this sub-section shall be leviable if the sale or purchase of goods contained in such containers or packed in such packing materials is exempt from tax under this Act.]¹

1. Inserted by Act 9 of 1986 w.e.f. 1.4.1986.

¹[(3E) Notwithstanding anything contained in sub-section (1) or (3), every dealer who purchases goods without a brand name or a trade mark assigned to such goods and sells such goods after assigning a brand name or a trade mark either directly or through another on his own account or on account of others, shall, irrespective of the goods so purchased without a brand name or a trade mark have already been subjected to tax under the said sub-sections, be liable to pay tax at such rates as applicable to such goods under the Act on the turnover relating to sale of such goods:

Provided that the tax payable under this sub-section shall be reduced by an amount of tax which is already paid or has become payable under any of the said sub-sections on the corresponding value of the goods so purchased without the brand name or the trade mark:

Provided further that the burden of proving that the tax under any of the said sub-sections has already been paid or has become payable and of establishing the exact quantum of tax so paid or payable as the case may be, on goods purchased without a brand name or a trade mark shall be on the dealer claiming reduction.]¹

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

¹[(4) Notwithstanding anything contained in sub-section (1) ²[or section 5-B or section 5-C]² a tax under this Act shall be levied in respect of the sale or purchase of any of the declared goods mentioned in column (2) of the Fourth Schedule at the rate ⁴[xxx]⁴ specified in the corresponding entries of columns (4) and (3) of the said Schedule on the dealer liable to tax under this Act on ³[his taxable turnover]³ of sales or purchases in each year relating to such goods:

1. Subsection (4) Substituted by Act 31 of 1958 w.e.f. 1.1.1959.

2. Inserted by Act 27 of 1985 w.e.f. 1.8.1985.

3. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

4. Omitted by Act, 5 of 2002 w.e.f. 1.4.2002.

Provided that where ¹[tax has become payable]¹ in respect of the sale or purchase of any of the declared goods under this sub-section and such goods are subsequently sold in the course of inter-State trade or commerce, ²[and tax has been paid under the Central Sales Tax Act, 1956 (Central Act 74 of 1956), in respect of the sale of such goods in the course of inter-State trade or commerce, the tax paid under this Act]² ³⁴[shall be reimbursed to the person making such sale in the course of inter-State trade or commerce,]⁴ in such manner and subject to such condition as may be prescribed.]³

1. Substituted by Act 7 of 2003 w.e.f. 1.4.2000.

2. Substituted by Act 7 of 1973 w.e.f. 1.1.1959.

3. Substituted by Act 29 of 1961 w.e.f. 7.12.1961.

4. Substituted by Act 7 of 1973 w.e.f. 1.4.1973.

¹[Proviso x x x]¹

1. Omitted by Act 9 of 1970 w.e.f. 1.4.1970.

¹[Provisoos x x x]¹

1. Omitted by Act 30 of 1962 w.e.f. 1.10.1962.

¹[Provided further that in respect of the sale of cereals mentioned in Serial Number 9 of the Fourth Schedule, made by any person to a procurement agent appointed by the Government of Karnataka or to any sub-agent of such procurement agent in pursuance of the Karnataka Rice Procurement (Levy) Order, 1981 or any other Foodgrains Procurement (Levy) Order of the Government of Karnataka for the time being in force, such sale shall not be deemed to be, but the subsequent sale by the said procurement agent or sub-agent shall be and shall be deemed to be the point at which the tax under this Act shall be levied:]¹

1. Inserted by Act 3 of 1983 w.e.f. 1.1.1959.

¹[Provided also that where tax has been paid under this sub-section on the purchase of paddy and such paddy is either subsequently sold to or is hulled and the resultant rice is sold to a procurement agent appointed by the Government of Karnataka or to any sub-agent of such procurement agent in pursuance of the Karnataka Rice Procurement (Levy) Order, 1984 or any other Foodgrains Procurement (Levy) Order of the Government of Karnataka for the time being in force, the tax paid under this Act on the purchase of such paddy shall be reimbursed to the person making such sale to such procurement agent or his sub-agent, as the case may be, in such manner and subject to such conditions as may be prescribed.]¹

1. Inserted by Act 30 of 1987 w.e.f. 1.4.1987.

Explanation.—The expression "declared goods" means goods declared under section 14 of the Central Sales Tax Act, 1956 (Central Act 74 of 1956), to be of special importance in inter-State trade or commerce.]¹

1. Subsection (4) Substituted by Act 31 of 1958 w.e.f. 1.1.1959.

¹[Provided also that in respect of goods specified at sub-item (i) of item (a) of serial number 5 of Fourth Schedule and on purchase of which no tax under this Act is leviable or levied on or before first day of April 1992 on the ground that such purchase was not the last purchase in the State, a dealer holding such goods in stock on the said date shall be deemed to be the last purchaser in the State liable to tax at the rates applicable as on the first day of April 1992 on such goods irrespective of the fact whether such stock of goods held as on the first day of April 1992 attained the character of last purchase in the State or otherwise.]¹

1. Inserted by Act 4 of 1999 w.e.f. 2.4.1992.

¹[Proviso x x x]¹

1. Inserted by Act 4 of 1999 w.e.f. 1.4.1998 & omitted by same Act w.e.f. 24.11.1998.

¹[(5)(a) A dealer whose total turnover in any year is less than ²[two lakh]² rupees shall not be liable to pay tax for that year.

³[(b) Notwithstanding anything contained in clause (a),—

(i) every casual trader in any of the goods other than those specified in the Fifth Schedule shall be liable to pay tax at the rate specified in this Act on his taxable turnover of sales or purchases in each year whatever his total turnover during the year may be;

¹[(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.]¹

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

(ii) every ⁴[x x x]⁴ manufacturer, dealer in liquor and beer and dealer who brings any goods into the State or to whom any goods are dispatched from any place outside the State shall be liable to pay tax at the rate specified in this Act on his taxable turnover of sales or purchases in each year if his total turnover during the year is not less than one lakh rupees.]³¹

1. Sub-section (5) substituted by Act 9 of 1964 w.e.f. 1.4.1964.

2. Substituted by Act 4 of 1992 w.e.f. 1.10.1991.

3. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

4. Omitted by Act 6 of 1995 w.e.f. 1.4.1995.

¹[(5A), (5B) x x x]¹

1. Omitted by Act 7 of 1966 w.e.f. 1.4.1966.

(6) For the purposes of this section and other provisions of this Act, ¹[the total turnover, taxable turnover or turnover]¹ shall be determined in accordance with such rules as may be prescribed.

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

(7) The tax shall be assessed, levied and collected in such manner and in such instalments, if any, as may be prescribed:

Provided that in respect of the same transaction of sale, the buyer or the seller, but not both, as determined by such rules as may be prescribed, shall be taxed:

¹[Proviso x x x]¹

1. Omitted by Act 9 of 1964 w.e.f. 1.10.1957.

¹[(8) x x x]¹

1. Omitted by Act 12 of 1961 w.e.f. 8.6.1961.

(9) Subject to such rules as may be prescribed, the assessing authority may assess a dealer for any year as if his transactions in such year had been the same as in the previous year.

¹**[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.

¹[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]¹

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

(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.

¹[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]¹

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

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.]¹

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

¹[(5) (xxx)]¹

1. Deemed to have been inserted w.e.f 1.4.2002 and shall be deemed to have been omitted w.e.f. 16.11.2004.

¹[(5) xxx)]¹

1. Deemed to have been inserted w.e.f 1.4.2002 and deemed to have been omitted w.e.f. 16.11.2004 by Act 5 of 2006.

¹[Explanation-II (xxx)]¹

1. Deemed to have been inserted w.e.f 1.4.2001 and shall be deemed to have been omitted w.e.f. 1.04.2002 by Act 5 of 2006.

¹[Explanation-III (xxx)]¹

1. Deemed to have been inserted w.e.f 1.4.83 and shall be deemed to have been omitted w.e.f. 1.04.2001 by Act 5 of 2006.

¹[5-B. Levy of tax on transfer of property in goods (whether as goods or in some other form) involved in the execution of works contracts.- Notwithstanding anything contained in sub-section (1) or ²[sub-section (3) or sub-section (3-C) of section 5, but subject to sub-section (4), (5) or (6)]² of the said section, every dealer shall pay for each year, a tax under this Act 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 mentioned in

column (2) of the Sixth Schedule at the rates specified in the corresponding entries in column (3) of the said Schedule.

³[**5-C. Levy of tax on the transfer of the right to use any goods.-** Notwithstanding anything contained in sub-section (1) or sub-section (3) of section 5, but subject to sub-sections (4), (5) and (6) of the said section, every dealer shall pay for each year a tax under this Act on his taxable turnover in respect of the transfer of the right to use any goods mentioned in column (2) of the Seventh Schedule for any purpose (whether or not for a specified period) at the rates specified in the corresponding entries in column (3) of the said Schedule:]³¹

1. Sections 5B and 5C inserted by Act 27 of 1985 w.e.f. 1.4.1986 by notification. Text of the notification is at the end of the Act.

2. Substituted by Act 4 of 1992 w.e.f. 1.4.1986.

3. Substituted by Act 5 of 1996 w.e.f. 1.4.1986.

¹[Provided that no tax shall be levied under this section if the goods in respect of which the right to use is transferred, have been subjected to tax under section 5.]¹

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

¹[**6. Levy of purchase tax under certain circumstances.-** Subject to the provisions of sub-section (5) of section 5, every dealer who in the course of his business purchases any taxable goods in circumstances in which no tax under section 5 is leviable on the sale price of such goods and,

(i) either consumes such goods in the manufacture of other goods for sale or otherwise ²[or consumes otherwise,]² or disposes of such goods in any manner other than by way of sale in the State, or

(ii) despatches them to a place outside the State except as a direct result of sale or purchase in the course of inter-State trade or commerce, shall be liable to pay tax on the purchase price of such goods at the same rate at which it would have been leviable on the sale price of such goods under section 5:

Provided that this section shall not apply,—

³[(i) in respect of sale or purchase of goods specified in the Fourth Schedule,—

(a) which are taxable at the point of purchase; and

(b) which have already been subjected to tax under sub-section (4) of section 5.]³

(ii) in respect of sale or purchase of goods specified in the Second Schedule which have already been subject to tax under clause (a) of sub-section (3) of section 5.]¹

1. Substituted by Act 9 of 1970 w.e.f. 1.4.1970.

2. Inserted by Act 8 of 1989 w.e.f. 8.9.1988.

3. Substituted by Act 78 of 1976 w.e.f. 7.12.1976.

¹[Provided further that no tax shall be payable under this section on the purchase of sowing seeds]¹

1. Inserted by Act 7 of 2003 w.e.f. 1.4.1999.

¹[x x x]¹

1. Clauses (iia), (iii), (iv), (v) and proviso inserted and omitted by Acts 6 of 1995, 27 of 1985 and 14 of 1987 w.e.f. different dates.

¹[**Explanation.**— For the purpose of this section "consumes such goods in the manufacture" shall include goods consumed for ancillary purposes in or for such manufacture.]¹

1. Inserted by Act 8 of 1989 w.e.f. 1.4.1970.

¹[**6-A. Burden of proof.**- (1) For purposes of assessment of tax under this Act, the burden of proving that any transaction or any turnover of a dealer is not liable to tax shall lie on such dealer.

(2) Notwithstanding anything contained in this Act or in any other law, a dealer in any of the goods liable to tax in respect of the first sale or first purchase in the State shall be deemed to be the first seller or first purchaser, as the case may be, of such goods and shall be liable to pay tax accordingly on his turnover of sales or purchases, relating to such goods, unless he proves that the sale or purchase, as the case may be, of such goods had already been subjected to tax under this Act.]¹

1. Inserted by Act 9 of 1964 w.e.f. 1.10.1957.

¹[Provided that where goods liable to tax are iron and steel mentioned in serial number 2 of the Fourth Schedule, oil seeds mentioned in serial number 5 of the Fourth Schedule, bauxite, chromite, iron, manganese and other ores mentioned in serial number 1 of Third Schedule or hydrogenated oils and cooking medium mentioned in serial number 1 of Part 'E' of Second Schedule, ²[or any other goods liable to tax as may be notified by the Commissioner]² every dealer in such goods shall furnish a declaration duly filled and signed by the registered dealer from whom such goods are purchased containing the prescribed particulars in a prescribed form obtained from the assessing authority to prove that the sale or purchase, as the case may be, of such goods had already been subjected to tax and the seller of such goods shall issue the declaration to the buying dealer;]¹

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

2. Inserted by Act 15 of 1996 w.e.f. 5.9.1996.

¹[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.]¹

1. Deemed always been Inserted by Act 5 of 2002 w.e.f. 1.10.1957.

¹[(3) Where a dealer knowingly issues or produces a false bill, voucher, declaration, certificate or other document with a view to support or make any claim that a transaction of sale or purchase effected by him or any other dealer, is not liable to be taxed, ²[or liable to tax at a lower rate]² the assessing authority shall, on detecting such issue or production, direct the dealer issuing or producing such document to pay as penalty,—

(i) in the case of first such detection, three times the tax due in respect of such transaction; and

(ii) in the case of second or subsequent detection, five times the tax due in respect of such transaction:

Provided that before issuing any direction for the payment of the penalty under this section, the assessing authority shall give to the dealer an opportunity of making representation against the levy of such penalty.¹

1. Inserted by Act 23 of 1983 w.e.f. 18.11.1983.

2. Inserted by Act 18 of 1994 w.e.f. 18.11.1983.

¹[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]¹

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

¹**[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.]¹

1. Inserted by Act 16 of 1975 w.e.f. 1.4.1975 and Substituted by Act, 13 of 1982 w.e.f. 29.3.1981 and again substituted by Act, 5 of 2002 w.e.f. 1.4.2002.

¹[6BB. x x x]¹

1. Inserted by Act 18 of 1994 w.e.f. 1.4.1994 and omitted by Act 1 of 1996 w.e.f. 13.10.1995.

¹[6-C. Levy of additional 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 per cent of such portion of the total turnover which is liable to tax under section 5, 5-B, 5-C or 6.

Provided that no tax under this 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 purchaser 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 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 additional tax, as they apply in relation to the assessment, collection or refund of tax under the other provisions of this Act.]¹

1. Inserted by Act 13 of 1994 and omitted by Act 7 of 1997 w.e.f. 1.4.1997 and again Inserted by Act 30 of 2003 w.e.f. 1.6.2003.

¹**[6-D. Levy of road cess.-** (1) In addition to the tax payable under section 5 or 5-A or 5-B or 5-C or 6, there shall be levied and collected by way of cess for the purpose of establishing a Road Maintenance Fund, a tax on sale or purchase effected by any dealer, at the rate of ten per cent of tax payable under the said sections:

Provided that no tax shall be payable under this section on sale or purchase in respect of which no tax is payable under section 5 or 5-A or 5-B or 5-C or 6.

(2) Nothing contained in this section shall apply to the goods specified in the Fourth Schedule.

(3) The provision of this Act and the rules made thereunder, shall so far as may be apply in relation to the levy, assessment, collection or refund of the cess, as they apply in relation to the levy, assessment, collection or refund of tax under the other provisions of this Act.

6-E. Levy of infrastructure cess.- (1) In addition to the tax payable under section 5 or 5-A or 5-B or 5-C or 6, there shall be levied and collected by way of cess for the purpose of various infrastructure projects across the State, equity investment in Bangalore Mass Rapid Transit Limited and establishing a Mukhya Manthri Grameena Rasthe Abhivruddhi Nidhi in the proportion of 57:28:15 respectively, a tax, on sale or purchase effected by any dealer, at the rate of five per cent of tax payable under the said sections:

Provided that no tax shall be payable under this section on sale or purchase in respect of which no tax is payable under section 5 or 5-A or 5-B or 5-C or 6.

(2) Nothing contained in this section shall apply to the goods specified in the Fourth Schedule.

(3) The provision of this Act and the rules made thereunder, shall so far as may be apply in relation to the levy, assessment, collection or refund of the cess, as they apply in relation to the levy, assessment, collection or refund of tax under other provisions of this Act.]¹

1. Sections 6-D and 6-E Inserted by Act 2 of 2004 w.e.f. 1.2.2004 .

7. Liability to taxation under this Act of transactions.- The tax under this Act shall be levied on any transaction of sale or purchase deemed to take place inside the State under this Act or any other law for the time being in force. ¹[The provisions of this Act relating to taxation on sales or purchases inside the State only at a single point or only at one or more stages apply to sales or purchases inside the State.]¹

1. Substituted by Act 26 of 1962 w.e.f. 1.10.1957.

8. Exemption of tax.- ¹[(1)]¹ No tax shall be payable under this Act on the sale of goods specified in the Fifth Schedule subject to the conditions and exceptions, if any, set out therein.

1. Re-numbered by Act 9 of 1958 w.e.f. 14.12.1957.

¹[(2) x x x]¹

1. Inserted by Act 9 of 1958 w.e.f. 14.12.1957 & omitted by Act 7 of 1966 w.e.f. 1.4.1966.

¹[(3) x x x]¹

1. Inserted by Act 12 of 1961 w.e.f. 1.3.1961 & omitted by Act 7 of 1966 w.e.f. 1.4.1966.

¹[8-A. Power of State Government to notify exemptions and reductions of tax.- (1) The State Government may, by notification, make an

exemption, or reduction in rate, ²[xxx]² in respect of any tax payable under this Act,—

1. Inserted by Act 16 of 1967 w.e.f. 1.1.1968 by notification. Text of Notification is at the end of the Act.

2. Deemed to have been Inserted w.e.f. 1.4.2000 and omitted by Act 5 of 2001 w.e.f. 1.4.2001.

(a) on the sale or purchase of any specified goods or class of goods, at all points in the series of sales by successive dealers; or

(b) by any specified class of persons, in regard to the whole or any part of their turnover; ¹[or]¹

1. Inserted by Act 27 of 1985 w.e.f. 1.8.1985.

¹[(c) on the sale or purchase of any specified class of goods by any specified class of dealers in regard to the whole or part of their turnover.]¹

1. Inserted by Act 27 of 1985 w.e.f. 1.8.1985.

(2) Any exemption from tax or reduction in the rate of tax, notified under sub-section (1) may be subject to such restrictions and conditions as may be specified in the notification.

¹[(2A) The State Government may, by notification, transpose any entry or part thereof from one schedule to another schedule and alter the point of levy of sale or purchase, but not so as to enhance the rate of tax in any case:

Provided that where the point of levy is altered under this sub-section in respect of any goods and if such goods have been subjected to tax under the unaltered entry, then such goods shall not be subjected to tax under the transferred entry.]¹

1. Inserted by Act 16 of 1989 w.e.f. 1.4.1989.

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

³[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

1. Inserted by Act 16 of 1989 w.e.f. 1.4.1985.

2. Deemed to have been Inserted w.e.f. 1.4.2000 and omitted by Act 5 of 2001 w.e.f. 1.4.2001.

3. Inserted by Act 5 of 2007 w.e.f. 1.1.2000.

¹[(3A) x x x]¹

1. Inserted by Act 7 of 1981 w.e.f. 1.1.1968 & omitted by Act 8 of 1984 w.e.f. 1.4.1984.

¹[Proviso x x x]¹

1. Inserted by Act 10 of 1983 w.e.f. 1.4.1983 & omitted by Act 8 of 1984 w.e.f. 1.4.1984.

(4) If any restriction or condition specified under sub-section (2) is contravened or is not observed by a dealer, the sales or purchases of such dealer may, with effect from the commencement of the year in which such

contravention or non-observance took place, be assessed to tax or taxes under the appropriate provisions of this Act as if the provisions of the notification under sub-section (1) did not apply to such sales or purchases.]¹

¹[(5)(a) Where any restriction or condition specified under subsection (2) in respect of goods taxable at the point of sale is contravened or is not observed by the purchaser of such goods, notwithstanding that such a purchaser is not a dealer or that the sale value of such goods is less than the turnover specified in sub-section (5) of section 5, such purchaser shall be liable to pay an amount equal to the difference between the tax payable at the rates specified under the Act and the tax paid at the rates specified under the notification on the goods purchased in respect of which such contravention or non-observance has taken place, as if the provision of the notification under sub-section (1) did not apply to such purchases and in addition, such purchaser shall also be liable to pay by way of penalty a sum ²[not less than one half but]² not exceeding the amount equivalent to the amount of tax leviable on the sale price of such goods.

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Inserted by Act 5 of 2002 w.e.f. 1.4.2002.

¹[(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.”

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.]¹

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

(b) The difference of the tax amount and the penalty levied under this sub-section shall be recovered in the manner specified under section 13.]¹

¹[(6) Any notification issued under sub-section (1) or sub-section (2-A) shall be valid until it is cancelled under sub-section (3), notwithstanding that the tax payable in accordance with such notification in respect of any specified goods or class of goods or by any specified class of persons or on the sale or purchase of any specified class of goods by any specified class of dealers, is modified by an amendment to this Act.]¹

1. Inserted by Act 5 of 1993 w.e.f. 1.4.1984.

¹[**Explanation.-** x x x]¹

1. Inserted by Act 36 of 1986 w.e.f. 8.5.1975 & omitted by the same Act w.e.f. 1.4.1984.

9. Act to apply to non-resident dealers with certain modifications and additions.- In the case of any person carrying on the business of buying or selling goods ¹[or of transfer of property in goods (whether as goods or in some other form) involved in the execution of works contract or of delivery of goods on hire purchase or any system of payment of instalments or of transfer of the right to use any goods for any purpose]¹ in the ²[State of Karnataka]² but residing outside the ²[State of Karnataka]² (hereinafter in this section referred to as a "non-resident"), the provisions of

this Act shall apply subject to the following modifications and additions, namely:—

1. Inserted by Act 27 of 1985 w.e.f. 1.8.1985.

2. Adapted by the Karnataka Adaptation of Laws Order, 1973 w.e.f. 1.11.1973.

(i) In respect of the business of the non-resident, his manager or agent residing in the ¹[State of Karnataka]¹ shall be deemed to be the dealer;

1. Adapted by the Karnataka Adaptation of Laws Order, 1973 w.e.f. 1.11.1973.

(ii) The manager or agent of a non-resident shall be assessed to tax under this Act at the rate or rates leviable thereunder in respect of the business of such non-resident in which the manager or agent is concerned, irrespective of the amount of the turnover of such business being less than the minimum specified in sub-section (5) of section 5 ¹[or section 6B;]¹

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

(iii) Without prejudice to his other rights, any manager or agent of a non-resident who is assessed under this Act in respect of the business of such non-resident may retain out of the moneys payable to the non-resident by the manager or agent a sum equal to the amount of tax assessed on or paid by the manager or agent.

CHAPTER IV

registration and grant of licenses

¹[10. Registration of dealers, commission agents, etc.- (1) Every dealer whose total turnover in any year is not less than ²[two lakh]² rupees shall, and any other dealer may, get himself registered under this Act:

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

2. Substituted by Act 4 of 1992 w.e.f. 1.10.1991

¹[Provided that every ²[x x x]² manufacturer, ³[x x x]³ or dealer who brings any goods into the State or to whom any goods are despatched from any place outside the State shall get himself registered under this Act, if his total turnover is not less than one lakh rupees in any year;]¹

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Omitted by Act 6 of 1995 w.e.f. 1.4.1995.

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

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

(i) every casual trader ¹[x x x]¹;

1. Omitted by Act 8 of 1984 w.e.f. 1.4.1984.

(ii) every dealer registered under the Central Sales Tax Act, 1956 (Central Act 74 of 1956);

(iii) every dealer residing outside the State but carrying on business in the State;

¹[(iii-a) every dealer in liquor and/or beer and every dealer in jewellery;]¹

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

(iv) every manager or agent of a non-resident dealer; and

(v) every commission agent, broker, *del credere* agent, auctioneer or any other mercantile agent, by whatever name called, who carries on the business of buying, selling, supplying or distributing goods on behalf of any principal,

shall get himself registered under this Act, irrespective of the quantum of his total turnover in such goods.

¹[(3) Every dealer whether he is a dealer or not shall get himself registered under this Act.]¹

1. Inserted by Act 9 of 1970 w.e.f. 1.4.1970.

¹[(4) Nothing contained in this section shall apply to any State Government or the Central Government]¹ ²[or a statutory body or a local authority except when they buy, sell, supply or distribute goods directly or otherwise for cash or deferred payment or for commission or remuneration or other valuable consideration in the course of business.]²

1. Inserted by Act 23 of 1983 w.e.f. 1.4.1976.

2. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

¹[(5) Nothing in this section shall apply to any dealer registered under the Karnataka Value Added Tax Act, 2003 and who is not a dealer in petrol, diesel, aviation turbine fuel, lottery tickets and sugarcane.]¹

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

10-A. Procedure for registration.- (1) An application for registration under section 10 shall be made to such authority, in such manner and within such period as may be prescribed and shall be accompanied by a fee of ¹[five hundred rupees.]¹

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

(2) If the prescribed authority after making such enquiries as it may consider necessary is satisfied that the application is in order and that the particulars furnished therein are correct, it shall register the applicant and issue to him a certificate in the prescribed form.

¹[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.]¹

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

(3) Where a dealer has more than one place of business, the registration certificate shall cover all such places of business. The prescribed authority shall issue copies of the registration certificate to the dealer for exhibition at each of his places of business and the dealer shall pay a fee of ¹[five hundred rupees]¹ for each copy.

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

¹[(4) ²(a) The prescribed authority shall for good and sufficient reasons demand from any dealer who is registered or has applied for

registration under sub-section (1) or has applied for renewal of registration under this Act, security for proper payment of tax by him or for the proper custody and use of the forms referred to in ³[section 5-A , proviso to sub-section (2) of section 6-A and sub-section (2) of section 28-A or any of these provisions]³ and on such demand such dealer shall furnish the same.]²

1. Substituted by Act 9 of 1970 w.e.f. 1.4.1970.

2. Substituted by Act 27 of 1985 w.e.f. 1.8.1985.

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

¹[Provided that in the case of different categories of dealers in liquor and/or beer, the prescribed authority shall demand security, for proper payment of tax as the State Government may fix from time to time by notification.]¹

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

(b) The amount of security payable under clause (a) shall not exceed,—

(i) in the case of dealers who have opted to pay tax under section 17, an amount equivalent to three months compounded rate fixed for that year, and

(ii) in other cases, 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.

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

¹[(d) The assessing authority may by order and for good and sufficient cause forfeit the whole or any part of the security furnished by a dealer,—

(i) for realising any amount of tax or penalty payable by the dealer;

(ii) if the dealer is found to have mis-used any of ²[the forms referred to in clause (a) or to]² have failed to keep them in proper custody:

Provided that no order shall be passed under this clause without giving the dealer an opportunity of being heard;

(e) The assessing authority issuing the forms referred to in clause (a) may refuse to issue such forms to a dealer who has failed to comply with a demand under that clause or under clause (b), until the dealer has complied with such demand.]¹

1. Inserted by Act 15 of 1988 w.e.f. 1.4.1988.

2. By Errata No. 525 Karnataka Gazette (Extraordinary) dated 5.9.1988.

¹[(5) A certificate issued under sub-section (2) shall be renewed from year to year on payment of the fee specified in sub-section (1) until it is cancelled.]¹

1. Substituted by Act 23 of 1983 w.e.f. 18.11.1983.

(6) A dealer registered under sub-section (1) of section 10 shall be entitled to have his registration cancelled if he is able to prove to the satisfaction of the prescribed authority that his turnover in each of the two consecutive years immediately preceding the application was less than the limit mentioned in the said sub-section.

(7) The prescribed authority shall have power, for good and sufficient reasons, to cancel, modify or amend any registration certificate issued by it.

(8) No application for registration and no renewal under this section shall be refused and no order under sub-section (4) or sub-section (7) shall be made, unless the dealer concerned has been given a reasonable opportunity of being heard.

(9) When a dealer has ceased to do business in any year and gives notice of that fact to the prescribed authority, he shall not be liable to pay any registration fee from the commencement of the following year unless he resumes business.

(10) The dealer shall exhibit the certificate of registration granted under subsection (1) at the place of business mentioned in the certificate. Where the dealer has more than one place of business, he shall exhibit the certificate of registration at the principal place of business mentioned in the certificate and a copy of such certificate granted under sub-section (3) at every other place of business within the State mentioned in the certificate.]¹

¹[(11) No dealer who is registered under the Karnataka Value Added Tax Act, 2003, shall be required to pay registration or renewal fee under this Act.]¹

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

¹[**10-B. *Suo motu* registration.-** Any person who is liable to get himself registered under this Act fails to do so, the prescribed authority may after conducting such survey, inspection or inquiry as may be prescribed, proceed to register such person under the Act and the provisions of section 10-A shall apply *mutatis mutandis*.]¹

1. Inserted by Act 18 of 1999 w.e.f. 1.4.1999.

¹[**11. Agents liable to pay tax.-** (1) Notwithstanding anything contained in any law for the time being in force including this Act, every person who for an agreed commission or brokerage buys or sells on behalf of any principal who is a resident of the State of Karnataka shall, subject to the provisions of sub-section (5) of section 5 or section 6B be assessed to tax or taxes under this Act at the rate or rates leviable thereunder in respect of such purchase or sale notwithstanding that such principal is not a dealer or that the turnover of sale or purchase relating to such principal is less than the minimum specified in sub-section (5) of section 5 or section 6B:

Provided that the principal, shall not be assessed to tax on his turnover in respect of which, the agent is liable to tax or taxes under sub-section (1) and the burden of proving that the turnover has been effected through an agent liable to tax under the said sub-section, shall be on such principal.

(2) Notwithstanding anything contained in sub-section (1), in respect of goods taxable at the point of purchase by the last dealer in the State liable to tax under this Act, the agent (other than the agent of a non-resident principal) purchasing such goods shall not be assessed to tax but the principal who has effected such purchases through the agent shall be assessed to tax as if he is the last dealer in the State.

(3) Without prejudice to his other rights, the agent who is assessed under sub-section (1), may retain out of the moneys payable to his principal other than a principal who is an agriculturist a sum equal to the amount of tax assessed on or paid by the agent.]¹

1. Substituted by Act 23 of 1983 w.e.f. 18.11.1983.

¹[(4) x x x]¹

1. Inserted by Act 8 of 1984 w.e.f. 18.11.1983 & omitted by the same Act w.e.f. 1.12.1983.

CHAPTER V

Returns, assessment, payment, recovery, composition and collection of tax

12. Returns and assessment.- ¹[(1) Notwithstanding anything contained in section 12-B, every registered dealer and every dealer who is liable to get himself registered under sub-section (1) or (2) of section 10, shall submit such return or returns relating to his turnover, in such manner and within such period as may be prescribed.]¹

²[Provided 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.]²

³[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.]³

1. Substituted by Act 8 of 1990 w.e.f. 1.4.1990.

2. Deemed to have been inserted w.e.f. 1.4.2005 by Act 5 of 2006.

3. Inserted by Act 5 of 2010 w.e.f.01.04.2010.

¹[(1A) Before any 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 12B and shall furnish along with the return satisfactory proof of the payment of such tax, ²[and the tax so payable shall for the purposes of section 13 be deemed to be the tax due under this Act from such dealer]². 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

³[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

1. Inserted by Act 5 of 1972 w.e.f. 14.8.1972.

2. Inserted by Act 8 of 1984 w.e.f. 1.4.1984.

3. Inserted by Act 5 of 2010 w.e.f. 1.4.2010.

¹[(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.]¹

1. Inserted by Act, 5 of 2001 w.e.f. 1.4.2001.

(2) 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.

(3) If no return is submitted by the dealer under sub-section (1) before the date prescribed or specified in that behalf, or if the return submitted by him appears to the assessing authority to be incorrect or incomplete, the assessing authority shall assess the dealer to the best of his judgment, recording the reasons for such assessment:

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

¹[(4) When making an assessment under sub-section (3), the assessing authority may also direct the dealer to pay in addition to the tax assessed, a penalty,—

1. Sub-sections (4), (5), (6) and (7) substituted by Act 27 of 1985 w.e.f. 1.8.1985.

(a) not exceeding ¹[an amount equivalent to the tax due]¹ ²[but not less than one half of]² the amount of tax due on the turnover that was not disclosed by the dealer in his return; or

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

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

(b) not exceeding ¹[an amount equivalent to the tax due]¹ the tax assessed in the case of failure to submit a return; or

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

(c) not exceeding ¹[an amount equivalent to the tax due]¹ ²[but not less than one half of]² the amount of tax due on the turnover which in the opinion of the assessing authority would not have been disclosed voluntarily

by the dealer in his return if such turnover was not noticed by any of the authorities empowered under this Act.

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

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

¹[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.]¹

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

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

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

¹²[Provided that assessment proceedings relating to any year ending before the date of 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 the date of such commencement.]²

Provided further 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 20, 21, 22 or 22A or any judgment or order made by any Court.]¹

1. Provisos inserted by Act 8 of 1989 w.e.f. 1.8.1985.

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

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

(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 class of cases by the ¹[Joint Commissioner]¹ for reasons to be recorded in writing shall be excluded:

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

¹[(c) in the case of a dealer who has been issued with eligibility certificate extending tax concessions under any of the package of incentives and concessions offered by the State and where such certificate issued is under dispute and such dispute has been referred to the authority constituted to resolve such disputes or the authority issuing such certificate, the time taken in such case to resolve such dispute shall be excluded.]¹

1. Inserted by Act 5 of 2000 w.e.f. 1.4.1997.

¹[Provisos x x x]¹

1. Omitted by Act 8 of 1989 w.e.f. 1.8.1985.

¹[(7) Where an assessment under this section is not concluded within the time specified in sub-section (5), the total and the taxable turnover 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 this Act relating to assessment of escaped turnover, 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. 1.8.1985.

¹**[12-A. Assessment of escaped turnover.-** ²[(1) If the assessing authority has reason to believe that the whole or any part of the turnover of a dealer 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 deductions or exemptions have been wrongly allowed in respect thereof, the assessing authority may, notwithstanding the fact that the whole or part of such escaped turnover was already before the said authority at the time of the original assessment or re-assessment but subject to the provisions of sub-section (2), at any time within a period of ³[eight years]³ from the expiry of the year to which the tax relates, proceed to assess or re-assess to the best of its judgment the tax payable by the dealer in respect of such turnover after issuing a notice to the dealer and after making such enquiry as it may consider necessary.]]²

1. Section 12A inserted by Act 9 of 1970 w.e.f. 1.10.1957.

2. Substituted by Act 10 of 1983 w.e.f. 1.4.1983.

3. Substituted by Act 15 of 1988 w.e.f. 1.4.1988.

(1-A) In making an assessment under sub-section (1) the assessing authority may, if it is satisfied that the escape from assessment is due to wilful non-disclosure of assessable turnover by the dealer, direct the dealer to pay, in addition to the tax assessed under sub-section (1), a penalty not exceeding ¹[an amount equivalent to the tax but not less than one half of]¹ the tax so assessed:

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

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

(2) In computing the period of limitation for assessment of the escaped turnover 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 in any case, or by reason of the fact that an appeal or other proceeding is pending before the Appellate Tribunal or the High Court or the Supreme Court, shall be excluded:

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 section 20, 21, 22, ¹[22A]¹, 23 or 24 or any judgment, or order made by the Supreme Court, the High Court, or any other Court.]¹

1. Inserted by Act 10 of 1983 w.e.f. 1.4.1983.

¹[**12-AA. Assessment in cases of price variation or price revision.-** (1) Notwithstanding anything contained in sub-section (1) of section 12A,—

(a) If a dealer receives or pays in any year any amount due to price variations or price revisions which would have been included in his turnover for any previous year, if it had been received or paid during that year he shall, within thirty days from the date on which such amount is received or paid submit a return in the prescribed form to the assessing authority and pay the full amount of tax payable by him ²[at such rate as was applicable during such previous year on such turnover]²:

1. Section 12AA inserted by Act 27 of 1985 w.e.f. 1.8.1985.

2. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

Provided that if the amount so received or paid in any year relates to two or more previous years, separate returns shall be submitted for each such year.

(b) If the assessing authority is satisfied that any return submitted under clause (a) is correct and complete, he shall assess the dealer on the basis thereof;

(c) If the return submitted by a dealer under clause (a) appears to the assessing authority to be incorrect or incomplete, the assessing authority shall, after making such inquiry as he may consider necessary and after taking into account all relevant materials gathered by him, assess the dealer to the best of his judgment:

Provided that before taking action under this clause the dealer shall be given a reasonable opportunity to prove the correctness and completeness of the return:

(2) In making an assessment under this section the assessing authority may also direct the dealer to pay in addition to the tax assessed, a penalty not exceeding one and a half times the amount of tax due on the turnover not disclosed by the dealer in his return or in the case of failure to submit the return, a penalty not exceeding one and a half times the tax assessed as the case may be:

Provided that no penalty under this sub-section shall be imposed unless the dealer affected has had a reasonable opportunity of showing cause against such imposition.¹

¹[**12-B. Payment of tax in advance.-** ²[(1) Subject to such rules as may be prescribed, every dealer shall send every month ⁶[xxx]⁶ a statement containing such particulars as may be prescribed including the taxable turnover during the preceding month and shall pay in advance the full amount of ³[tax payable by him ⁴[under this Act within twenty days after the close of the preceding month to which such tax relates on the basis of the turnover particulars shown in the statement]⁴]³ and the amount so payable shall for the purposes of ⁵[x x x]⁵ section 13 be deemed to be an amount due under this Act from such dealer.]²

1. Section 12B inserted by Act 12 of 1961 w.e.f. 8.6.1961 & substituted by Act 9 of 1970 w.e.f. 1.4.1970.

2. Substituted by Act 5 of 1972 w.e.f. 14.8.1972.

3. Substituted by Act 7 of 1981 w.e.f. 4.4.1981.

4. Substituted by Act 27 of 1985 w.e.f. 1.8.1985.

5. Omitted by Act 23 of 1983 w.e.f. 18.11.1983.

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

¹²[Provided that,—

(i) in the case of a dealer where payment by way of composition under sub-section (1) of section 17 is accepted, the provisions of sub-section (1) shall not apply; and

(ii) in the case of a dealer being a small scale industry registered with the Director of Industries and Commerce, Government of Karnataka, such dealer shall send such a statement in accordance with sub-section (1) but shall pay in advance the full amount of tax payable for every quarter within twenty days after the close of that quarter.]²

³[(iii) in the case of a dealer whose total turnover in any year is not more than seven lakh fifty thousand rupees shall submit statements for each month in accordance with sub-section (1) 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.]³

Provided further that the full amount of tax payable by a dealer in advance for the year as reduced by the amount of tax already paid under this section shall be paid within thirty days after the close of the year to which such tax relates.]¹

1. Provisos inserted by Act 9 of 1986 w.e.f. 1.4.1986.

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

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

¹[Provided also that where the tax payable for any quarter by a small scale industrial undertaking is not paid within thirty days after the close of the quarter to which such tax relates, such undertaking shall be liable to pay tax thereafter as provided under this sub-section excluding the first proviso.]¹

1. Inserted by Act 15 of 1988 w.e.f. 1.4.1988.

¹[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.]¹

1. Deemed to have been inserted w.e.f. 1.4.2005 by Act 5 of 2006.

¹[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.]¹

1. Inserted by Act 5 of 2010 w.e.f. 1.4.2010.

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 ³[one and a quarter per cent]³ per month from the date of such default or short payment to the date of payment of such tax ²[or upto the date specified for payment of tax assessed under section 12, as the case may be.]²¹

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997 & substituted by Act 5 of 2000 w.e.f. 1.4.2000.

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

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

¹²[(3)]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 judgment, 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 7 of 1981 w.e.f. 4.4.1981.

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

¹[(3A) 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.]¹

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

¹²[(4)]² If at the end of the year it is found that the amount of tax paid in advance by any dealer for any month or quarter or for the whole year in the aggregate was less than the tax payable for that month or quarter or the tax for the whole year as finally assessed, as the case may be, by more than fifteen per cent, the assessing authority may direct such dealer to pay, in addition to the tax, a penalty ³[which shall not be less than one half of the tax so paid in short, but not exceeding ⁴[xxx]⁴ the amount by which the tax so paid fall short]³ of the tax payable for the month or quarter or for the whole year as the case may be:]¹

1. Substituted by Act 4 of 1999 w.e.f. 1.4.1999.

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

3. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and again substituted by Act 5 of 2001 w.e.f. 1.4.2001.

4. Omitted by Act 5 of 2002 w.e.f. 1.4.2002.

Provided that no penalty under this sub-section shall be imposed unless the dealer affected has had a reasonable opportunity of showing cause against such imposition.]¹

¹[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.]¹

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

¹[**Explanation.**— For the purpose of this section "quarter" means the period of three months ending on 31st day of May, 31st day of August, 30th day of November and 28th day (or 29th day) of February.]¹

1. Inserted by Act 9 of 1986 w.e.f. 1.4.1986.

¹[**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 ¹[whose total turnover in a year is not more than fifty lakh rupees]¹ 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. -

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

- (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).

¹[(v) xxx]¹

1. Inserted by Act 5 of 2002 w.e.f. 1.4.2002 and omitted by Act 26 of 2004 w.e.f. 1.8.2004.

- (b) processing or manufacturing goods whose total turnover in any year is not more than ¹[one hundred lakhs]¹, 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.-

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

- (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).

¹[(iii) xxx]¹

1. Inserted by Act 5 of 2002 w.e.f. 1.4.2002 and omitted by Act 26 of 2004 w.e.f. 1.8.2004.

(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.]¹.

1. Section 12-C Inserted by Act 10 of 1983 w.e.f. 1.4.1983 and Substituted by Act, 7 of 1987 w.e.f. 1.4.1997 and again Substituted by Act, 5 of 2001 w.e.f 1.4.2001.

¹[(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.]¹

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

¹[**12-D. Cancellation of assessment 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 12, or that he did not receive the notice issued under that section ²[x x x]² the assessing authority shall cancel the assessment and proceed to make a fresh assessment in accordance with the provisions of section 12:

1. Inserted by Act 11 of 1993 w.e.f. 1.4.1993.

2. Omitted by Act 3 of 1998 w.e.f. 1.4.1998.

¹[Provided that no application under this sub-section shall be entertained by the assessing authority if tax admitted in the return of turnover is not paid;]¹

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

(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 to 24 and 25-A, be final.]¹

¹[**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.]¹

1. Inserted by Act 18 of 1994 w.e.f. 1.4.1994 and omitted by Act 5 of 2001 w.e.f. 1.4.2001 and again Inserted by Act 5 of 2002 w.e.f. 1.4.2002.

¹[**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.]¹

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

13. Payment and Recovery of Tax.- ¹[(1) The Tax ²[or any other amount due]² under this Act shall be paid in such manner ³[in such instalments, subject to such conditions, on payment of such interest]³ and within such time, as may be prescribed.]¹

1. Substituted by Act 32 of 1958 w.e.f. 1.1.1959.

2. Inserted by Act 23 of 1983 w.e.f. 18.11.1983.

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

¹[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.]¹

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

¹[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.]¹

1. Inserted by Act 5 of 2010 w.e.f. 1.4.2010.

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

1. Substituted by Act 32 of 1958 w.e.f. 1.1.1959.

(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 person or persons liable to pay the tax ¹[or any other amount due]¹ under this Act; and

1. Inserted by Act 8 of 1984 w.e.f. 1.4.1984.

¹[(ii) the person or persons liable to pay the tax ²[other than tax payable in advance for any year under sections 12 and 12B]² or any other amount due under this Act shall pay a ³[interest]³ equal to ⁴[one and a quarter per cent]⁴ 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. Inserted by Act 5 of 2001 w.e.f. 1.4.2001.

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

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

¹[**Explanation** ³[1]³.— For purposes of clause (ii), the ²[interest]² payable for a part of a month shall be proportionately determined.]¹

1. Inserted by Act 16 of 1967 w.e.f. 1.1.1968.

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

3. Re-numbered by Act 5 of 2002 w.e.f. 1.4.2002.

¹[**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'.]¹

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

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

1. Inserted by Act 3 of 1966 w.e.f. 1.3.1966.

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

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

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

1. Inserted by Act 9 of 1970 w.e.f. 1.10.1957.

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

¹[(aa) by attachment and sale or by sale without attachment of any property of such dealer or any other person by the assessing authority or the prescribed officer in accordance with such rules as may be prescribed;]¹

1. Inserted by Act 5 of 1972 w.e.f. 14.8.1972.

¹[(aaa) as if it were an arrear of excise revenue under the Karnataka Excise Act, 1965 (Karnataka Act 21 of 1966) in the case of a dealer engaged in the manufacture or sale of liquor including beer, spirit and alcohol; or]¹

1. Inserted by Act 21 of 2000 w.e.f. 11.1.2001 by notification. Text of the notification is at the end of the Act.

(b) ¹[notwithstanding anything contained in ²[the Code of Criminal Procedure, 1973 (Central Act 2 of 1974)]², on application to any Magistrate]¹ by such Magistrate as if it were a fine imposed by him:

1. Substituted by Act 7 of 1972 w.e.f. 29.9.1972.

2. Substituted by Act 18 of 1978 w.e.f. 1.9.1978.

¹[Provided that where a dealer or other person 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 the tax or other amount, no proceedings for recovery under this sub-section shall be taken or continued until the disposal of such appeal or application for revision.]¹

1. Substituted by Act 9 of 1964 w.e.f. 1.10.1957.

¹[(4) 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 (b) of sub-section (3).]¹

1. Inserted by Act 9 of 1964 w.e.f. 1.4.1964.

¹[**13-A. Payment of interest.**- Where any amount refundable to any person under an order made under any provision of this Act is not refunded to him within ninety days,—

1. Inserted by Act 27 of 1985 w.e.f. 1.8.1985.

(a) of the date of such order, if that order is made by the refunding authority; or

(b) of the date of receipt of such order by the refunding authority, if that order is made by an authority other than the refunding authority, the refunding authority shall pay such person simple interest at the rate of ¹[six percent]¹ per annum on the said amount from the day immediately following the expiry of the said ninety days to the day of the refund:

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

Provided that the interest calculable shall be on the balance of the amount remaining after adjusting out of the refundable amount any tax, penalty or other amount due under this Act, for any year by the person on the date from which such interest is calculable.

Explanation I.—If the delay or any part thereof in granting the refund within the aforesaid period of ninety days is attributable to the person to whom the refund is payable the period of such delay shall be excluded for the purpose of calculation of interest.

Explanation II.—The expression "refunding authority" means an ¹[Commercial Tax Officer]¹ or ¹[Assistant Commissioner of Commercial Taxes]¹ or any other officer of the Commercial Taxes Department authorised to make any assessment or to levy penalty or both by or under this Act.

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

Explanation III.—The interest payable for a part of a month shall be proportionately determined.]¹

¹[13-B. 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 in accordance with section 13-A on the amount of refund ultimately determined to be due to the person as a result of the appeal or further proceeding, 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 4 of 1992 w.e.f. 1.4.1992.

¹[13-C. Purchase by the State Government in auction of property.-

(1) When any immovable property is brought for sale by auction for recovery of any dues under this Act, then notwithstanding anything contained in this Act, the Deputy Commissioners of the Revenue District or any officer authorised by the State Government, subject to any general or special order of the State Government in this behalf, be entitled to bid at such auction and purchase the property on account of the State Government.

(2) Where any property is purchased by the State Government under sub-section (1), then, notwithstanding anything in the Karnataka Land Revenue Act, 1964 or any other law, it shall be lawful for the State Government to dispose of such property in such manner as it deems fit.

(3) The purchase and disposal of the property under this section shall not be questioned in any court of law.]¹

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

¹[13-D. Special powers for recovery of amounts due to Government.- Notwithstanding anything contained in this Act and the rules made thereunder, where any tax payable under this Act by a dealer has been deferred under section 19-C and where such deferred tax has been converted into loan by the Department of Industries and Commerce, Government of Karnataka, and upon such amounts becoming due, the assessing authority or any other officer exercising powers under section 13 may recover such amounts from such dealer as if it were an amount due under this Act.]¹

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

14. Recovery of tax ¹[or penalty or any other amount]¹ 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 dealer at his last address known to the assessing authority) require any person from whom money is due or may become due to the dealer or any person who holds or may subsequently hold money for or on account of the 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 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. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

(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 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.

(4) Any person discharging any liability to the 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 dealer for the amount due under this Act, whichever is less.

(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 dealer or that he does not hold any money for or on account of the 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.

(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.

¹[**Explanation I**].—For the purposes of this section, the amount due to a dealer or money held for or on account of a dealer by any person shall be computed after taking into account such claims, if any, as may have fallen due for payment by such dealer to such person and as may be lawfully subsisting.

1. Re-numbered by Act 14 of 1987 w.e.f. 1.4.1987.

¹[**Explanation II**.—Notwithstanding anything contained in this Act, for the purpose of this section, the expression "assessing authority" shall include ²[any officer empowered to levy tax or penalty under any of the provisions of this Act, or]² any other officer exercising powers under clause (aa) of sub-section (3) of section 13.]¹

1. Inserted by Act 14 of 1987 w.e.f. 1.4.1987.

2. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

⁴[**14-A. Issuance of Clearance Certificates to registered dealers.-**

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 registered dealer makes an application

to the assessing authority of the area, the assessing 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) of section 12-B is outstanding from such registered dealer, issue a clearance certificate in the prescribed form.]¹

1. Inserted by Act 5 of 1996 w.e.f. 1.4.1996.

¹[**15. Tax payable on transfer of business, etc.-** ²[(1) When the ownership of the business of a dealer is transferred, the transferor and the transferee shall jointly and severally be liable to pay any tax or penalty or any other amount remaining unpaid at the time of transfer or that may become payable in respect of such business after the date of transfer but relating to the years upto the date of transfer and for the purpose of recovery from the transferee, such transferee shall be deemed to be the dealer liable to pay the tax or penalty or other amount due under this Act.]²

1. Substituted by Act 5 of 1972 w.e.f. 1.10.1957

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

(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.

¹[(2A) Where any firm is liable to pay any tax or penalty or any other amount under this Act, the firm and each of the partners of the firm shall be jointly and severally liable for such payment.

(2B) Where a partner of a firm liable to pay any tax or penalty or any other amount under this Act retires, he shall, notwithstanding any contract to the contrary, be liable to pay any tax or penalty or any other amount remaining unpaid at the time of his retirement and any tax or penalty or any other amount due upto the date of retirement, though unassessed.]¹

1. Subsections (2A) and (2B) Inserted by Act 23 of 1983 w.e.f. 18.11.1983.

(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.]¹

16. Assessment of legal representatives.- 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 ¹[any tax, penalty or fee]¹ assessed as payable by any such dealer or ¹[any tax, penalty or fee]¹ 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. Substituted by Act 17 of 1976 w.e.f. 1.10.1957.

¹[17. **Composition of Tax** ²[x x x]².- ³[(1) Subject to such conditions and in such circumstances as may be prescribed, the assessing authority may, if a dealer whose total turnover in a year is not exceeding ⁴[rupees ten lakh]⁴ and who is liable to tax under sections ⁵[5, 5-A, 6 and 6-B]⁵, so elects, accept in lieu of the amount of tax payable by him under this Act, during any year, by way of composition, an amount at the following rates, namely:—

1. Substituted by Act 32 of 1958 w.e.f. 1.4.1959.

2. Omitted by Act 9 of 1970 w.e.f. 1.4.1970.

3. Sub-sections (1), (2), (3) substituted by Act 7 of 1997 w.e.f. 1.4.1997.

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

5. Substituted by Act 18 of 1997 w.e.f. 1.4.1997.

TABLE

Sl. No.	Total Turnover	Rates
(i)	Where the total turnover does not exceed three lakh rupees.	One thousand five hundred rupees.
(ii)	Where the total turnover exceeds three lakh rupees but does not exceed five lakh rupees.	One thousand five hundred rupees plus two per cent of the turnover exceeding three lakh rupees.
¹ [(iii)]	Where the total turnover exceeds five lakh rupees but does not exceed ten lakh rupees	Five thousand five hundred rupees plus three percent of the turnover exceeding five lakh rupees.] ¹

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

Provided that this sub-section shall not apply to,-

(i) dealers in liquor and/or beer;

(ii) dealers operating hotels, restaurants or bars and restaurants;

(iii) dealers purchasing goods in the course of inter-State trade or commerce against declarations in Form-C, or obtaining goods from sources outside the State against declarations in Form-F;

(iv) dealers whose total turnover in the immediately proceeding year as declared in the return or determined in the assessment order was more than ¹[ten lakh rupees]¹.

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

(2) (a) Any dealer eligible for composition of tax under sub-section (1) and who estimates his total turnover for a year to be not more than ¹[ten lakh rupees]¹, may apply to the assessing authority to permit him to pay the amount under this section and on being so permitted, he shall pay the amount due in advance during the year in quarterly instalments and shall submit a return as specified in sub-section (1) of section 12.

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

(b) The amount paid under clause (a) shall be subject to such adjustment as may be prescribed on the completion of final assessment.

(3) Every dealer complying with the provisions of clause (a) of sub-section (2) shall be assessed on the basis of return submitted in accordance with sub-section (1) of section 12, and such dealer shall not be required to appear or produce the books of accounts before the assessing authority.]¹

¹[**Explanation.-** x x x]¹

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

¹[(3A) x x x]¹

1. Inserted by Act 9 of 1986 w.e.f. 1.10.1978 & omitted by the same Act w.e.f. 31.3.1981.

¹[(4) ²(i) Notwithstanding anything contained in sub-sections (1) to (3), but subject to such conditions and in such circumstances as may be prescribed, the assessing authority of the area may, if a hotelier or a restaurateur (other than a hotelier or a restaurateur engaged in reselling of goods purchased by him in the course of inter-State trade or commerce or a dealer engaged in vending of liquor including beer ⁶[or a hotelier or a restaurateur operating in the same premises or a premises attached to a place where liquor including beer is served]⁶ ³[a dealer running a sweet meat stall or ice cream parlour]³ ⁴[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]⁴), ⁷[xxx]⁷, so elects, accept in lieu of the amount of tax payable by him under this Act during any year, by way of composition, an amount at the rate of ⁵[four per cent]⁵ of his total turnover.]²

1. Inserted by Act 7 of 1981 w.e.f. 4.4.1981.

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

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

4. Inserted by Act 5 of 2000 w.e.f. 1.4.2000 and again substituted by Act, 5 of 2002 w.e.f. 1.4.2002.

5. Substituted by Act 4 of 1999 w.e.f. 1.4.1999 and again substituted by Act 5 of 2001 w.e.f. 1.4.2001.

6. Inserted by Act 5 of 2001 w.e.f. 1.4.2001.

7. Omitted by Act 5 of 2001 w.e.f. 1.4.2001.

(ii) Any hotelier or restaurateur ¹[or a dealer running a sweet stall or ice cream parlour]¹ ²[or a dealer catering food and drinks or a registered club including a dealer serving food and drinks in such club]² may apply to the assessing authority to be permitted to pay the amount under clause (i) and, on being so permitted, he shall pay the amount due in advance during the year in equal monthly instalments on or before the ³[20th]³ of the month following each month and for that purpose shall submit such statements or returns in such manner as may be prescribed;

1. Inserted by Act 4 of 19'99 w.e.f. 1.4.1999.

2. Inserted by Act 5 of 2000 w.e.f. 1.4.2000 and substituted by Act 5 of 2002 w.e.f. 1.4.2002.

3. Substituted by Act 9 of 1986 w.e.f. 1.4.1986.

(iii) The amount paid under clause (ii) shall be subject to such adjustment as may be necessary on the completion of final assessment.]¹

¹[(iv) x x x]¹

1. Inserted by Act 27 of 1985 w.e.f. 7.9.1978 & omitted by the same Act w.e.f. 2.2.1983.

¹[(5) Notwithstanding anything contained in this Act, where a dealer has opted for payment of tax by way of composition in any year, the rate at which such tax is payable shall be the rate provided for such payment in this section at the commencement of the year.]¹

1. Inserted by Act 9 of 1986 w.e.f. 1.4.1986.

¹[(6)²(i) Notwithstanding anything contained in section 5-B, but subject to such conditions and in such circumstances as may be prescribed, the assessing authority of the area may, if a dealer liable to tax under section 5-B so elects, accept in lieu of the amount of tax payable by him during the year under this Act, by way of composition an amount on the total consideration for the works contracts executed by him in that year in the State in respect of Works contract specified in column (2) of the Sixth Schedule ³[at the rate of four per cent]³.]²

1. Inserted by Act 14 of 1987 w.e.f. 1.4.1988 by notification. Text of the notification is at page 431.

2. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

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

(ii) Any dealer may apply to the assessing authority to be permitted to pay the amount under clause (i) and, on being so permitted he shall pay tax in advance as provided for under section 12-B and all the provisions of section 12B *mutatis-mutandis* shall apply to this sub-section.]²

¹[(iii) the amount paid under clause (ii), shall be subject to such adjustment as may be necessary on completion of final assessment.]¹

1. Inserted by Act 8 of 1990 w.e.f. 1.4.1990.

¹[**Explanation.**— No tax shall be payable under this sub-section on the turnovers relating to amounts paid to sub-contractors as consideration for execution of works contract whether wholly or partly subject to production of proof that such sub-contractor is a registered dealer liable to tax under the Act and that the turnover of such amounts is included in the monthly statements or return of turnover, as the case may be, filed by such sub-contractor.]¹

1. Inserted by Act 15 of 1991 w.e.f. 1.4.1991.

¹[(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.]¹

1. Inserted by Act 4 of 1999 w.e.f. 1.4.1999 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

¹[(8) Subject to such conditions and in such circumstances as may be prescribed, the assessing authority of the area may, if a dealer carrying on the business in silk fabrics 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 rate of half percent of his total turnover in respect of silk fabrics;]¹

1. Inserted by Act 1 of 1996 w.e.f. 1.4.1995 & substituted by Act 3 of 1998 w.e.f. 1.4.1998.

¹[**Explanation I.**- x x x

Explanation II.- x x x]¹

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

¹[(9) (i) Notwithstanding anything contained in sub-sections (1) to (3), but subject to such conditions and in such circumstances as may be prescribed, the assessing authority of the area may, if a dealer being mechanized crushing unit producing granite metals so elects, accept in lieu of the amount of tax payable by him under any other provisions of this Act, during any year, by way of composition, an amount at the following rates, namely:-

Sl.No.	Capacity	Rates
(i)	For each crushing machine of size 36" x9"	Rs. 1,00,000 per annum
(ii)	For each crushing machine of size 16" x 9"	Rs. 50, 000 per annum
(iii)	For each crushing machine of size 12" x 9"	Rs. 25, 000 per annum.

(ii) Any dealer eligible for composition of tax under clause (i), may apply to the assessing authority to permit to pay the amount under this sub-section and on being so permitted, he shall pay the amount due in advance during the year in equal monthly installments on or before the twentieth day of month following each month and for that purpose shall submit such statements or returns in such manner as may be prescribed.

(iii) The amount paid under clause (ii), shall be subject to such adjustment as may be necessary on the completion of final assessment.]¹

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

¹[(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,-

1. Subsections (10) and (11) Inserted by Act 5 of 2001 w.e.f. 1.4.2001.

¹[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	Seventy thousand rupees

	period of which is more than a Fortnight but less than a month.	
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] ¹

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

(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.]¹

¹[**17-A. Rounding off of tax, etc.-** The amount of tax (including tax payable in advance), penalty or any other amount payable and the amount of refund due, under this Act shall be rounded off to the nearest rupee and, for this purpose, where such amount contains a part of a rupee consisting of paise, then, if such part is fifty paise or more, it shall be increased to one rupee and if such part is less than fifty paise, it shall be ignored.]¹

1. Inserted by Act 5 of 1972 w.e.f. 14.8.1972.

¹[**18. Collection of tax by dealers.-** (1) (a) A person who is not a registered dealer liable to pay tax 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 ²[at which he is liable to pay tax under the provisions of this Act.]² ³[x x x]³

1. Substituted by Act 18 of 1978 w.e.f. 1.9.1978.

2. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

3. Inserted by Act 8 of 1984 w.e.f. 1.4.1984 & omitted by Act 9 of 1986 w.e.f. 1.4.1986.

(b) No person shall collect any amount by way of tax or purporting to be by way of tax in respect of sales of any goods ¹[or any transaction]¹ on which no tax is payable by him under the provisions of this Act.

1. Deemed always to have been Inserted by Act 5 of 2001 w.e.f. 1.10.1957.

(2) Notwithstanding anything contained in sub-section (1), a dealer who has been permitted to pay any amount by way of composition ¹[under sub-section (1)²[x x x]² ³[x x x]⁴ or sub-section (8)]³ of section 17]¹ or a dealer who is exempted from sales tax by virtue of recognition granted under the provisions of this Act, shall not collect any amount by way of tax or purporting to be by way of tax on the sales or purchases of goods made during the period to which such composition or recognition applies.

1. Substituted by Act 15 of 1988 w.e.f. 1.4.1988.

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

3. Inserted by Act 1 of 1996 w.e.f. 5.3.1996.

4. Omitted by Act 7 of 1997 w.e.f. 1.4.1997.

¹[(3) Notwithstanding anything contained in sub-sections (1) and (2), no dealer who is liable to pay additional tax under section 6-C shall collect any amount by way of such additional tax or purporting to be by way of such additional tax payable by him.]¹

1. Omitted by Act 5 of 2002 w.e.f. 1.4.2002 and again Inserted by Act 30 of 2003 w.e.f. 1.6.2003.

18-A. Penalty for collection in contravention of section 18.- If any person contravenes any of the provisions of section 18, the assessing authority may, after giving such person reasonable opportunity of being heard, by order in writing, impose upon him by way of penalty a sum not exceeding ¹[not less than one half but not exceeding an amount equivalent to]¹ such amount:

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

¹[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.]¹

1. Omitted by Act 23 of 1983 w.e.f. 18.11.1983 and again Inserted by Act 26 of 2004 w.e.f. 1.8.2004.

Provided further that no prosecution for an offence under section 29 shall be instituted in respect of the same facts on which a penalty has been imposed under this section.]¹

¹[18-AA. Payment and disbursement of amounts wrongly collected by dealer 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 18, 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 4 of 1992 w.e.f. 1.4.1992.

(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 percent]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 13.

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 such appeal or other proceeding is allowed by such Authority.]¹

1. Inserted by Act by Act 11 of 2005 w.e.f. 1.10.1957

(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 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 the amount so claimed as refund is actually paid or recovered, he shall refund the amount or any part thereof, which is found due to the person concerned.

(5) Where any amount is collected by way of tax or purporting to be by way of tax in contravention of section 18 at any time before the commencement of the Karnataka Sales Tax (Amendment) Act, 1992, the provisions of sub-sections (3) and (4) shall apply to such amount collected.]¹

¹[**19. Certain dealers to collect and pay tax.-** Notwithstanding anything contained in this Act, the Central Government, a State Government, a statutory body or a local authority shall in respect of any sale of goods effected by them be entitled to collect by way of tax any amount which a registered dealer effecting such sale would have been entitled to collect by way of tax under this Act and shall pay the tax so collected into the Government Treasury.]¹

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

¹[**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.¹

1. Inserted by Act 15 of 1988 w.e.f. 1.4.1988 & 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.

¹[**19-AA. Deduction of tax at source in other cases.-** (1) Notwithstanding anything contained in this Act, the Government of Karnataka, ²[and Zilla Panchayats]² shall deduct out of the amounts payable by them to a dealer in respect of the purchase of goods, other than Petrol and High Speed Diesel, made by them for their *bona fide* use, an amount at the rate of four per cent or at the rate applicable for the goods so purchased whichever is lower:

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

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

Provided that,—

(a) no such deductions shall be made if the amount payable to the dealer by the authorities mentioned in this sub-section is less than one thousand rupees; or

¹[(aa) x x x]¹

1. Inserted by Act 20 of 1998 w.e.f. 1.4.1998 & omitted by Act 5 of 2000 w.e.f. 1.4.2000.

¹[(aaa) no such deduction shall be made in respect of dealers as may be notified by the Commissioner from time to time.]¹

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

¹[b) no amount shall be deducted under this sub-section, if any of the goods purchased by the authorities mentioned in this sub-section is not liable to tax either on account of said goods being exempt from tax or not liable to tax at the hands of the selling dealer on the ground that the said goods have been subjected to tax at the hands of the earlier seller, or if the tax payable by the selling dealer on any goods is deferred or exempted by the State Government in pursuance of its Industrial Policy and upon being so certified by the Assessing Authority of the area on an application made by the dealer, which shall be disposed of by the Assessing Authority within one month from the date of receipt, either by issue of certificate as aforesaid or by intimating to the dealer his in-eligibility to such a certificate, as the case may be;]¹

1. Substituted by Act 4 of 1999 w.e.f. 1.4.1999.

(2) 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 or a receipt from a Government Treasury for having remitted 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 an 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.

¹[(2A) If default is committed in the payment of tax deducted beyond ten days after the expiry of the period specified in sub-section (2), 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.]¹

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

(3) 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.

(4) Payment by way of deduction in accordance with sub-section (1) shall be without prejudice to any other mode of recovery of tax due under this Act from the dealer effecting the sales to the authorities mentioned in sub-section (1).

(5) Where tax in respect of the purchases is remitted under sub-section (2), the tax payable by the dealer for any month, quarter or for the whole year, as the case may be, in respect of such sales 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 sales has already been remitted and of establishing the exact quantum of tax so remitted shall be on the dealer claiming the reduction.]¹

¹[**19-B. Power of Government to notify deferred payment of tax, etc., for sick industries** ²[and riot affected industries]².- Notwithstanding anything contained in this Act or in the rules made thereunder, but subject to such conditions as may be specified, the State Government may, by notification issued prospectively or retrospectively, in respect of ³[any industry which is declared by the State Government as riot affected industrial unit or any industry considered]³ as a sick unit under the Sick Industrial Companies (Special Provision) Act, 1985, grant permission to pay in instalments the whole or any part of the tax payable by such unit for any period or defer payment of such tax.]¹

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Inserted by Act 6 of 1995 w.e.f. 1.4.1995.

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

¹[**19-C. Power of Government to notify** ²[exemption of tax or]² **deferred payment of tax for new industries.**- (1) The Government may, in such circumstances and subject to such conditions as may be prescribed, by notification defer payment by any new industrial unit of the whole or any part of the tax payable in respect of any period ²[or exempt the whole or any part of the tax payable by a new industrial unit in respect of any period.]²

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

2. Inserted by Act 6 of 1995 w.e.f. 1.4.1995.

¹[Provided that notwithstanding anything contained in this Act or in the rules made thereunder but subject to such conditions as the State Government may, by general or special order specify, where a dealer to whom incentives by way of deferment offered by the State Government in its orders issued from time to time has been granted by virtue of eligibility certificate and where liability equal to the amount of any such tax payable by such dealer has been created as loan by the Department of Industries and Commerce. Government of Karnataka, then such tax shall be deemed, in public interest, to have been paid.]¹

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

(2) Notwithstanding anything contained in this Act, the deferred payment of tax under sub-section (1) shall not attract penalty under clause (ii) of sub-section (2) of section 13, provided the conditions laid down for payment of the tax deferred are satisfied.]¹

¹[**Explanation.**— For the purpose of this section, 'New Industrial unit' ²[shall not include a new industrial unit which uses trade mark or the brand name of any product of an existing industrial unit, but includes]²,—

(i) an industrial unit undertaking investment in expansion, diversification or modernisation;

(ii) an Oil Company marketing products manufactured in the State by another Oil Company, the latter being a new industrial unit.]¹

1. Inserted by Act 6 of 1995 w.e.f. 1.4.1994 & substituted by Act 7 of 1997 w.e.f. 1.4.1997.

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

CHAPTER VI

appeal and revision

20. 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 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[(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

1. Substituted by Act 9 of 1970 w.e.f. 1.4.1970.

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 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.]¹

1. Provisos 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[(5) In disposing of an appeal, the appellate authority may, after giving the appellant a reasonable opportunity of being heard,—

1. Substituted by Act 9 of 1970 w.e.f. 1.4.1970.

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

(i) confirm, reduce, ¹[x x x]¹ or annul the assessment or penalty or both;

1. Omitted by Act 16 of 1989 w.e.f. 1.4.1989.

¹[(ia) enhance the assessment including any part thereof whether or not such part is objected to in the appeal;]¹

1. Inserted by Act 16 of 1989 w.e.f. 1.4.1989

(ii) ¹[xxx]¹

1. Inserted by Act 5 of 2002 w.e.f. 1.4.2002 and Omitted by Act 26 of 2004 w.e.f. 1.8.2004.

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. Proviso Inserted by Act 5 of 2002 w.e.f. 1.4.2001 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002 and again substituted 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

(6) Every order passed on appeal under this section shall subject to the provisions of ¹[²[sections 22 to 24]² and section 25-A]¹, be final.]¹

1. Substituted by Act 15 of 1970 w.e.f. 1.4.1964.

2. Substituted by Act 18 of 1978 w.e.f. 1.9.1978.

¹[21. Revisional powers of ²[x x x]² ³[Joint Commissioners]³.- ²[(1) x x x]²

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

2. Omitted by Act 4 of 1999 w.e.f. 1.4.1999.

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

(2) The ¹[Joint Commissioner]¹ may of his own motion call for and examine the record of any order passed or proceeding recorded under the provisions of this Act by a ²[any officer not above the rank of Deputy Commissioner]² ³[x x x]³, for the purpose of satisfying himself as to the legality or propriety of such order or as to the regularity of such proceeding ⁴[in so far as it is prejudicial to the interests of the revenue]⁴ and pass such order with respect thereto as he thinks fit.

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

2. Substituted by Act 4 of 1999 w.e.f. 1.4.1999.

3. Omitted by Act 9 of 1986 w.e.f. 1.4.1986.

4. Inserted by Act 18 of 1978 w.e.f. 1.9.1978.

¹[Proviso xxx]¹

1. Proviso Inserted by Act 5 of 2001 w.e.f. 1.4.2001 and Omitted by Act 5 of 2002 w.e.f. 1.4.2002.

(3) In relation to an order of assessment passed under this Act, the power under sub-sections (1) and (2) shall be exercisable only within a period of four years from the date on which the order was passed.

(4) No order shall be passed under sub-section (1) or sub-section (2) enhancing any assessment, unless an opportunity has been given to the assessee to show cause against the proposed enhancement.¹

¹[(5) The power under this section shall not be exercisable in respect of matters subjected to appeal under section 20.]¹

1. Inserted by Act 9 of 1986 w.e.f. 1.4.1986.

¹[(6) Every order passed in revision under this section shall subject to the provisions of sections 22 to 24 and 25-A, be final.

Explanation.—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 ²[x x x]² the Joint Commissioner.]¹

1. Inserted by Act 11 of 1993 w.e.f. 1.4.1993.

2. Omitted by Act 4 of 1999 w.e.f. 1.4.1999.

¹**[21-A. Deferment of refund in certain cases.**— Where any amount is refundable to any person by an order passed under sections 20, 21 or 22-A, such refund shall not be made within the period stipulated for filing of an appeal against such order under section 22 or section 24 has expired.]¹

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

22. Appeal to the Appellate Tribunal.— ¹[(1) Any officer ²[empowered by the State Government or the Commissioner]² in this behalf or any other person objecting to an order passed, ³[under section 12-D or an order passed]³ by the ⁴[Deputy Commissioner]⁴ or the ⁴[Joint Commissioner]⁴ under ⁵[⁶[x x x]⁶ section 20 or section 21]⁵ may appeal to the Appellate Tribunal within a period of sixty days from the date on which the order was communicated to him.]¹

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

2. Substituted by Act 5 of 2006 w.e.f. 1.4.2006

3. Inserted by Act 11 of 1993 w.e.f. 1.4.1993.

4. Substituted by 5 of 1993 w.e.f. 9.11.1992.
 5. Substituted by Act 3 of 1966 w.e.f. 1.3.1966.
 6. Omitted by Act 9 of 1970 w.e.f. 1.4.1970.

(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 ²[appellant]² had sufficient cause for not preferring the appeal within that period.

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997.
 2. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

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 9 of 1964 w.e.f. 1.4.1964.
 2. Substituted by 5 of 1993 w.e.f. 9.11.1992.
 3. Substituted by Act 15 of 1991 w.e.f. 1.4.1991.

(3) The appeal ¹[or the memorandum of cross-objections]¹ shall be in the prescribed form, shall be verified in the prescribed manner, and ¹[in the case of an appeal preferred by any person other than an officer ²[empowered by the State Government or the Commissioner]² under sub-section (1)]¹ shall be accompanied ³[proof of payment of one half of tax or other amount disputed and also]³ by a fee equal to two percent of the amount of assessment objected to, provided that the sum payable shall in no case be less than ⁴[two hundred rupees or more than one thousand rupees]⁴

1. Inserted by Act 9 of 1964 w.e.f. 1.4.1964.
 2. Substituted by Act 5 of 2006 w.e.f. 1.4.2006
 3. Inserted by Act 26 of 2004 w.e.f. 1.4.2004.
 4. Substituted by Act 18 of 1994 w.e.f. 1.4.1994.

¹[(3A) xxx]¹

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

(4) 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.

¹[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 overpaid 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.]¹

1. Inserted by Act 15 of 1988 w.e.f. 1.4.1988.

¹[(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.]¹

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

(6) (a) The Appellate Tribunal may, on the application ¹[either of the appellant or of the respondent]¹ review any order passed by it under sub-section (4) on the basis of facts which were not before it when it passed the order:

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

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 the application relates was communicated to the applicant; and where the application is preferred by ¹[any person other than an officer empowered by the State Government or the Commissioner]² under sub-section (1),¹ it shall be accompanied by a fee equal to that which had been paid in respect of the appeal:

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

2. Substituted by Act 5 of 2006 w.e.f. 1.4.2006

Provided that if the application for review is preferred within ninety days from the date on which the order to which the 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.

¹[(6A) 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 any order passed by it under sub-section (4) or sub-section (6), 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.]¹

1. Inserted by Act 15 of 1970 w.e.f. 1.10.1957.

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

(8) Every order passed by the Appellate Tribunal under ¹[sub-section (4) or sub-section (6) or sub-section (6-A)]¹ shall be communicated to ²[the appellant, the respondent, the authority on whose order the appeal was preferred, the ³[Joint Commissioner]³ concerned if he is not such authority, and the Commissioner.]¹

1. Substituted by Act 15 of 1970 w.e.f. 1.10.1957.

2. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

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

(9) Every order passed by the Appellate Tribunal under sub-section (4) shall ¹[subject to the provisions of sub-section (6), sub-section (6A)]¹ and section 23, be final and every order passed by it under sub-section (6) shall, ¹[subject to the provisions of sub-section (6A) and section 23]¹ be final.

1. Substituted by Act 15 of 1970 w.e.f. 1.10.1957.

¹[22-A. Revisional powers of ²[Additional Commissioner]² and Commissioner.- (1) The ²[Additional Commissioner]² may on his own motion call for and examine the record of ⁴[any order passed or proceeding recorded]⁴ under ³[section 20 or section 21 of]³ this Act and if he considers that any order passed therein by any officer who is not above the rank of a ²[Joint Commissioner]², 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 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 cancelling the assessment or directing a fresh assessment.

1. Inserted by Act 9 of 1964 w.e.f. 1.4.1964 & substituted by Act 4 of 1992 w.e.f. 1.4.1992.

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

3. Inserted by Act 15 of 1996 w.e.f. 5.9.1996.

4. Inserted by Act 5 of 2001 w.e.f. 1.4.2001.

(2) 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 ¹[or the Authority for Clarification and Advance Rulings constituted under section 4]¹ 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 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 cancelling the assessment or directing a fresh assessment.

1. Inserted by Act 26 of 2004 w.e.f. 1.4.2002.

(3) The ¹[Additional Commissioner]² or the Commissioner shall not ²[exercise any power]² under sub-section (1) or sub-section (2), as the case may be, if,—

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

2. Substituted by Act 5 of 1993 w.e.f. 1.4.1992.

(a) the time for appeal against the order has not expired;

¹[(b) the matter has been subject to an appeal under section 22 or a revision in the High Court; or]¹

1. Substituted by Act 4 of 1999 w.e.f. 1.4.1999.

(c) more than four years have expired after the passing of the order sought to be revised.

(4) Notwithstanding anything contained in sub-section (3), the ¹[Additional Commissioner]¹ or the Commissioner, may pass an order under subsection (1) or (2), as the case may be, on any point which has not been raised and decided in an appeal or revision referred to in clause (b) of sub-section (3), 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.]¹

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

¹[(5) Every order passed in revision under sub-section (1) shall, subject to the provisions of sub-section (2) of this section, sections 23, 24 and 25-A, be final.

(6) Every order passed in revision under sub-section (2) shall, subject to the provisions of sections 23, 24 and 25-A, be final.]¹

1. Inserted by Act 11 of 1993 w.e.f. 1.4.1993.

¹[**Explanation I.**—If the order passed or proceedings recorded by the appropriate authority referred to in sub-sections (1) or (2), 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 (3).

Explanation II.—In computing the period of limitation for the purpose of sub-section (3), any period during which any proceeding under this section is stayed by an order of injunction of any court shall be excluded.]¹

1. Inserted by Act 5 of 1993 w.e.f. 9.11.1992.

¹[**Explanation III.**—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 or the Commissioner.]¹

1. Inserted by Act 11 of 1993 w.e.f. 1.4.1993.

¹[**22-B. Limitation in regard to passing of orders in respect of certain proceedings.**— (1) Notwithstanding anything contained in sections 12-A, 21 and 22-A, where any proceedings are initiated under section 12-A or any

records have been called for under sections 21 or 22-A, the authorities concerned shall pass orders referred to in the said sections, within a period of ²[four years]² from the date of initiation of such proceedings or calling for the records, as the case may be:

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

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

Provided that in respect of 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 ¹[four years]¹ from such commencement.

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

¹[Provided further that no such time limit shall be applicable in respect of proceedings initiated by the Commissioner under Section 22-A.]¹

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

(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

23. Revision by High Court in certain cases.- (1) Within ¹[one hundred and eighty days]¹ from the date on which an order ²[under sub-section (4) or sub-section (6) or sub-section (6A)]² of section 22 was communicated to him, ³[the appellant or the respondent]³ 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:

1. Substituted by Act 5 of 2000 w.e.f. 1.4.1997 and Substituted by Act 11 of 2005 w.e.f. 1.4.2005

2. Substituted by Act 15 of 1970 w.e.f. 1.10.1957.

3. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

Provided that the High Court may admit a petition preferred after the, period of ¹[one hundred and Eighty days]¹ aforesaid if it is satisfied that the petitioner had sufficient cause for not preferring the petition within that period.

1. Substituted by Act 5 of 2000 w.e.f. 1.4.1997 and 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 ¹[any person other than an officer empowered by the State Government under sub-section (1) of section 22]¹, be accompanied by a fee of one hundred rupees.

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

(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 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.

(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 question or issue.

(6) Notwithstanding that a petition has been preferred under subsection (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) (a) The High Court may, on the application of ¹[either party to the petition]¹, review any order passed by it under subsection (4) on the basis of facts which were not before it when it passed the order.

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

(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 ¹[any person other than an officer empowered by the State Government under sub-section (1) of section 22]¹, be accompanied by a fee of one hundred rupees.

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

¹[(7A) 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 (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.]¹

1. Inserted by Act 15 of 1970 w.e.f. 1.10.1957.

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

24. Appeal to High Court.- (1) Any assessee objecting to ¹[an order passed by the Commissioner ²[or the ³[Additional Commissioner]³]² ⁴[x x x]⁴ under section 22A]¹ ⁵[or a dealer aggrieved by the order of the Authority under section 4]⁵ may appeal to the High Court within sixty days from the date on which the order was communicated to him:

1. Substituted by Act 16 of 1967 w.e.f. 1.1.1968.

2. Inserted by Act 10 of 1983 w.e.f. 1.4.1983.

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

4. Omitted by Act 9 of 1970 w.e.f. 1.4.1970.

5. Inserted by Act 5 of 2002 w.e.f. 1.4.2002.

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 ¹[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.

(4) The provisions of sub-sections (6) to (8) of section 23, shall apply in relation to appeals preferred under sub-section (1) as they apply in relation to petitions preferred under sub-section (1) of section 23.

¹[**24-A. Objections to Jurisdiction.-** No objection as to the territorial or pecuniary jurisdiction of any assessing authority shall be entertained or allowed by any Court, Tribunal or Authority in an appeal or revision, unless such objection was taken before the assessing authority at the earliest possible opportunity.]¹

1. Inserted by Act 16 of 1989 w.e.f. 1.4.1989.

25. Petitions, applications and appeals to High Court to be heard by a Bench of not less than two Judges.- Every Petition, application or appeal preferred to the High Court under section 23 or 24 shall be heard by a bench of not less than two Judges, and in respect of such petition, application or appeal, the provisions of section 98 of the Code of Civil Procedure, 1908 (Central Act V of 1908), shall, so far as may be, apply.

CHAPTER VII

Miscellaneous

¹[**25A. 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:

1. Inserted by Act 15 of 1970 w.e.f. 1.10.1957.

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.

¹[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.]¹

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

(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, has been passed.]¹

¹[**25-B. Levy of tax on Sugarcane.-** (1) Notwithstanding anything contained in section 5 there shall be levied and collected a tax on the last purchase of sugarcane in the State at the rate of,—

1. Inserted by Act 1 of 1996 w.e.f. 13.10.1995.

(i) rupees sixty five per tonne, when purchased by a manufacturer of sugar (including khandasari sugar) whose rate of recovery of sugar exceeds 10.5 percent;

(ii) rupees fifty per tonne, when purchased by a manufacturer of sugar (including khandasari sugar) whose rate of recovery of sugar does not exceed 10.5 percent.

(2) In addition to the tax payable under sub-section (1) there shall be levied and collected each year by way of cess for the purpose of improvement of roads in sugarcane growing areas reserved for any factory, a tax at the rate of rupees ten per tonne on the purchase of sugarcane by manufacturers of sugar (including khandasari sugar).

(3) Every person liable to pay tax under sub-section (1) and cess under sub-section (2) shall furnish such return or returns in such manner and within such period as may be prescribed.

¹[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.]¹

1. Inserted by Act 5 of 2010 w.e.f. 1.4.2010.

(4) Every purchaser shall pay in advance every month the tax payable under sub-section (1) and cess payable under sub-section (2) on the quantity of sugarcane purchased by him during the preceding month.

¹[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.]¹

1. Inserted by Act 5 of 2010 w.e.f. 1.4.2010.

(5) The provisions of this Act relating to assessment, payment, recovery, appeal and revision, and refund and exemption shall *mutatis mutandis* apply in respect of tax and cess payable under this section.]¹

26. Accounts to be maintained by dealers.- (1) ¹[Every person registered or licensed under this Act and every dealer or other person liable to get himself registered under this Act shall keep and maintain true and correct accounts and such other records as may be prescribed]¹ in Kannada or English or Hindi or Marathi or in such other language as the State Government may by notification specify, ¹[relating to his business, showing such particulars as may be prescribed, and such particulars may be different for different classes of persons or dealers;]¹ and in case the accounts maintained in the ordinary course, do not show the same in an intelligible form, he shall maintain a true and correct account in such form as may be prescribed in this behalf:

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

¹[Proviso x x x]¹

1. Omitted by Act 7 of 1966 w.e.f. 1.4.1966.

(2) The Commissioner may, subject to such conditions or restrictions as may be prescribed in this behalf, by notice in writing direct any dealer or by notifications direct any class of dealers to maintain accounts and records showing the details regarding their purchases, sales or deliveries of goods in such form and in such manner as may be specified by him.

¹[26-A. Audit of account.- Every dealer whose total turnover in a year exceeds fifty lakh rupees shall get his accounts audited by a Chartered Accountant ²[or a Sales Tax Practitioner subject to the prescribed limits]² and shall submit to the assessing authority a copy of the audited statement of accounts and certificates in the prescribed manner.]¹

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

2. Inserted by Act 18 of 1999 w.e.f. 1.9.1999 by notification. Text of notification is at the end of the Act.

27. Certain dealers to issue ¹[and obtain]¹ Bill or Cash Memorandum.-

(1) Every dealer whose turnover exceeds ²[fifty thousand rupees]² in any year shall, in respect of all goods sold by him, issue a bill or a cash memorandum to the purchaser, signed and dated by him or his servant, manager, or agent showing such particulars as may be prescribed and shall keep the counterfoil or duplicate of such bill or cash memorandum duly signed and dated and preserve it for a period of not less than five years from such date.

1. Inserted by Act 23 of 1983 w.e.f. 18.11.1983.

2. Substituted by Act 8 of 1984 w.e.f. 1.4.1984.

¹[Provided that, unless the purchaser so requires, it shall not be necessary for a dealer to issue a bill or cash memorandum in respect of a transaction whose total value does not exceed ²[one hundred rupees]² in each case but the dealer shall, in respect of all such transactions, prepare at the close of each day, a consolidated bill or cash memorandum and include them in his books of accounts and statements or returns in accordance with the provisions of this Act.]¹

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

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

¹[(1A) Every dealer who purchases goods from another dealer shall obtain a bill or cash memorandum in respect of a transaction whose total value exceeds ²[one hundred rupees]² in each case.]¹

1. Inserted by Act 23 of 1983 w.e.f. 18.11.1983.

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

(2) Any person who contravenes the provisions of sub-section (1) ¹[or sub-section (1A)]¹ shall, on conviction, be punishable with a fine equal to double the amount of the bill or the cash memorandum in respect of which such contravention has occurred ²[or ³[one thousand rupees]³ whichever is more.]²

1. Inserted by Act 23 of 1983 w.e.f. 18.11.1983.

2. Substituted by Act 7 of 1981 w.e.f. 4.4.1981.

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

28. Powers to order production of accounts and powers of entry, inspection and seizure.- (1) Any officer empowered by the State Government ¹[or the Commissioner]¹ in this behalf, may for the purpose of this Act, require any dealer carrying on business in any kind of goods ²[or a miller, whether he is a dealer or not]² to produce before him the accounts and other documents, and to furnish any information relating to the stocks of goods of, or purchases, sales and deliveries of goods by, the dealer and also any other information relating to his business.

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

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

¹[(2) (i) All accounts and registers maintained by dealers in the ordinary course of their business and documents relating to the stock of goods of, or purchases, sales and deliveries of goods by any dealer, ²[computer hardware and software used for data inputting, processing and storage, of all such information]² the goods in their possession and their offices, shops, godowns, vessels, receptacles or vehicles, shall be open to inspection at all reasonable times by ³[the officer empowered under sub-section (1)]³.

1. Sub-section (2) and (3) substituted by Act 16 of 1967 w.e.f. 1.1.1968.

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

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

(ii) For the purpose 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, be made in accordance with the provisions of ¹[the Code of Criminal Procedure, 1973 (Central Act 2 of 1974).]¹

1. Substituted by Act 18 of 1978 w.e.f. 1.9.1978.

¹[(iii) The power conferred by sub-clause (ii) 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 owner or the person incharge of the business or any other person in occupation 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 owner or the person in-charge of the business or the person in occupation 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. The officer acting under this sub-clause shall prepare a list of the goods and documents found therein.]¹

1. Inserted by Act 14 of 1987 w.e.f. 1.4.1987.

¹[(2A) No person shall tamper with any seal put under clause (iii) of sub-section (2).]¹

1. Inserted by Act 14 of 1987 w.e.f. 1.4.1987.

(3) If any such officer has reason to suspect that any dealer is attempting to evade the payment of any tax, fee or other amount due from him under this Act, he may, for reasons to be recorded in writing, seize such accounts, registers, records ¹[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[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:

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

¹[Provided that accounts, registers, records ²[computer hardware and software]² 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.]¹

1. Substituted by Act 27 of 1985 w.e.f. 1.8.1985.

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

¹[(3-A). (i) If any such officer empowered to enter into such office, shop, godown or any other place of business or any building or place where the dealer or miller keeps his stocks, has reason to believe that such dealer or miller is attempting to evade payment of any tax either on his own or in collusion with owner of the goods, he may direct the dealer or miller or the person-in-charge of such office, shop, godown or any other place of

business or any building or place where the dealer or miller keeps his stocks, to produce the details regarding the ownership of the goods so stocked and that after verification of the said information if he is of the opinion that further verification is necessary with respect to the accuracy of the particulars furnished in the documents produced, 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 dealer or miller or the person-in-charge of the office, shop, godown or any other place of business or any building or place where the dealer or miller keeps his stocks, not to deliver such goods until permitted to do so by him or such other officer to whom the matter is referred for verification.

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

¹[Provided that the officer shall order for detention of such quantity of goods as in his opinion would be equivalent to three times the amount of tax leviable on such goods.]¹

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

(ii) The verification under clause (i) shall be completed within a period of one month from the date of direction issued under clause (i). Where such verification is not completed within the aforesaid period, the officer who has issued such direction, or the officer to whom the matter is referred for verification, as the case may be, shall obtain the permission in writing of the next higher authority to extend such period for completion of the verification, however such extension shall not be permitted for a period exceeding fifteen days at a time.

(iii) Where such officer or other officer to whom the matter is referred under clause (i), upon such verification is of the opinion that the particulars furnished are incorrect, he may proceed against such goods in the custody of the dealer or miller in accordance with clause (iv).

(iv) If the empowered officer or the officer to whom the matter is referred under clause (i), upon such verification is of the opinion that the particulars furnished at the time of verification are incorrect and incomplete for which sufficient cause is not furnished, he may ¹[levy a penalty which shall not be less than double the amount of tax leviable in respect of the goods stocked,]¹

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

(a) ¹[xxx]¹

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

(b) ¹[xxx]¹

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

Provided that before levying penalty under this clause, the officer shall give the dealer or miller or person-in-charge of the office, shop, godown or any other place of business or any building or place where the dealer or miller keeps his stocks, a reasonable opportunity of being heard.

(v) Where the penalty levied under clause (iv) is not paid, the dealer or miller or person-in-charge of the office, shop, godown or any other place of business or any building or place where the dealer or miller keeps his stocks, shall jointly and severally be liable to pay such penalty and such amount of penalty shall for the purposes of section 13 be deemed to be an amount due under the Act.

(vi) Any person aggrieved by the levy of penalty under clause (iv) may, appeal within thirty days from the date on which the notice of penalty was served on the person ¹[to the appellate Joint Commissioner]¹:

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

¹[(a), (b) x x x]¹

1. Omitted by Act 4 of 1999 w.e.f. 1.4.1999.

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.

(vii) Such appeal shall be dealt with as if it were an appeal filed under section 20 and all the provisions of the said section shall *mutatis mutandis* apply to such appeal;¹

¹[(4) x x x]¹

1. Omitted by Act 16 of 1967 w.e.f. 1.1.1968.

¹[(5) It shall be open to the State Government to authorise different classes of officers for the purpose of taking action under ²[sub-section (1) or sub-section (2).]²]¹

1. Substituted by Act 9 of 1964 w.e.f. 1.4.1964.

2. Substituted by Act 16 of 1967 w.e.f. 1.1.1968.

¹[(6) Where such officer, upon examining the accounts registers, records, or other documents seized under sub-section (3), has reason to believe that in respect of any year, the dealer has,-

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

(i) either failed to declare the whole or part of the turnovers recorded in such accounts, registers, records or other documents in the return or the statements submitted in Form-3; or

(ii) failed to account for any turnover in the accounts, registers, records or other documents maintained in the regular course of his business, where the return or the statement in Form-3 is not submitted; or

(iii) claimed exemption on the turnovers liable to tax in the return or the statements submitted in Form-3; or

(iv) admitted to pay a lower rate of tax than that applicable under this Act on the turnovers declared in the return or the statements submitted in Form-3,

he may, notwithstanding anything contained in section 12, 12-A or 12-B ¹[or that the year to which such turnover relates to has come to an end]¹ and without prejudice to the imposition of such tax or penalty or both in the assessment or re-assessment, as the case may be, that may be completed

by the assessing authority for that year under the said sections, provisionally assess such turnovers to tax recording reasons for such assessment:

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

Provided that before taking action under this sub-section, the officer shall obtain permission in writing of the ¹[Joint Commissioner]¹ or the Commissioner:

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

Provided further that before taking action under this sub-section, the dealer shall be given a reasonable opportunity of showing cause against such assessment:

Provided also that no provisional assessment under this section for any year shall be made if assessment or re-assessment for that year cannot be made under any of the provisions of this Act.

¹[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]¹

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

(7) Such officer shall ¹[proceed to recover the tax assessed and]¹ send a copy of the provisional assessment order to the assessing authority concerned along with such documents as may be necessary, whereupon the assessing authority shall complete the assessment or re-assessment, as the case may be, and impose tax or penalty or both for the year to which such provisional assessment relates on the basis of such materials as are before him.

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

(8) The tax payable under sub-section (6) for any year shall be subject to such adjustments as may be necessary on the completion of final assessment by the assessing authority under section 12 or re-assessment under section 12-A for that year.

(9) The provisions of this Act and the rules made thereunder relating to assessment, payment and recovery of tax and appeal, shall *mutatis mutandis* apply in respect of the tax assessed provisionally under this section.]¹

¹[**28-A. Establishment of checkpoint or barrier and inspection of goods while in transit.**- (1) If the State Government ²[or the Commissioner]² consider it necessary that with a view to prevent or check evasion of tax under this Act in any place or places in the State, it is necessary so to do, they may, by notification, direct the establishment of a check post or the erection of a barrier, or both, at such place or places as may be notified.

1. Inserted by Act 28 of 1961 w.e.f. 7.12.1961.

2. Inserted by Act 14 of 1987 w.e.f. 1.4.1987.

¹[(2) The owner or person in charge of a goods vehicle or boat shall,-

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

(a) carry with him a goods vehicle record, a trip sheet or a log book, as the case may be; and

(b) carry with him a bill of sale or a delivery note obtained from the prescribed authority or such other documents containing such particulars as may be prescribed, in respect of the goods other than those mentioned in sub-clause (c) carried in the goods vehicle or boat; and

(c) carry with him in addition to a bill of sale, a delivery note obtained from such authority containing such particulars as may be prescribed, if the goods carried in the goods vehicle or boat are arecanut, cardamom, cashew, coconut, coffee, copra, ¹[cotton,]¹ edible oil including vanaspathi, iron and steel, liquor, oil seeds, pepper, ¹[rectified spirit,]¹ rubber, timber or or such other goods as may be notified by the Commissioner; and

1. Inserted by Act 18 of 1997 w.e.f. 20.9.1997.

(d) ¹[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]¹ produce the documents referred to ²[in clauses]² (b) and (c) before any officer-in-charge of check post or barrier or any other officer as may be empowered by the State Government in this behalf and obtain seal of such officer affixed thereon, and in respect of a bill of sale, shall give one copy thereof and in respect of a delivery note, shall give a copy marked as original, to such officer and carry and retain with him the other copy until termination of movement of the goods; and

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

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

(e) on entering the State limits, report at the first situate check post or barrier and on leaving the State limits report at the last situate check post or barrier and shall give a declaration containing such particulars as may be prescribed in respect of the goods carried in the goods vehicle or boat, before any officer incharge of the check-post or barrier or any other officer as may be empowered by the State Government in this behalf.]¹

¹[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.]¹

1. Inserted by Act 5 of 2002 w.e.f. 1.4.2002 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(3) At every checkpost or barrier, or at any other place when so required by any officer empowered by the State Government in this behalf, the driver or any other person-in-charge of a goods vehicle or boat shall stop the vehicle or boat, as the case may be, and keep it stationary as long as may be required by the officer-in-charge of the check post or barrier or the officer empowered as aforesaid, to examine the contents in the vehicle or boat and inspect all records relating to the goods carried, which are in the possession of such driver or other person-in-charge, who shall, if so required, give his name and address and the name and address of the owner of the vehicle or boat.

¹[Provided that where any goods vehicle is intercepted by the officer empowered at any place other than a checkpost or barrier, such officer may,

if he deems it necessary, direct the owner or person incharge of the goods vehicle to take it to the nearest checkpost or police station and such owner or person-in-charge of goods vehicle shall comply with such direction.]¹

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

¹[**Explanation.**— For purposes of sub-sections (2) and (3), the officer-in-charge of checkpost or barrier shall be an officer not below the rank of an ²[Commercial Tax Officer]² and not higher in rank than an ³[Joint Commissioner of Commercial Taxes]³, ⁴[and any other officer not below the rank of a Commercial Tax Inspector as may be empowered by the Commissioner.]⁴]¹

1. Explanation and Sub-sections (4) to (7) inserted by Act 27 of 1969 w.e.f. 2.10.1969.

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

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

4. Inserted by Act 23 of 1983 w.e.f. 18.11.1983.

¹[(3A) ³[(i)]³ 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 ²[to exercise the powers under sub-section (3)]² 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

1. Inserted by Act 18 of 1978 w.e.f. 1.9.1978.

2. Substituted by Act 9 of 1986 w.e.f. 1.9.1978.

3. Re-numbered by Act 5 of 2001 w.e.f. 1.4.2001.

¹[(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.]¹

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

¹[(3AA) (i) 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 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:

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

Provided that all searches and seizures under sub-section (3-A) or (3-AA) 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.

(ii) Where such officer, upon examining the accounts registers, records or other documents seized under clause (i) has reason to believe that any dealer has attempted to evade payment of any tax, he may assess such dealer to tax provisionally in accordance with sub-sections (6), (7), (8) and (9) of section 28 wherever they apply.]¹

¹[(3-AB) No person shall tamper with any seal put under clause (ii) of sub-section (3-A).]¹

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

¹[(3B) Where the officer-in-charge of the checkpost, 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.

1. Inserted by Act 15 of 1991 w.e.f. 1.4.1991.

(3C) The verification under sub-section (3B) 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 a period exceeding fifteen days at a time.

(3D) Where such officer or other officer to whom the matter is referred, upon such verification is of the opinion that there is a noncompliance with sub-section (2), punishable under sub-section (4), 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 subsections (4), ¹[x x x]¹ and (6) of this section.]¹

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

¹[(3E) Where the officer-in-charge of the checkpoint 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

1. Inserted by Act 11 of 1993 w.e.f. 1.4.1993.

¹[(4) The officer-in-charge of a checkpoint or a barrier or any other officer not below the rank of a Commercial Tax Inspector and not higher in rank than a Deputy Commissioner of Commercial Taxes in respect of any contravention of, or non-compliance with the provisions of sub-section (2) or (3) or (3A) or (3B), for which sufficient cause is not furnished, ²[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 ³[clause (d) or (e)]³ 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.]²

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

2. Substituted by Act 5 of 2001 w.e.f. 1.4.2001 and again substituted by Act 5 of 2002 w.e.f. 1.4.2002.

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

Provided that,—

(i) Where the amount of penalty leviable is more than the value of the goods, the amount of penalty leviable shall be restricted to such value;

(ii) ¹[xxx]¹

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

(iii) in respect of contravention of sub-section (3-B), where the penalty levied is not paid, the carrier or bailee or person-in-charge of the goods vehicle shall jointly and severally be liable to pay such penalty and such amount of penalty shall for the purpose of section 13 be deemed to be an amount due under the Act;

(iv) before levying any penalty under this sub-section, the officer shall give the person-in-charge of the goods vehicle or boat or carrier, or bailee, or a dealer registered under the Act, as the case may be, a reasonable opportunity of being heard.

Explanation.—Where the destination of the goods to be delivered in the State is not less than one hundred kilometers, from the checkpost or barrier or any other place at which the goods vehicle or boat is intercepted, reasonable opportunity of being heard shall be a period of not less than ten days.]¹

¹[(5) x x x]¹

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

¹[(6) (a) Where the penalty levied is not paid, the officer levying the penalty shall have power to take possession of so much of the goods as in his opinion would be sufficient to meet the amount of penalty levied and retain the same with him until the penalty levied is paid or for ten days, whichever is earlier:

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

Provided that where it is not practicable to take possession of only so much of the goods as would be sufficient to meet the amount of penalty levied for the reason that the goods vehicle is a tanker carrying goods in liquid or gaseous form or that the goods is a single unit not separable into any part or parts thereof, the officer levying the penalty shall have power to take possession of the goods vehicle or the entire goods, as the case may be, and retain the same with him until the penalty levied is paid or for ten days, whichever is earlier.

(b) After the expiry of the period of ten days, if the penalty is not paid the officer shall dispose of the goods in public auction and adjust the sale proceeds towards penalty. If the sale proceeds are more than the penalty, the excess amount shall, after deducting the charges incurred by the State, be refunded in the manner prescribed:

¹[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.]¹:

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

Provided further that in the case of perishable goods, the officer may dispose of the same before the expiry of the period of ten days, if in his opinion such disposal is necessary.]¹

¹[(6A) x x x]¹

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

¹[(7) ²[(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.]²

1. Substituted by Act 14 of 1987 w.e.f. 1.4.1987.

2. Substituted by Act 4 of 1999 w.e.f. 1.4.1999 and again substituted by Act 5 of 2002 w.e.f. 1.4.2002.

(b) Such appeal shall be dealt with as if it were an appeal filed under section 20 and all the provisions of the said section shall *mutatis mutandis* apply to such appeal.]¹

¹[**28-AA. 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,-

1. Inserted by Act 14 of 1987 w.e.f. 1.4.1988.

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

(a) from any place outside the State and bound for any place outside the State and passes 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 checkpost 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) or section 28-A, upon interception of the goods vehicle after its entry into the State or after movement has commenced as the case may be]¹.

(2) The driver or the person-in-charge of the vehicle shall deliver within the stipulated time a copy of the transit pass obtained under sub-section (1) to the officer-in-charge at the 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 exist 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 conveyance, 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-in-charge 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 sub-section (5) of section 5, be assessed to tax by the officer empowered in this behalf in the prescribed manner.

(5) If the owner of the vehicle ¹[having obtained the transit pass as provided under sub-section (1)]¹ 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.

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

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

¹[(7) Where the owner of the vehicle who is assessed to tax under sub-section (4), is carrying after such assessment, any goods taxable under this Act in a goods vehicle from any place outside the State ²[or movement from within the State, as the case may be]² and bound for any other place outside the State and is passing through the State, the prescribed authority may demand from such owner an amount equivalent to two times the tax leviable on such goods under this Act as security.

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

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

(8) The prescribed authority after being satisfied that the goods carried in the goods vehicle in respect of which the security amount under sub-section (7) was collected, has passed through the State, shall refund such security amount to the owner.

(9) The prescribed authority may by an order adjust the whole or any part of security amount towards any amount of tax or penalty payable under this section by such owner.]¹

Explanation.—¹[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.]¹

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

¹[**28AAA. Power to purchase in case of undervaluation of goods to evade tax.**- (1) Where in respect of goods liable to tax under this Act, carried in a goods vehicle or boat or held in stock by any dealer or on his behalf by any other person, or held in custody of any transporter, the assessing authority or any officer empowered under sections 28 or 28-A, has reason to believe that the value shown in the document accompanying the goods in transit or the purchase invoice, is lower than the prevailing market price or fair market value or MRP by a difference of thirty percent or more, such authority or officers, for reasons to be recorded in writing, may purchase such goods.

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

(2) The power under sub-section (1) shall not be exercisable unless the person or dealer being dispossessed of such goods, is afforded reasonable opportunity of being heard.

(3) The price payable for purchase of such goods shall be the total price as mentioned in the Invoice, Challan, Delivery Note, Stock Transfer Memo, or any other related document plus the cost of transportation of the goods incurred upto the time of purchase, if any.

(4) In determining whether or not the price shown in the Invoice, Challan, Delivery Note, Stock Transfers Memo, or any other related document involves undervaluation, in the case of owner of the goods other than an owner carrying on business in packaged goods, the authority exercising the power under sub-section (1) shall apply the prevailing market price or fair market value and in the case of an owner carrying on business in packaged goods, shall apply the Maximum Retail Price.

¹[(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.]¹

1. Substituted by Act 26 of 2004 w.e.f. 1.4.1999.

(6) Such appeal shall be dealt with as if it were an appeal filed under section 20 or section 22, as the case may be, and all the provisions of that section shall *mutatis mutandis* apply to such appeal.

(7) The authority or officer purchasing goods in exercise of the powers of sub-section (1) subject to provisions of sub-section (6), shall dispose of the goods in public auction within thirty days from the date of such purchase and for value not less than the price paid to the owner of the goods. The sale proceeds so realised should forthwith be paid into the Government Treasury.

Explanation.—For the purpose of this section,—

(i) 'Prevailing market price' shall mean the published wholesale price in force in the market at about the time proceedings are taken to purchase such goods.

(ii) 'Fair market value' shall mean the price at which the goods are generally bought or sold in the market by dealers in such goods at about the time proceedings are taken to purchase such goods.

(iii) 'MRP' or 'Maximum Retail Price' shall mean the price marked on the package in which the goods are contained.

(iv) 'Published' shall mean published in any newspaper, journal or periodical or notified by a market committee or any such authority.]¹

¹**[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.]¹

1. Substituted by Act 18 of 1994 w.e.f. 1.4.1994 and again substituted by Act 5 of 2001 w.e.f. 1.4.2001. Again substituted by Act 5 of 2002 w.e.f. 1.4.2002.

¹**[28-C. xxxx]**¹

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

¹**[29. Offences and penalties.-** (1) Any person who,—

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

(a) fails to submit a return as required by the provisions of this Act, or the rules made thereunder; or

(b) fails to submit a statement as required by sub-section (1) of section 12-B; or

(c) fails to pay within the time allowed any tax assessed on him or any penalty levied on him under this Act; or

(d) dishonestly objects to or fails to comply with the terms of a notice issued to him under sub-section (1) of section 14; or

(e) fails to keep true and complete accounts; or

(f) being a dealer or a miller, whether he is a dealer or not, fails to comply with a notice issued under sub-section (1) of section 28,

shall on conviction ¹[(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.]¹

1. Inserted by Act 5 of 2001 w.e.f. 1.4.2001 and substituted by Act 5 of 2002 w.e.f. 1.4.2002.

(2) Any person who,—

(a) being a person obliged to register himself under section 10 does not get himself registered; or

¹[(aa) is required to furnish information under section 28-B fails to furnish such information.]¹

1. Inserted by Act 5 of 2001 w.e.f. 1.4.2001 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

(b) carries on business as a dealer without furnishing the security demanded under sub-section (4) of section 10-A; or

(c) 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

(d) wilfully submits an untrue statement under sub-section (1) of section 12-B; or

(e) fraudulently evades the payment of any tax or other amount payable by him under this Act; or

(f) collects any amount by way of tax or purporting to be by way of tax in contravention of sub-section (1) or sub-section (2) of section 18; or

(g) collects any amount by way of turnover tax or purporting to be by way of turnover tax in contravention of sub-section (3) of section 18; or

(h) fails to deduct the tax as required under section 19-A or after so deducting fails to deposit such tax as required under sub-section (2) of that section, or having deducted, fails to issue the certificate referred to in sub-section (3) of section 19-A; or

(i) fails to deduct the tax as required under section 19-AA or after so deducting fails to deposit such tax as required under sub-section (2) of that section, or having deducted, fails to issue the certificate referred to in sub-section (3) of section 19-AA; or

(j) prevents or obstructs inspection, entry, search or seizure by an officer empowered under this Act: or

(k) tampers with any seal put under clause (iii) of sub-section (2) of section 28, ¹[clause (ii) of sub-section (3-A) of section 28-A]¹; or

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

(l) prevents or obstructs inspection of any vehicle or boat or goods transported otherwise or seizure of goods by an officer-in-charge of a checkpost or barrier or any officer empowered under this Act; or

(m) 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 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.]¹

30. Cognizance of offences.- (1) No Court shall take cognizance of any offence punishable under ²[clause (i) of sub-section (1) or]² sub-section (2) of section 29 except with the previous sanction of the ¹[Joint Commissioner]¹ and no Court inferior to that of a Magistrate of the First Class shall try any such offence.

1. Substituted by Act 20 of 1998 w.e.f. 28.5.1998.

2. Inserted by Act 5 of 2002 w.e.f. 1.4.2002.

(2) Notwithstanding anything contained in the Code of Criminal Procedure, ¹[1973 (Central Act 2 of 1974)]¹, all offences punishable under sub-section (2) of section 29 shall be cognizable and bailable.

1. Substituted by Act 15 of 1991 w.e.f. 1.4.1991.

¹[(3) No Court shall permit withdrawal of any prosecution proceeding initiated under Section 29 except with the previous sanction of the Commissioner.]¹

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

¹**[30A. Summary disposal of certain cases.-** (1) A Court taking cognizance of an offence under sub-section (1) of section 29 shall state upon the summons to be served on the accused person that he may, by a specified date prior to the hearing of the charge plead guilty to the charge by registered letter and remit to the Court ²[such sum which shall not be less than ³[five hundred rupees but which may extend to five thousand rupees]]³² as the Court may specify.

1. Inserted by Act 31 of 1969 w.e.f. 20.11.1969.

2. Substituted by Act 7 of 1981 w.e.f. 4.4.1981.

3. Substituted by Act 18 of 1997 w.e.f. 20.9.1997.

(2) Where an accused person pleads guilty and remits the sum specified under sub-section (1), the Court may proceed to hear and dispose of the

case in the absence of the accused, whether or not the prosecutor is also absent in like manner as if both parties had appeared and the accused had pleaded guilty.]¹

31. 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,—

¹[(a) where the offence committed is under clause ²[(c)]² of sub-section (1) of section 29 or clause ²[(e)]² of sub-section (2) of section 29, in addition to the tax or amount not paid or evaded to be paid, a sum of money not exceeding ³[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]³ ²[five thousand]² rupees or double the amount of the tax or amount so remaining unpaid or evaded to be paid whichever is greater, and]¹

1. Substituted by Act 27 of 1985 w.e.f. 1.8.1985.

2. Substituted by Act 20 of 1998 w.e.f. 28.5.1998.

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

¹[(aa) where the offence committed is under sub-section (2) of section 27, in addition to the tax payable on the transaction in respect of which a bill or cash memorandum is not issued or obtained, a sum of money not exceeding ²[five thousand]² rupees and where the offence committed under the said sub-section is not the first offence, a sum of money not exceeding ²[ten thousand]² rupees; and]¹

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

2. Substituted by Act 20 of 1998 w.e.f. 28.5.1998.

(b) in other cases, a sum of money not exceeding ³[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]³ ¹[²[ten thousand]² rupees]¹.

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

2. Substituted by Act 20 of 1998 w.e.f. 28.5.1998.

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

¹**[31A. 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:

1. Inserted by Act 9 of 1964 w.e.f. 1.4.1964.

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 such 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.]¹

32. 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.

33. 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 the Act.

34. Limitation for certain suits and prosecutions.— No suit shall be instituted against the State Government and no suit, prosecution or other proceeding shall be instituted against any officer or servant of the State Government in respect of any act done or purporting to be done under this Act, unless the suit, prosecution or other proceeding is instituted within six months from the date of the act complained of.

35. Courts not to set aside or modify assessments except as provided in this Act.— No suit or other proceeding shall except as expressly provided in this Act, be instituted in any Court to set aside or modify any assessment made under this Act.

36. Appearance before any Authority in proceedings.— Any person who is entitled to appear before any authority other than the High Court in connection with any proceeding under this Act, may be represented before such authority—

(a) by his relative or a person regularly employed by him if such relative or person is duly authorised by him in writing in this behalf;

(b) by a legal practitioner; or

¹[(c) subject to such conditions as may be prescribed, by an Accountant or by a person enrolled in the prescribed manner as a Sales Tax Practitioner by the Commissioner, and duly authorised by the person whom he represents.]¹

1. Substituted by Act 3 of 1966 w.e.f. 1.3.1966.

¹[**36-A. Power to summon persons to give evidence.-** The officers empowered by rules made in this behalf shall have all the powers conferred on a Court by the Code of Civil Procedure, 1908 (Central Act V of 1908), for the purpose of securing attendance of persons or the production of documents in any enquiry under this Act.]¹

1. Inserted by Act 14 of 1987 w.e.f. 1.4.1987.

¹[**37. Disclosure of information respecting assessee.-** (1) (a) The Commissioner may furnish or cause to be furnished to,—

1. Substituted by Act 16 of 1967 w.e.f. 1.1.1968.

(i) any officer, authority or body performing any functions under any law relating to the imposition of any tax, duty, cess or fee; or

(ii) such officer, authority or body performing any functions under any other law as the State Government, if in its opinion it is necessary so to do in the public interest, specify by notification in this behalf;

any such information relating to any assessee in respect of any assessment made under this Act as may, in the opinion of the Commissioner be necessary for the purpose of enabling the officer, authority or body to perform his or its functions under that law.

(b) Where a person makes an application to the Commissioner in the prescribed form for any information relating to any assessee in respect of any assessment made under this Act, the Commissioner may, if he is satisfied that it is in the public interest so to do, furnish or cause to be furnished the information asked for in respect of that assessment only and his decision in this behalf shall be final and shall not be called in question in any Court of law.

(2) Notwithstanding anything contained in sub-section (1) or, any other law for the time being in force, the State Government may, having regard to the practices and usages customary or any other relevant factors, by order notified in the Official Gazette, direct that no information or document shall be furnished or produced by a public servant in respect of such matters relating to such classes of assessee or except to such authorities as may be specified in the order.]¹

¹[(3) If the State Government is of the opinion that it is necessary or expedient in the public interest to publish names of any assessee ²[along with his photograph]² or any other particulars relating to any proceeding under this Act in respect of such assessee, it may cause to be published

such names ²[along with their photograph]² and particulars in such manner as it thinks fit.

1. Inserted by Act 17 of 1976 w.e.f. 1.4.1976.

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

(4) No publication under this section shall be made relating to any penalty imposed or any conviction for any offence connected with any proceedings under this Act, until the time for presenting an appeal to the Appellate Authority has expired without any appeal having been presented or the appeal, if presented, has been disposed of.]¹

38. Power to make Rules.- (1) The State Government may, subject to the condition of previous publication, make rules, by notification, to carry out the purposes 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;

¹[(a-1) estimation of turnovers for purposes of registration on the basis of inventory of goods found at the time of inspection or during survey;]¹

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

(b) the assessment to tax under this Act of business which are discontinued or the ownership of which has changed;

¹[(b1) the procedure for assessment of Central and State Government Departments, ²[Statutory Bodies and Local Authorities]²;]¹

1. Inserted by Act 23 of 1983 w.e.f. 1.4.1976.

2. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

(c) the assessment to tax under this Act of business owned by minors and other incapacitated persons or by persons residing outside the ¹[State of Karnataka]¹;

1. Adapted by the Karnataka Adaptations of Laws Order 1973 w.e.f. 1.11.1973.

(d) the assessment of a business owned by any person whose estate or any portion of whose estate is under the control of ¹[the Court of Wards, the Administrator-General, the Official Trustee or]¹ any receiver or manager (including any person whatever his designation who in fact manages property on behalf of another) appointed by or under any order of a Court;

1. Inserted by Act 9 of 1964 w.e.f. 1.4.1964.

¹[(d-1) the administration of the checkpoints set up and the barriers erected under this Act and the regulation of work therein;

(d-2) the disposal of goods confiscated under this Act and the proceeds thereof;]¹

1. Inserted by Act 9 of 1964 w.e.f. 1.4.1964.

(e) the assessment to tax under this Act of any turnover which has escaped assessment; ¹[x x x]¹

1. Omitted by Act 31 of 1958 w.e.f. 1.1.1959.

¹[(f) x x x]¹

1. Omitted by Act 15 of 1970 w.e.f. 1.10.1957.

(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[(g-1) specifying the classes of dealers who need not furnish returns under section 12;]¹

1. Inserted by Act 32 of 1958 w.e.f. 1.1.1959.

(h) securing that returns furnished or accounts or documents produced or evidence of any kind given under this Act before any assessing authority or an appeal or revision from any decision of such authority are kept confidential;

¹[(h-1) the procedure to be followed and the powers exercisable in proceedings for recovery under clause (aa) of sub-section (3) of section 13;]¹

1. Inserted by Act 5 of 1972 w.e.f. 14.8.1972.

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

(j) the term of office and the conditions of service of the members of the Appellate Tribunal;

¹[(j-1) the fees payable for the grant of duplicate certificates of registration or licences or copies of such certificates and licences or of any other document;]¹

1. Inserted by Act 31 of 1958 w.e.f. 1.1.1959.

¹[(j-2) the maintenance of purchase bills or accounts of purchases and sales by dealers and the time for which they should be preserved;

(j-3) the issue of delivery notes or way bills in respect of goods delivered or transferred to retail dealers in pursuance of sales effected to them, the form and manner of their issue and the time for which they should be preserved;

(j-4) the extent of liability of commission agent, broker, *del credere* agent, auctioneer or any other mercantile agent, who carries on the business of buying, selling, supplying or distributing goods on behalf of any principal;]¹

1. Inserted by Act 9 of 1964 w.e.f. 1.4.1964.

¹[(j-5) the qualifications and disqualifications of Sales Tax Practitioners, the procedure for their enrolment, the fees payable for enrolment and the fees payable for annual renewal of such enrolment;]¹

1. Inserted by Act 3 of 1966 w.e.f. 1.3.1966.

(k) generally regulating the procedure to be followed and the forms to be adopted in proceedings under this Act;

(l) any other matter for which there is no provision or no sufficient provision in this Act and for which provision 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 by a Magistrate of the first class, be punishable with fine which may extend to ¹[five thousand rupees]¹ 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 during which the breach continues.

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

²[(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 section 39. All rules made under this Act, shall, subject to any modification made under section 39, have effect as if enacted in this Act.]²

1. Inserted by Act 9 of 1964 w.e.f. 1.4.1964.

¹[**39. Laying of rules and notifications before the State Legislature.-** Every rule made under this Act and every notification issued under section 8A 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 or 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. Substituted by Act 16 of 1967 w.e.f. 1.1.1968.

40. Repeal and savings.- (1) The Madras General Sales Tax Act, 1939 (Madras Act IX of 1939), the Madras Tobacco (Taxation on Sales and Registration) Act, 1953 (Madras Act IV of 1953), the Madras Medium Cotton Mill Cloth (Sales-tax) Act, 1954 (Madras Act XLI of 1954) and section 21-A of the Madras Prohibition Act, 1937 (Madras Act X of 1937), as in force in the ²[Mangalore and Kollegal]² area, the Mysore Sales Tax Act, 1948 (Mysore Act XLVI of 1948), as in force in the Mysore Area, the Hyderabad General Sales Tax Act, 1950 (Hyderabad Act XIV of 1950), as in force in the ¹[Gulbarga Area],¹ the Bombay Sales Tax Act, 1953 (Bombay Act III of 1953) and the Bombay Sales of Intoxicants Taxation Act, 1953 (Bombay Act No. XLVII of 1953) as in force in the ¹[Belgaum area],¹ the Coorg Sales of Tyres Taxation Act, 1953 (Coorg Act VIII of 1953) and the Coorg Tobacco (Taxation of Sales and Registration) Act, 1953 (Coorg Act IX of 1953), are hereby repealed:—

1. Adapted by the Karnataka Adaptations of Laws Order 1973 w.e.f. 1.11.1973.

Provided that such repeal shall not effect—

(a) the previous operation of the said enactments or anything duly done or suffered thereunder; or

(b) any right, privilege, obligation or liability acquired, accrued or incurred under the said enactments; or

(c) any penalty, forfeiture or punishment incurred in respect of any offence committed against the said enactments; or

(d) any investigation, legal proceeding (including assessment proceeding) or remedy in respect of any such right, privilege, obligation, liability, forfeiture or punishment as aforesaid;

and any such investigation, legal proceeding or remedy may be instituted, continued or enforced, and any such penalty, forfeiture or punishment may be imposed as if this Act had not been passed.

¹[(1A) Notwithstanding anything contained in sub-section (1), nothing contained in any of the repealed enactments or the rules made thereunder 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 any provision of the relevant repealed enactment or any judgment, decree or order made by the Supreme Court, the High Court or any other Court whether before or after the commencement of this Act.]¹

1. Inserted by Act 26 of 1962 w.e.f. 1.10.1957.

(2) Notwithstanding anything contained in sub-section (1), for the purpose of giving effect to the preceding proviso, to the said sub-section (1), the State Government may, by notification, make such provision as appears to it to be necessary or expedient.—

(a) for making omissions from, additions to and adaptations and modifications of the rules, notifications and orders issued under the repealed enactments;

(b) for specifying the authority, officer or person who shall be competent to exercise such functions exercisable under any of the repealed enactments or any rules, notifications, or orders issued thereunder as may be mentioned in the said Notification.

¹[(3) Notwithstanding anything contained in sub-section (1), during the period between the first day of November, 1956, and the date of commencement of this Act, where in respect of any goods,—

1. Inserted by Act 32 of 1958 w.e.f. 1.1.1959.

(i) a single point sale or purchase tax was leviable under more than one of the repealed enactments; or

(ii) a single point sale or purchase tax was leviable under any repealed enactment and also a multi-point sale or purchase tax was leviable under any other repealed enactment, and the State Government is of opinion that in order to avoid hardship it is necessary so to do, it may, by notification, and subject to such restrictions and conditions as may be specified in such notification, make an exemption or reduction in rate, of any tax payable under any of the repealed enactments on the sale or purchase at specified

point or points in the series of sales by successive dealers of any specified class of goods:

Provided that any amount collected by way of tax at one or more points in the series of sales shall be payable to the State Government by the dealer making the collection as if it were a tax payable by such dealer under the relevant repealed enactment.]¹

41. Power to remove difficulties.- (1) If any difficulty arises in giving effect to the provisions of this Act in consequence of the transition to the said provisions from the provisions of the Acts in force immediately before the commencement of this Act, the State Government may, by notification in the Official Gazette, make such provisions as appear to it to be necessary or expedient for removing the difficulty.

(2) If any difficulty arises in giving effect to the provisions of this Act (otherwise than in relation to the transition from the provisions of the Acts in force before the commencement of this Act), the State Government may, by notification, make such provisions, not inconsistent with the purposes of this Act, as appear to it to be necessary or expedient for removing the difficulty.

42. Provisions relating to Appellate Tribunal.- (1) All appeals and proceedings transferred to, or instituted before the Mysore Board of Revenue, consequent on that specification of that authority by notification in the Official Gazette under section 122 of the States Reorganization Act, 1956, as the authority competent to exercise the functions of the Appellate Tribunal and Tribunal, respectively, under the Madras General Sales Tax Act, 1939 (Madras Act IX of 1939), the Mysore Sales Tax Act, 1948 (Mysore Act XLVI of 1948), the Hyderabad General Sales Tax Act, 1950 (Hyderabad Act XIV of 1950), and the Bombay Sales Tax Act, 1953 (Bombay Act III of 1953), and pending before the said Board of Revenue shall stand transferred to the Appellate Tribunal constituted under this Act and the aforesaid notification in so far as it relates to such specifications of the Mysore Board of Revenue shall stand repealed.

(2) Notwithstanding anything contained in any law, any appeal or other proceeding to be preferred to any Appellate Tribunal or Tribunal under any enactment referred to in sub-section (1) shall be preferred to the Appellate Tribunal constituted under this Act.

(3) Notwithstanding anything contained in the enactments referred to in sub-section (1), the provisions of sections 22, 23 and 25 of this Act shall be applicable to all appeals and other proceedings transferred to or preferred to the Appellate Tribunal.

43. Assessments to tax or taxes in certain cases.- ¹[(1)]¹ Notwithstanding anything contained in ²[section 40]² or in any enactment repealed by that section, any person assessed or assessable to tax or taxes under any of the said enactments during the assessment year prior to the commencement of this Act, shall be liable to tax or taxes on his total turnover or turnovers during the period of the assessment year ending on the date of commencement of this Act, at the rate or rates specified in the said enactments whatever his total turnover or turnovers for the whole of the assessment year may be.

1. Re-numbered by Act 12 of 1961 w.e.f. 1.10.1957.

2. Substituted by Act 31 of 1958 w.e.f. 1.1.1959.

¹[(2) Notwithstanding anything contained in this Act any person assessable to tax or taxes under this Act during the period commencing on the date of the commencement of this Act and ending on the date of commencement of the next assessment year in respect of such person, shall be liable to tax or taxes on his total turnover or turnovers during the said period at the rate or rates specified in this Act, whatever the total turnover or turnovers of such person for the whole of the assessment year may be.]¹

1. Inserted by Act 12 of 1961 w.e.f. 1.10.1957.

¹[(3) Notwithstanding anything contained in this Act, where in respect of the sale or purchase of any goods, the rate of tax (hereinafter referred to as the original rate) is revised, or no tax is payable, from any date during any year, the turnover of a dealer or other person during the period upto that date in that year shall be liable to tax at the original rate, and his turnover during the period from that date till the end of that year shall be liable to tax at the revised rate, or shall not be liable to tax, as the case may be.]¹

1. Inserted by Act 30 of 1962 w.e.f. 1.10.1957.

¹[(4) Notwithstanding anything contained in this Act, the assessment of a dealer whose total turnover for the year which ends on a date after the First day of April, 1966, is more than seven thousand and five hundred rupees but is less than ten thousand rupees shall be regulated as follows, namely:—

1. Inserted by Act 16 of 1967 w.e.f. 1.1.1968.

(a) in the case of a dealer permitted to pay any amount by way of composition under section 17, such dealer shall pay the amount due in monthly instalments for the months immediately prior to the first April, 1966 and shall not be liable to pay monthly instalments for the remaining months thereafter;

(b) in the case of any other dealer, the turnover, during the period from the commencement of the year upto the first April, 1966, shall be liable to tax and also licence fee, if any, and his turnover during the remaining period from the first April, 1966, shall not be liable to tax and licence fee.]¹

¹[(5) Notwithstanding anything contained in this Act, the assessment of a dealer whose total turnover for the year which ends on a date after the first day of April, 1970, is more than ten thousand rupees but is less than twenty-five thousand rupees, shall be regulated as follows, namely:—

1. Inserted by Act 9 of 1970 w.e.f. 1.4.1970.

(a) in the case of a dealer permitted to pay any amount by way of composition under section 17, such dealer shall pay the amount due in monthly instalments for the months immediately prior to the first April, 1970 and shall not be liable to pay monthly instalments for the remaining months thereafter; and

(b) in the case of any other dealer, the turnover during the period from the commencement of the year upto the first day of April, 1970, shall be liable to

tax and licence fee, if any, and his turnover during the remaining period from the first April, 1970, shall not be liable to tax.]¹

³[(6) Notwithstanding anything contained in this Act, the assessment of a dealer whose total turnover for the year which ends on a date after the First day of April, 1981 is more than twenty-five thousand rupees but is less than thirty-five thousand rupees, shall be regulated as follows, namely:—

1. Inserted by Act 13 of 1982 w.e.f. 29.3.1981.

(a) in the case of a dealer permitted to pay any amount by way of composition under section 17, such dealer shall pay the amount due in monthly instalments for the months immediately prior to the First day of April, 1981, and shall not be liable to pay monthly instalments for the remaining months thereafter; and

(b) in the case of any other dealer, the turnover during the period from the commencement of the year upto the First day of April, 1981, shall be liable to tax and his turnover during the remaining period from the First day of April, 1981, shall not be liable to tax.]¹

¹[(7) Notwithstanding anything contained in this Act, the assessment of a dealer whose total turnover for the year which ends on a date after the First day of April, 1982 is less than thirty-five thousand rupees but is more than twenty-five thousand rupees, shall be regulated as follows, namely:—

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

(a) in the case of a dealer permitted to pay any amount by way of composition under section 17, such dealer shall not be liable to pay monthly instalments for the months immediately prior to the First day of April, 1982, and shall pay the amount due in monthly instalments for the remaining months thereafter; and

(b) in the case of any other dealer, the turnover during the period from the commencement of the year upto the First day of April, 1982, shall not be liable to tax and his turnover during the remaining period from the First day of April, 1982, shall be liable to tax.]¹

¹[(8) Notwithstanding anything contained in this Act, the assessment of a dealer whose total turnover for the year which ends on a date after the First day of April, 1983, is more than twenty-five thousand rupees but is less than forty thousand rupees, shall be regulated as follows, namely:—

1. Inserted by Act 10 of 1983 w.e.f. 1.4.1983.

(a) in the case of a dealer permitted to pay any amount by way of composition under section 17, such dealer shall pay the amount due in monthly instalments for the months immediately prior to the First day of April, 1983, and shall not be liable to pay monthly instalments for the remaining months thereafter; and

(b) in the case of any other dealer, the turnover during the period from the commencement of the year upto the First day of April, 1983, shall be liable to tax and his turnover during the remaining period from the First day of April, 1983, shall not be liable to tax.]¹

¹[(8-A) Notwithstanding anything contained in this Act, the provisions of section 17(4) as amended by the Karnataka Sales Tax (Second Amendment) Act, 1983, shall not apply to the composition of tax payable in respect of any year commencing prior to the commencement of the said Act, but the provision of the said sub-section as they stood prior to such commencement shall apply to such composition.]¹

1. Inserted by Act 27 of 1985 w.e.f. 18.11.1983.

¹[(9) Notwithstanding anything contained in this Act, the assessment of a dealer whose total turnover for the year which ends on a date after the First day of April, 1984, is more than forty thousand rupees but is less than one lakh rupees, shall be regulated as follows, namely:—

1. Inserted by Act 8 of 1984 w.e.f. 1.4.1984.

(a) in the case of a dealer permitted to pay any amount by way of composition under section 17, such dealer shall pay the amount due in monthly instalments for the months immediately prior to the First day of April, 1984, and shall not be liable to pay monthly instalments for the remaining months thereafter; and

(b) in the case of any other dealer, the turnover during the period from the commencement of the year upto the First day of April, 1984, shall be liable to tax and his turnover during the remaining period from the First day of April, 1984, shall not be liable to tax.]¹

¹[(9-A) Notwithstanding anything contained in this Act, the provisions of section 17(4) as amended by the Karnataka Sales Tax (Amendment) Act, 1984, shall not apply to the composition of tax payable in respect of any year commencing prior to the commencement of the said Act but the provisions of the said sub-section as they stood prior to such commencement shall apply to such composition.

1. Inserted by Act 27 of 1985 w.e.f. 1.4.1984.

(10) Notwithstanding anything contained in this Act, the provisions of section 17(1) as amended by the Karnataka Sales Tax (Amendment) Act, 1985, shall not apply to the composition of tax payable in respect of any year commencing prior to the commencement of the said Act but the provisions of the said sub-section as they stood prior to such commencement shall apply to such composition.]¹

¹[(11) (i) Notwithstanding anything contained in this Act, a dealer whose assessment year ²[commences]² on a date after the 1st day of April, ²[1988]² shall complete his accounts and close them on the 31st day of March, ²[1989]² and submit his returns as if his assessment year ended on the 31st day of March, ²[1989]².

1. Inserted by Act 14 of 1987 w.e.f. 1.4.1987.

2. Substituted by Act 15 of 1988 w.e.f. 1.4.1987.

(ii) Where the turnover for the period specified in clause (i) (hereinafter referred to in this sub-section as returned turnover) is not less than the turnover specified under sub-section (5) of section 5 or section 6B, as amended by the Karnataka Sales Tax (Amendment) ¹[Act, 1987 (Karnataka Act 14 of 1987)]¹, it shall be assessed to tax in accordance with the

provisions of this Act. Where the returned turnover is less than the turnover specified under the said sections, then, notwithstanding anything contained in this Act, such returned turnover shall be assessed to tax under this Act, if the turnover of the dealer for the year immediately preceding the assessment year referred to in clause (i) was not less than the turnovers specified under the said sections.

1. Substituted by Act 15 of 1988 w.e.f. 1.4.1987.

(iii)(a) Notwithstanding anything contained in this Act, in the case of a dealer permitted to pay any amount by way of composition under section 17, such dealer shall pay the amount due for the period ending 31st day of March, ¹[1989]¹ at the rates permitted in form 8-A and his assessment shall be completed as specified in clause (b).

1. Substituted by Act 15 of 1988 w.e.f. 1.4.1987.

(b) Where the assessing authority is satisfied that the returned turnover is correct and complete or where the returned turnover appears to the assessing authority to be incorrect and incomplete, after determining the turnover to the best of his judgment, recording reasons for such determination, the assessing authority shall determine the total turnover for the purpose of ascertaining the rate of tax by applying the following formula:—

$$\text{Total turnover} = \frac{\text{returned/determined turnover} \times 12}{\text{(months)}} \div \frac{\text{Number of months for which the turnover returned or determined relates}}{\text{}}$$

After arriving at the total turnover as above,—

(i) the dealer shall not be assessed to tax, if his total turnover is less than the turnover specified in sub-section (5) of section 5 of this Act; or

(ii) the dealer shall be assessed to tax on his returned turnover or, as the case may be the determined turnover at such rates applicable under section 17 of this Act depending upon the total turnover arrived at above, if the said total turnover is not less than the turnover specified in sub-section (5) of section 5.

Explanation.—For the purpose of this clause any period equal to or in excess of 15 days shall be reckoned as one month and any such period less than 15 days shall be ignored.]¹

¹[(12) Notwithstanding anything contained in this Act, the assessment of a dealer whose total turnover for the year ending on the 31st day of March, 1992, is one lakh rupees or more but is less than two lakh rupees, shall be regulated as follows, namely:—

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

(a) in the case of a dealer permitted to pay any amount by way of composition under sub-section (1) or (4) of section 17, such dealer shall pay the amount due in monthly instalments for the months prior to the first day of October, 1991, and shall not be liable to pay monthly instalments for the remaining months thereafter; and

(b) in case of any other dealer, the turnover during the period prior to the first day of October, 1991, shall be liable to tax and his turnover thereafter shall not be liable to tax.]¹

SCHEDULES¹[First Schedule x x x]¹

1. Omitted by Act 31 of 1958 w.e.f. 1.1.1959

¹**[SECOND SCHEDULE**

1. Substituted by Act 15 of 1988 w.e.f. 1.1.1959

Goods on the sale of which a single point tax is leviable on the first or earliest of successive dealers in the State under section 5(3)(a)

<i>Sl.No.</i>	<i>Description of goods</i>	<i>Rate of Tax</i>
1	2	3
PART A		
1	Adhesives of all kinds including gum, glue ¹ [adhesive solution, gum paste lapping compound, liquid M-seal, epoxy, shellac, vulcanising solution and adhesive tapes, self adhesive tapes, gum tapes, gummed tapes] ¹ and resin.	² [Sixteen percent] ²
1. Inserted by Act 4 of 1999 w.e.f. 1.4.1999. 2. Substituted by Act 9 of 2000 w.e.f. 1.4.2000 again substituted by Act 5 of 2002 w.e.f. 1.4.2002 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003		
2	Aeroplanes, helicopters, jet planes, gliders and all other types of flying machines (other than balloons) and parts and accessories thereof.	¹ [Sixteen percent] ¹
1. Substituted by Act 9 of 2000 w.e.f. 1.4.2000 again substituted by Act 5 of 2002 w.e.f. 1.4.2002 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003		
¹ [3.	Agarbathi	² [Four percent] ² ¹
1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996. 2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000.		
¹ [3-A.	Agricultural implements (other than those specified in Fifth Schedule), that is to say, - Cultivators, disc-ploughs and mould board ploughs, land-levellers, cage wheels, disc harrows, sub-soilers, ridgers, shovels ² [Seed Sowing equipments, Blade Harrow, Rotavator, combined Harvester, Post-hole Digger, Rotary Ditcher] ² ³ [Threshers, Chaff cutters] ³ and parts thereof	Four percent] ¹
1. Inserted by Act 15 of 1996 w.e.f. 5.9.1996. 2. Inserted by Act 7 of 1997 w.e.f. 1.4.1997. 3. Inserted by Act 5 of 2001 w.e.f. 1.4.2001.		
¹ [4.	Air coolers, air conditioners, air conditioning plants, cold storage plants and equipments and parts and accessories thereof.	² [Twenty percent] ² ¹
1. Substituted by Act 11 of 1993 w.e.f. 1.4.1993. 2. Substituted by Act 5 of 2002 w.e.f. 1.4.2002.		
5.	Aluminium, that is to say,— (i) Aluminium semis (ingots, slabs, blocks and billets of all qualities,	

shapes and sizes.)

¹[Four percent]¹

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

(ii) Aluminium sheets, circles, hoop, strips and rolls.

¹[Twelve percent]¹

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

(iii) Aluminium bars (rods, rounds, squares, flats, octagons and hexagons, in coil form as well as straight lengths.)

¹[Twelve percent]¹

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

(iv) Aluminium tubes (round and squares) of all diameters and lengths including tube fittings.

¹[Twelve percent]¹

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

(v) Aluminium wire rods and wires rolled or drawn.

¹[Twelve percent]¹

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

(vi) Aluminium structurals (angles, joists, channels, tees, sheets piling sections, Z sections or any other extruded sections).

¹[Twelve percent]¹

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

¹[(vii) Aluminium foils, aluminium oxide, aluminium grains, aluminium powder, aluminium tape.

²[Twelve percent]²¹

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

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

¹[5A. Aluminium utensils other than those specified elsewhere in the Schedule

²[Four percent]²¹

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

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

¹[6. Animal feed and feed supplements, i.e., pro-cessed commodity sold as 'Poultry Feed', 'Cattle Feed', 'Pig Feed', 'Fish Feed', 'Fish meal', 'Prawn Feed', 'Shrimp Feed' and feed supplements and mineral mixture concentrates, intended for use as feed supplements.

²[One percent]²¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

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

7. Arc carbons.

²[Twelve percent]²

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

8. Arecanut.

¹[Four percent]¹

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

9. Arms of all kinds including guns, rifles, revolvers, pistols and ammunition for the same.

¹[Twenty percent]¹

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

PART B

1. Bamboo (whether whole or split)

¹[Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

¹[1A. Article made of Bamboo other than Furniture

²[Eight percent]²¹

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

2. Batteries and parts thereof but excluding dry-cells and dry-cell batteries.

¹[Sixteen percent]¹

1. Substituted by Act 5 of 2002 w.e.f. 1.4.2002 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003

3. Beedi leaves

¹[Four percent]¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

4. Bearings, that is, Ball or Roller bearings (all kinds).

¹[Twelve percent]¹

1. Substituted by Act 5 of 2002 w.e.f. 1.4.2002 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003 again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

5. Bicycles, tandem cycles, cycle combinations, cycle-rickshaws, perambulators, children's tricycles and similar articles and parts and accessories thereof including their tyres, tubes and flaps.

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

6. Blasting gun powder and other mechanical explosives.

¹[Four percent]¹

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

7. Bone meal.

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

¹[7A. Books other than those mentioned in the Fifth schedule.

Four percent]¹

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

8. Brass, that is to say,—

(i) Brass circles, sheets and strips.

¹[Twelve percent]¹

1. Substituted by Act 5 of 2002 w.e.f. 1.4.2002 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003 again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(ii) Brass utensils (Kitchenware).

¹[Eight percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 again substituted by Act 5 of 2002 w.e.f. 1.4.2002.

(iii) Articles made of brass, including brass rods, rounds, squares and flats but excluding those specified in items (i) and (ii) above and those specified elsewhere.

¹[Twelve percent]¹

1. Substituted by Act 5 of 2002 w.e.f. 1.4.2002 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003 again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[8A. Bread ²[and bun]²

³[Four percent]³¹

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

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

3. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

¹[9. Bricks of all kinds other than

²[country bricks]² ³[refractory bricks and the like]³

⁴[Four percent]⁴¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Omitted by Act 9 of 2000 w.e.f. 1.1.2000 & inserted by Act 5 of 2000 w.e.f. 1.4.2000.

3. Inserted by Act 15 of 1996 w.e.f. 5.9.1996.

4. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and again substituted Act 30 of 2003 w.e.f. 1.6.2003 and again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

10. Bronze, that is to say,—

(i) Bronze utensils (Kitchen-ware).

¹[Eight percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and again substituted by Act 5 of 2002 w.e.f. 1.4.2002.

(ii) Articles made of bronze including
bronze rods, rounds, squares
and flats but excluding those
specified in item (i) above and
those specified elsewhere

¹[Twelve percent]¹

1. Substituted by Act 5 of 2002 w.e.f. 1.4.2002 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003
again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[11. Bullion and specie.

One percent]¹

1. Omitted by Act 4 of 1999 w.e.f. 1.4.1999 & inserted by Act 5 of 2000 w.e.f. 1.4.2000.

¹[12. Butter and ghee

²[Twelve percent]²¹

1. Substituted by Act 16 of 1989 w.e.f. 1.4.1989.

2. Substituted by Act 5 of 2002 w.e.f. 1.4.2002 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003
again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

PART C

1. Camphor of all kinds.

¹[Eight percent]¹

1. Substituted by Act 5 of 2001 w.e.f. 1.4.2001 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003
and again substituted by Act 3 of 2004 w.e.f. 29.1.2004

¹[2. Candles

²[Four percent]²¹

1. Omitted by Act 4 of 1992 w.e.f. 1.4.1992 & inserted by Act 3 of 1998 w.e.f. 1.4.1998.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 5 of 2001 w.e.f. 1.4.2001

¹[2A. (i) Cane whole or split

²[Eight percent]²

(ii) Articles made of Cane other
than Furniture

²[Eight percent]²¹

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

3. Carpets.

¹[Twenty percent]¹

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

4. Cashew, that is to say,—

(i) Raw cashew.

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and by Act 5 of 2001 w.e.f. 1.4.2001.

(ii) Cashew kernel.

¹[Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003
and again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[(iii) Cashew shell oil

²[Four percent]²¹

1. Inserted by Act 11 of 1993 w.e.f. 1.4.1993.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and by Act 5 of 2001 w.e.f. 1.4.2001.

5. (i) Cassette tape recorders (audio

and video) and parts and

accessories thereof.

¹[Sixteen percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and again substituted by Act 5 of 2002 w.e.f. 1.4.2002
and again substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[(ii) (a) Audio and Video blank cassettes

²[Twelve percent]²

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

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and again substituted by Act 5 of 2001 w.e.f. 1.4.2001
and again substituted by Act 30 of 2003 w.e.f. 1.6.2003 and again substituted 26 of 2004 w.e.f. 1.8.2004.

(b) Audio and Video recorded

cassettes

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and again substituted by Act 5 of 2001 w.e.f. 1.4.2001 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003 and again substituted 26 of 2004 w.e.f. 1.8.2004.

(c) Parts and accessories of

cassettes

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and again substituted by Act 5 of 2001 w.e.f. 1.4.2001 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003 and again substituted 26 of 2004 w.e.f. 1.8.2004

(d) Audio and Video Magnetic

Tapes

¹[Twelve percent]¹¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and again substituted by Act 5 of 2001 w.e.f. 1.4.2001 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003 and again substituted 26 of 2004 w.e.f. 1.8.2004

¹[(iii) Head cleaners (all kinds of audio

and video cassette players and

recorders and lubricants specially

used in electronic goods

²[Twelve percent]²¹

1. Inserted by Act 11 of 1993 w.e.f. 1.4.1993.

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and again substituted by Act 5 of 2001 w.e.f. 1.4.2001 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003 and again substituted 26 of 2004 w.e.f. 1.8.2004

¹[5A. x x x]¹

1. Omitted by Act 5 of 1996 w.e.f. 1.4.1996.

6. Castor oil other than those

qualifying as Toilet Goods.

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and again Substituted by Act 5 of 2002 w.e.f. 1.4.2002

¹[7. (i) Cement.

²[Twenty percent]²

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

2. Substituted 26 of 2004 w.e.f. 1.8.2004

(ii) Cement concrete mixture

¹[Twelve percent]¹¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 by Act 30 of 2003 w.e.f. 1.6.2003 and substituted by Act 26 of 2004 w.e.f. 1.8.2004

8. Cereals and pulses, that

is to say,—

¹[(i) x x x]¹

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

(ii) Pulses (whether whole or separated

and whether with or without husk)

other than those mentioned in the

Fourth Schedule.

¹[One percent]¹

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

¹[(iii) (a) Atta, maida and soji

of wheat

Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and further Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(b) Flour and soji of maize grits and

flakes of maize; bran of maize;

and maize products

Four percent]¹

¹[(iv) Flour, chunni and husks of pulses

Rice, Soji, Bran of Rice, Wheat and Poha.

One percent]¹

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

¹[(v) Fried gram²[One percent]²¹

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and again substituted by Act 5 of 2001 w.e.f. 1.4.2001 and again Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[8A. Cheese.²[Twelve percent]²¹

1. Inserted by Act 16 of 1989 w.e.f. 1.4.1989 & substituted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Substituted by Act 5 of 2002 w.e.f. 1.4.2002 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003 again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

9. Chinaware, porcelainware and stone-ware (articles) other than those falling under any other entry

¹[Sixteen percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and again substituted by Act 5 of 2002 w.e.f. 1.4.2002 and again substituted by Act 30 of 2003 w.e.f. 1.6.2003.

10. Charcoal.

¹[Four percent]¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

¹[10A. Chemicals of all kinds including copper sulphate, caustic soda, dyes and Sulphur²[Four percent]²¹

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

2. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

11. (i) Chemical fertilizers other than those falling under item (ii).

¹Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

(ii) Chemical fertilizer mixtures of two or more chemical fertilizers on the turnover relating to components thereof, viz. individual chemical fertilizers which have not already suffered tax.

¹[Four percent]¹

(see Explanation II)

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

12. Chicory.

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and again substituted by Act 5 of 2002 w.e.f. 1.4.2002

13. Cigarette filters.

¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998, by Act 30 of 2003 w.e.f. 1.6.2003 and again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

14. Cigar and Cigarette cases, holders and lighters, tobacco pipes.

¹[Sixteen percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and substituted by Act 30 of 2003 w.e.f. 1.6.2003.

15. Cinematographic, photographic and other cameras, projectors, enlargers, lenses and parts of and accessories to such cameras, cinematographic projectors and enlargers and plates and cloth required for use therewith.

¹[Sixteen percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and again Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[15A. Photo frames and Photo mounts²[Twelve percent]²¹

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

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

16. Clocks, timepieces and watches (all kinds) and parts thereof ¹[including

watch straps, chains and bracelets
(other than those made of noble
metals).]¹

²[Sixteen percent]²

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and again Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

17. Cocoa pods, beans and powder.

¹[Four percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

¹[17A. ²[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]² ³[Twenty percent]³

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

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

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

¹[18. Coffee, that is to say,—

²[(i) Coffee including coffee beans and

coffee seeds (whether raw or roasted)

excluding those covered by serial

Number 3 of Third Schedule and

in items (ii), (iii) and (iv) below.

³[Eight percent]³²

1. Substituted by Act 16 of 1989 w.e.f. 1.4.1989.

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

3. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

(ii) Coffee powder excluding french coffee,

instant coffee and coffee drink.

¹[Eight percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and again substituted by Act 5 of 2002 w.e.f. 1.4.2002.

(iii) Instant Coffee.

¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[(iv) French Coffee

²[Four percent]²¹¹

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

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and again substituted by Act 5 of 2002 w.e.f. 1.4.2002.

19. (i) Coir products (other than coir

rope, coir fibre and coir yarn)

not falling under item (ii) below.

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and substituted by Act 30 of 2003 w.e.f. 1.6.2003 and substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(ii) Rubberised coir products

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[20. (i) Computers, of all kinds namely, main

frame, mini, personal, micro computers

and the like ³[xxx]³ and their parts.

²[Twelve percent]²

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

3. Omitted by Act 5 of 2001 w.e.f. 1.4.2001.

(ii) Peripherals, that is to say,—

(a) All kinds of printers and their

parts, namely:—

¹[Twelve percent]¹

Dot matrix, ink jet, laser,
line, line matrix and the like.

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(b) Terminals, scanners,
multimedia kits, plotters,
modem and their parts.

¹[Twelve percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(iii) Computer consumable namely:—
stationery, floppy disks, CD ROMs,
DAT tapes, printer ribbons, printer
cartridges and cartridge tapes.

¹[Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

²[(iv) Computer Cleaning kit

¹[Twelve percent]¹²

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

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

¹[(v) Computer Software

²[Twelve percent]²¹

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

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

¹[21. (i) Confectionery

²[Twelve percent]²

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

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

(ii) Cakes and Biscuits

¹[Sixteen percent]¹¹

1. Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

22. Containers, that is to say,—

(i) Paper boxes, folding cartons,
paper bags, carrier bags, card
board boxes, corrugated boxes.

¹[Four percent]¹

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

(ii) Tin plate containers (cans and
boxes), steel and aluminium
drums and crates, aluminium
tubes and collapsible tubes.

¹[Four percent]¹

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

(iii) Plastic, polyvinyl chloride and
polythene bottles, jars, boxes, crates,
cans, carboys, drums and bags
(other than ²[plastic]² woven sacks).

¹[Four percent]¹

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Substituted by Act 16 of 1989 w.e.f. 1.4.1989.

(iv) Wooden boxes, crates, casks
and containers.

¹[Four percent]¹

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

(v) Glass jars and carboys.

¹[Four percent]¹

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

(vi) ¹[Plastic woven sacks]²

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

5. Substituted by Act 16 of 1989 w.e.f. 1.4.1989.

¹[(vii) Metallic gas cylinders

²[Four percent]²¹

1. Inserted by Act 16 of 1989 w.e.f. 1.4.1989.

2. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

²[22A. Cooking gas other than those

specified elsewhere in this schedule.

¹[Twelve percent]¹²

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and substituted by Act 5 of 2002 w.e.f. 1.4.2002.

2. Inserted by Act 16 of 1989 w.e.f. 1.4.1989.

23. Copper that is to say,—

(i) Copper, circles, sheets and strips.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(ii) Copper utensils (Kitchen-ware).

¹[Eight percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

(iii) Copper ingots and copper wire other

than insulated wire.

¹[Four percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

(iv) Articles made of copper including

copper rods, rounds, squares and

flats excluding those specified in

items (i) to (iii) above and those

specified elsewhere.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[24. x x x]¹

1. Omitted by Act 5 of 1996 w.e.f. 1.4.1996.

¹[25. Cotton waste

²[Four percent]²

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

25A. Cotton yarn waste

¹[Four percent]¹¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

¹[25B. Cotton beds, Cotton pillows, Cotton

quilts and their covers made of cotton

²[Four percent]²¹

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

¹[26. (i) Crockery

²[Sixteen percent]²

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(ii) Cutlery and Table and

Household Glassware

¹[Sixteen percent]¹¹

1. Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

PART D

1. Deodorants, disinfectants, germicides

not falling under any other entry.

¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

2. Dictaphones and other similar

apparatus for recording sound

and parts thereof.

¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

3. Diesel engines and ¹[parts and accessories thereof.]¹

²[Twelve percent]²

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

4. Dry-cells and dry-cell batteries.

¹[Sixteen percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

³[5. x x x]³

3. Omitted by Act 5 of 1996 w.e.f. 1.4.1996.

6. Druggets and durries.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

¹[7. x x x]¹

1. Omitted by Act 5 of 1996 w.e.f. 1.4.1996.

PART E

1. Edible oils other than ¹[coconut oil specified in Serial Number 17-A]¹ of Part 'C' the edible oils falling under ²[Serial Number 42-A]² of the Fifth Schedule:

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

2. Substituted by Act 4 of 1999 w.e.f. 1.4.1999.

(i) Non-refined.

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

(ii) Refined.

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

(iii) Hydrogenated oils and cooking medium.

¹[Eight percent]¹

1. Substituted by Act 6 of 1995 w.e.f. 1.4.1995 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

2. Electrical goods, that is to say,—

(i) Grinders, mixers, blenders, hair dryers, shavers,²[x x x]²,

¹[Twelve percent]¹

heaters, cooking ranges, boilers,

ovens, hot plates, coil stoves, geysers,

²[x x x]², floor polishers,

juice extractors, cream whippers, egg

beaters, ironers, massage apparatus,

kettles, sauc- epans, steamers, coffee

makers, cookers, egg boilers/frying pans,

toasters, coffee roasting appliances,

room heaters and ice-cream churners

and parts and accessories of all such goods.

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

2. Omitted by Act 9 of 2000 w.e.f. 1.1.2000.

(ii) Electrical earthenware and porcelain.

¹[Twelve percent]¹

1. Substituted by Act 30 of 2003 w.e.f. 1.6.2003 and again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[(iii) Electrical goods, instruments,

apparatus and appliances (Other

than the appliances falling under

item (i) above), including ²[Fans]² and

tube lights and parts and accessories

³[Twelve percent]¹³

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Omitted by Act 9 of 2000 w.e.f. 1.4.2000 & inserted by Act 5 of 2000 w.e.f. 1.4.2000.

3. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

¹[(iv) Electric bulbs

²[Twelve percent]²¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

¹[(v) Washing machines; vacuum cleaners;

²[x x x]²; air circulators; and

voltage stablizers

³[Sixteen percent]³

1. Inserted by Act 9 of 2000 w.e.f. 1.1.2000

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

3. Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(vi) Transformers, transmission wires and towers; ACSR conductors; and cables

¹[Sixteen percent]¹¹

1. Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

3. Electrodes, that is, all kinds of welding electrodes, graphite ele-ctrodes including anodes, welding rods, soldering rods and soldering wires.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

¹[4. Electronic goods and parts and accessories thereof other than those falling under any other entry of this Schedule.

²[Sixteen percent]²¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

¹[5. x x x]¹

1. Omitted by Act 5 of 2000 w.e.f. 1.1.2000.

PART F

1. Fibreglass sheets and articles made of fibreglass excluding helmets.

¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

2. Films, that is to say,—

(i) Photographic films including photographic paper.

¹[Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

(ii) Cinematographic films.

¹[Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

(iii) X-ray films.

¹[Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

3. Fire fighting equipments and devices except those specified elsewhere.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

¹[4. Firewood

Four percent]¹

1. Inserted by Act 9 of 2000 w.e.f. 1.1.2000.

5. Fireworks.

¹[Sixteen percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[5A. x x x]¹

1. Inserted by Act 16 of 1989 w.e.f. 1.4.1989 & omitted by Act 5 of 1996 w.e.f. 1.4.1996.

6. Foamed rubber, plastic foam or any other synthetic foam articles such as sheets, cushions, pillows, mattresses and the like.

¹[Sixteen percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[7. (i) Garden and beach umbrellas

and parts thereof.

²[Twelve percent]²

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

(ii) Folding umbrellas and parts thereof.

¹[Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

8. 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), dried vegetables (whether cooked or not), fruit and vegetable products (other than those falling under items (ii), (iii) and (iv) below) when sold in tins, cans, bottles or in any kind of sealed containers.

¹[Sixteen percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(ii) Baby foods including milk powder (sold in sealed containers or otherwise).

¹[Sixteen percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(iii) 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 in bottles, tins, cans or in any kind of sealed containers but excluding soft drink concentrates.

¹[Sixteen percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(iv) Instant mix, such as, jamoon mix, idli mix, ice-cream mix, jelly mix and the like; sambar and rasam powders and pastes, masala powders and pastes, curry powders and pastes and the like; soft drink concentrates (other than fruit and vegetable concentrates) whether in liquid or powder or crystal form.

¹[Sixteen percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(v) Articles of food and drinks including sweets and sweet meats but excluding those falling under items (i) to (iv) above and those falling under any of the entries in this schedule, when sold—

(a) in places other than those falling under sub-item (b) below.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(b) in ¹[or by]¹ Three Star, Four Star and

Five Star hotels as recognised
by Tourism Department, Govern-
ment of India.

¹[Twenty percent]¹

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

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

(vi) Soya milk.

¹[Twelve percent]¹

(See Explanation VII)

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[(vii) Meat and dressed chicken sold in
sealed containers

²[Eight percent]²¹

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

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

9. Food preservatives, food colours
and food flavouring essences.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[10. Footwear

²[Twelve percent]²¹

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

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

¹[10A. Forest products that is to say,—
Nuxvomica, rita, soapnut, antwal haleela,
harda fruits and seeds, Kaadu seege bark,
Mardi devidevi Myrobalan barks, Rousa
grass, tamala patra.

²[Eight percent]²¹

1. Substituted by Act 4 of 1999 w.e.f. 1.4.1999.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000

11. Footwear polishers ¹[shoe care kit,
shoe laces]¹

²[Twelve percent]²

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

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

¹[11A. Furnace oil, transformer oil and coolants

²[Sixteen percent]²¹

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

2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003

¹[12. (i) Furniture of all kinds (other than steel
furniture and moulded furniture) and of all
descriptions, made of any material including
furniture in knockdown condition, treasure
chests, safes and parts and accessories
thereof.

²[Sixteen percent]²

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003

(ii) Steel furniture and moulded furniture

¹[Sixteen percent]¹¹

1. Substituted by Act 30 of 2003 w.e.f. 1.6.2003

13. Furs and Skins (other than those
falling under Fourth Schedule) and
articles made therefrom but excluding
those falling under any other entry.

¹[Sixteen percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003

¹[14. Fax machines and parts
and accessories thereof.

²[Sixteen percent]²¹

1. Inserted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

PART G

1. Galvanised iron buckets. ¹[Eight percent]¹
 1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
2. Glass sheets and all articles made of glass ¹[excluding glass bottles, table and household glassware]¹
²[glass mirror]² ³[Sixteen percent]³
 1. Substituted by Act 11 of 1993 w.e.f. 1.4.1993.
 2. Inserted by Act 4 of 1999 w.e.f. 1.4.1999.
 3. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003
3. Glycerine. ¹[Eight percent]¹
 1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
4. Gold thread, that is, all kinds of jari including metallic yarn, metallic jari yarn, metallic plastic yarn, polyester film yarn and radiant yarn. ¹[Four percent]¹
 5. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
- ¹[4-A. Gotta and Nakki] ²[Four percent]²¹
 1. Inserted by Act 3 of 1998 w.e.f. 1.4.1998.
 2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
- ¹[5. Gramophones of every description including radio gramophones and parts and accessories thereof] ²[Twelve percent]²¹
 1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.
 2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
- ¹[6. Gramophone Records, Compact Discs including Gramophone needles] ²[Twelve percent]²¹
 1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.
 2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
- ¹[6-A. Gunny bags, bardans, batars hessian cloth and jute twine] ²[Four percent]²¹
 1. Inserted by Act 5 of 1996 w.e.f. 1.4.1996.
 2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000
- ¹[7. Gypsum.] ²[Four percent]²¹
 1. Inserted by Act 8 of 1990 w.e.f. 1.4.1990.
 2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 5 of 2001 w.e.f. 1.4.2001.

PART H

- ¹[1. Hardware, that is to say,—
 (i) Bolts, boltends, rivets, nuts, hinges, screws, screw hooks, screw rings, screw studdings, self-tapped screws, door closers, wheels, blocks, clamps, gun-metal fittings, curtain rods, ²[venetian blinds, vertical blinds, emery cloth, emery paste, emery powder, coated abrasives]² grinding stones, locks and padlocks of all kinds, washers, springs, spring washers, panel pins, glass wool, steel wool, abrasives, nails, wire nails, made of base metals

or alloys thereof.

³[Twelve percent]³

1. Substituted by Act 5 of 1996 w.e.f. 1.4.199

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

3. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(ii) Fittings of doors, windows, furniture

made of base metals or alloys

thereof other than those specified

elsewhere.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(iii) Metallic barbed wire, wire mesh, plaster

meshes and metallic wire nettings.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(iv) Paint brushes.

¹[Twelve percent]¹¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

²[1-A. Handicrafts that is handicrafts made

out of brass, bronze, copper and other

metals, Bidariware, hand made pottery

items, hand crafted items made of stone,

marble, wood, hand made lamps, Art

works, dokra items, coconut shell articles,

conch and shell articles palm leave articles,

papiermache article, screwpine article,

straw article, wood carvings and wood

figures, wooden inlaid article

¹[Twelve percent]¹²

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

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

2. Helmets.

¹[Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

¹[3. Hosiery (except hosiery cloth in

lengths), of all kinds.

²Four percent²¹

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

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

¹[4. Husks that is to say, cashew husk,

cashew shell, ²[x x x]² cocnut shell, coffee

husk, groundnut husk, groundnut shell

maize husk

³[Four percent]⁴³

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

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

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

PART I

¹[1. Ice, Ice fruit, Ice candies and Ice
creams of all kinds.

²[Sixteen percent]²¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[2. x x x]¹

1. Omitted by Act 5 of 1996 w.e.f. 1.4.1996.

3. Industrial gas, such as oxygen,
acetylene, nitrogen and the like.

¹[Sixteen percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

4. Inks of all kinds.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

¹[5. Insecticides, pesticides, rodenticides, fungicides, weedicides, herbicides and ³[plant regulators and plant growth nutrients]³ excluding copper sulphate.

²[Four percent]²¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

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

¹[6. (i) Ivory and sandalwood articles

²[Sixteen percent]²

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

2. Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(ii) Rosewood articles excluding door frames, window frames, shutters and furniture.

¹[Sixteen percent]¹¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

PART J

1. Jaggery (gur).

¹[One percent]¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

¹[2. Jewellery and articles of gold

²[silver and other Noble metals]² whether or not studded with precious or semi-precious stones.

³[Four percent]³¹

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

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

3. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[3. Jute-cum-Polypropylene coverings.

²[Twelve percent]²¹

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

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

PART K

1. ¹[Kerosene ²[x x x]²]¹

³[Twenty percent]³

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Omitted by Act 11 of 1993 w.e.f. 1.4.1993.

3. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

¹[1A. Kirana goods, that is to say,—

(i) ²[x x x]², Methi, poppy seeds (kaskas),

²[x x x]², ²[x x x]², corriander

(dhaniya), ²[x x x]², Shajeera,

somph, katha, azwan, kesar,

kabab chini, bhojur phool,

tejpatha, japatri, nut-meg(maratha-

moggu), kalhoovu, wetdates, dry

dates, saigo kharbhuj seeds

³[Hingu (Asafoetida)]³ and

branded honey.

⁴[Four percent]⁴

1. Inserted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Omitted by Act 9 of 2000 w.e.f. 1.1.2000.

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

4. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

(ii) Cardamom,pepper,cinna-

mon, dalchinny, cloves.

¹[Four percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

(iii) Dry fruits including almonds

walnuts and pista

²[Eight percent]²¹

2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004 .

¹[(iv) Cummin seeds (Jeera); dry chillies;

turmeric and tamarind

²[Four percent]²¹

1. Inserted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

2. Kitchenware coated with heat resistant

coatings and used for cooking as

well as serving.

¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

3. Kitchenware and utensils made of

Aluminium or other non-ferrous metals

and coated with stick resistant coatings.

¹[Sixteen percent]¹

4. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

PART L

1. ¹[Laminated, impregnated

or coated matting materials

such as linoleum including

PVC (Vinyl) materials generally used for floor

covering (other than floor tiles).]¹

²[Sixteen percent]²

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

2. Laminated packing materials (all

kinds) including hessian based

paper, polythene and hessian based

paper, high density polythene fabric

based paper and bituminised water-

proof paper but excluding those

specified else where.

¹[Four percent]¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

¹[3. Leather goods other than the

goods falling under serial number

16 of Fifth Schedule and those

specified elsewhere.

²[Sixteen percent]²¹

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

4. Lifts whether operated by

electricity or hydraulic power.

¹[Sixteen percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

5. Lime including lime stone.

¹[Four percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[6. Liquors, that is to say,—

²[(i) (a) Liquor other than those falling One

hundred and fifteen

under sub-item (b) below percent

(b) liquor imported from

outside the country

Sixty percent]²

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

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

(ii) Beer

¹[Fifty-five percent]¹

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

(iii) Fenny

Twenty percent

(iv) Wine

Twenty percent

(v) Liquor

Twenty percent]¹

¹[7. Lottery Tickets

²[Twenty percent]²¹

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

PART M

1. Machinery, that is to say,—

(i) (a) Earth movers, such as dumpers, dippers, bulldozers and the like.

¹[Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(b) Parts and accessories of earth movers (other than diesel engine and its parts, batteries and tyres, tubes and flaps).

¹[Twelve percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(ii) Agricultural machinery, namely:—

¹[(a) x x x]¹

1. Omitted by Act 4 of 1992 w.e.f. 1.4.1992.

(b) ¹[Sprinkler and drip irrigation equipments]¹ generally used for agricultural or horticultural purposes and their parts (other than oil engines or electric motors) and accessories.

²[Four percent]²

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 5 of 2002 w.e.f. 1.4.2001.

(c) Tractors.

¹[Four percent]¹

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

(d) Power tillers.

¹[Four percent]¹

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

¹[(e) Tractors and power tillers trailers.

²[Four percent]²

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

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

(ee) Parts and accessories (excluding tyres, tubes and flaps) of tractors and power tillers trailers.

¹[Four percent]¹¹

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

(f) Parts and accessories of tractors and power tillers

⁴[including their engines and its parts, but excluding]⁴ batteries and tyres, tubes and flaps.

¹[Four percent]¹

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

(iii) (a) Machinery (all kinds) and parts and accessories thereof except those falling under other items of this entry and those specified elsewhere.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(b) Handlooms and parts and accessories thereof.

¹[One percent]¹

1. Substituted by Act 15 of 1991 w.e.f. 1.4.1991 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(c) Sewing machines and its parts and accessories.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(d) Weighing machines (all kinds).

¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[(e) Tools and wear parts used in industrial machinery such as twist drills, taps, reamers, cutters, dies, grinding wheels, button bits, tungsten, carbide wear parts, ceramic industrial wear parts and the like]¹

²[Eight percent]²

1. Inserted by Act 15 of 1996 w.e.f. 5.9.1996 & substituted by Act 5 of 2000 w.e.f. 1.4.2000.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[1A. Maize product that is to say Maize starch, liquid glucose, dextrose mono hydrate, malto dextrine, glucose "D" Maize gluten, Maize germ, Maize oil, Hydro, Corn steep liquor

Four percent]¹

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

2. Man-made or synthetic staple fibres, fibre yarn, or filament yarn (all kinds).

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

¹[3. x x x]¹

1. Omitted by Act 4 of 1992 w.e.f. 1.4.1992.

4. Marble slabs ²[tiles]² and articles made of marble.

¹[Twenty percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

2. Inserted by Act 25 of 2000 w.e.f. 14.8.2000

5. Medicinal and pharmaceutical preparations (other than those specified elsewhere).

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[5A. Medicinal plants, roots, herbs and barks used in the preparation

Ayurvedic medicines

Four percent]¹

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

6. Mercury.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

¹[7. Metal caps excluding metal lamp caps.

²[Four percent]²¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002

¹[7-A. Metal lamp caps ²[Four percent]²¹

1. Inserted by Act 5 of 1996 w.e.f. 1.4.1996

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002

8. Mill yarn (all kinds) excluding cotton yarn,

spun silk yarn, filature silk and those

falling under any other entry.

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

¹[9. Mineral Water, distilled water or any

other processed water ²[x x x]²

³[Sixteen percent]³¹

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

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

3. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

10. Molasses. ¹[Twenty Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

¹[11. Mosquito repellants including devices,

parts and accessories

²[Twelve percent]²¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004

12. Motor spirits, that is to say,—

(i) Petrol including aviation fuel

²¹[Thirty five percent]¹²

1. Substituted by Act 11 of 1993 w.e.f. 1.4.1993 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002

2. Substituted by Act 28 of 2017 w.e.f. 01.07.2017.

(ii) Motor spirits not falling under

item (i) above

¹[Twenty Five percent]¹

(See Explanation IV)

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002

13. Motor vehicles, that is to say,—

(i) Motor cars including motor taxi cabs.

¹[Twelve percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

(ii) Motor cycles including scooters,

motorettes, mopeds and cycle

combinations.

¹[Twelve percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

(iii) Jeeps, trekkers and vans

(all petrol driven).

¹[Twelve percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

(iv) Light diesel vehicles.

¹[Twelve percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

(v) Motor lorries including motor

omni buses.

¹[Twelve percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

²[(vi) Three Wheeler Motor Vehicles

(Autorickshaws).

¹[Twelve percent]¹²

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

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

(vii) Any other motor vehicle not

covered by items above.

¹[Twelve percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

14. Motor vehicles parts and acce-

ssories, that is to say,—

(i) Articles used generally as parts and accessories of motor vehicles but excluding rubber and other tyres, tubes and flaps, batteries and diesel engine and its parts.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 5 of 2001 w.e.f. 1.4.2001

(ii) Chassis of motor vehicles.

¹[Twelve percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002

(iii) Bodies built on motor vehicle chassis.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002

¹[(iv) Spark plugs

Twelve percent]¹

1. Inserted by Act 9 of 2000 w.e.f. 1.1.2000.

¹[15. (i) ²[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]²

Four percent

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

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

(ii) Musical Instruments and parts and accessories thereof

not covered by item (i) above.

¹[Twelve per cent]¹¹

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

PART N

1. Newsprint.

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 5 of 2001 w.e.f. 1.4.2001.

²[2. Non-ferrous Castings and alloys thereof.

¹[Eight percent]¹²

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

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

¹[3. x x x]¹

1. Omitted by Act 5 of 1996 w.e.f. 1.4.1996.

PART O

¹[1. (i) Oil cake

Four percent

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

(ii) De-oiled cake

Four percent]¹

²[1A. Oils that is to say Agarbathi oil, Citro dara Oil, Citronella oil, Clove oil, Davana oil, Lemon grass oil, natural essential oil, ³[x x x]³ rubber seed oil, nilgiri oil other than those specified elsewhere in the Schedule

¹[Four percent]¹²

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

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

3. Omitted by Act 9 of 2000 w.e.f. 1.1.2000.

2. Opium, Ganja ¹[Bhang and other Narcotics]¹. ²[Twenty Five percent]²

1. Substituted by Act 25 of 2000 w.e.f. 14.8.2000.

2. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

3. Optical goods, that is to say,—

(i) Binoculars, opera glasses, telescopes, microscopes and parts and accessories thereof

¹[Lens care solution]¹.

²[Sixteen percent]²

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

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2002 w.e.f. 1.8.2004.

¹[(ii) Spectacles, lenses and frames including attachments, parts and accessories thereof.

²[Twelve percent]²¹

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

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

¹[(iii) sun glasses, goggles, lenses and frames including attachments, parts and accessories thereof.

²[Twelve per cent]²¹

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

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

PART P

¹[1. (i) Paints, colours, varnishes, pigments, polisher, indigo, enamel, putty, bale oil, white oil, turpentine (all kinds), thinners ²[and primers]²³[light mineral oil, metal polishing compound, patties;]³ other than those covered under item (ii) below

⁴[Sixteen percent]⁴

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

2. Substituted by Act 6 of 1995 w.e.f. 1.4.1994.

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

4. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(ii) Acrylic paints and colours, plastic emulsion paints and all kinds of lacquers

¹[Sixteen percent]¹¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[(1-A) Pan Masala

²[Twenty Eight percent]²¹

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

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

2. Paper pulp.

¹[Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

¹[3. Paper of all kinds including ammonia paper, blotting paper, carbon paper, cellophane, PVC coated paper, stencil paper, water proof paper, art boards, card boards, corrugated boards, duplex boards, pulp boards, straw boards,

triplex boards, student note books and the like, but excluding photographic paper.

²[Eight percent]²¹

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

²[4. Pens of all kinds including refills

¹[Twelve percent]¹²

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

2. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[5. Petroleum products, namely,—

(i) Asphalt (bitumen)

²[Sixteen percent]²

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(ii) Brake fluid, lubricating oil including grease, solvent oils, petroleum jelly (all grades), ¹[x x x]¹, spray oil, methanol, aromax (aro-matic), mosquito larvicidal oil, low sulphur heavy stock, glass cleaner, benzene, toluene, shell hexane, special boiling point spirit

²[Sixteen percent]²¹

1. Omitted by Act 9 of 2000 w.e.f. 1.1.2000.

2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[(iii) Liquified petroleum gas.

²[Twelve percent]²¹

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

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

¹[(iv) Naptha

Twelve percent]¹

1. Inserted by Act 9 of 2000 w.e.f. 1.1.2000.

¹[Natural Gas including Piped Natural Gas (PNG) and Compressed Natural Gas (CNG)

Fourteen and one half percent]¹

1. Inserted by Act 28 of 2017 w.e.f. 01.07.2017.

¹[6. Pipes, tubes and fittings of iron (not falling under Fourth Schedule), cement, stoneware and asbestos

²[cement grills pitch fiber pipe]².

³[Twelve percent]³¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

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

3. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[7. Plastic goods, that is to say,—

(i) Plastic granules

²[Four percent]²

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 5 of 2001 w.e.f. 1.4.2001.

(ii) High Density polythene, Low Density Poly-thene, Rigid Polyvinyl Chloride Pipes and fittings but excluding conduit pipes and its fittings

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(iii) Plastic sheets and articles made from all kinds and all forms of plastic including articles made of polythene, polyvinyl chloride, Polypropylene, polystyrene and the like materials, but excluding those specified in item (ii) above

¹[Twelve percent]¹¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

8. Playing cards of every description. ¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

9. Precious stones, namely, diamonds, emeralds, rubies, real pearls and sapphires and articles in which such precious stones are set. ¹[Four percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003

10. Pressure cookers, their parts and accessories. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

11. Printed materials other than books meant for reading. ¹[Eight percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[12. Pumpsets, that is to say,—

(i) pumpsets with Electric motors or oil engines of not more than 10. H.P. ²[Four percent]²

1. Inserted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

(ii) pumpsets with oil engines of more than 10 H.P. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(iii) pumpsets with electric motors of more than 10 H.P. ¹[Twelve percent]¹¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

PART R

¹[1. x x x]¹

1. Omitted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Rail coaches and parts and accessories thereof. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

3. Rayon grade pulp or any other pulp out of which man made or synthetic staple fibres or fibre yarn or filament yarn are made. ¹[Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

4. Razor and razor blades. ¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

5. Ready-made garments (other than hosiery of all kinds) made out of any material whether used as regular wear or casual wear including caps, neck ties ¹[bows, baby diapers and baby nappies]¹ ²[Eight percent]²

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

2. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

¹[5A. Refractory Bricks and the like. ²[Four percent]²¹

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

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

¹[6. (i) Refrigerators including deep freezers, bottle coolers and water coolers and the like and parts thereof.

²[Twenty percent]²

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

¹[(ii) x x x]¹

1. Omitted by Act 11 of 1993 w.e.f. 1.4.1993.

¹[6A. x x x]¹

1. Inserted by Act 9 of 2000 w.e.f. 1.1.2000 & omitted by Act 5 of 2000 w.e.f. 1.1.2000.

7. Rice-bran oil

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

8. Rolling shutters and collapsible gates whether operated manually, mechanically or electrically and their parts.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[9(i)]¹ Roofing, light roofing and false roofing materials including cement and asbestos sheets, ²[x x x]², ³[x x x]³ hard and soft boards, plywood, veneered boards and panels and laminated sheets but excluding those specified elsewhere.

⁴[Twelve percent]⁴

1. Re-numbered by Act 9 of 2000 w.e.f. 1.1.2000.

2. Omitted by Act 9 of 2000 w.e.f. 1.1.2000.

3. Omitted by Act 5 of 1996 w.e.f. 1.4.1996.

4. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[(ii) Asphalt sheets

²[Twelve percent]²¹

1. Inserted by Act 9 of 2000 w.e.f. 1.1.2000.

2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

10. Rubber, that is to say,—

(i) Raw rubber, namely, latex in liquid or sheet form.

¹[Twelve percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(ii) Rubber plates, sheets and strips unhardened whether vulcanised or not and whether combined with any textile material or otherwise.

¹[Sixteen percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(iii) Piping and tubing of unhardened vulcanised rubber.

¹[Sixteen percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(iv) Transmission, conveyor or elevator belts or belting of vulcanised rubber whether combined with any textile material or otherwise.

¹[Sixteen percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(v) Synthetic rubber including butadiene,

acrylonitrile rubber, styrene butadiene
rubber and butyl rubber, synthetic

rubber latex including pre-vulcanised
synthetic rubber latex.

¹[Twelve percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

11. Rubber articles, that is, articles
made wholly of rubber (other than
those specified elsewhere)

¹[Sixteen percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

12. Rubber and other tyres, tubes and
flaps other than those falling under
Fourth Schedule and those specified
elsewhere.

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

PART S

¹[1. Sand, ²[x x x]², fireclay, coal ash, coal
boiler ash, coal cinder ash, coal
powder, clinker.

³[Eight percent]³¹

1. Substituted by Act 4 of 1999 w.e.f. 1.4.1999.

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

3. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

¹[1A. x x x]¹

1. Inserted by Act 9 of 2000 w.e.f. 1.1.2000 & omitted by Act 5 of 2000 w.e.f. 1.1.2000.

2. Sandal wood oil.

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

3. Sanitary fittings of every description
excluding pipes and fittings of stone-
ware, cement and iron and steel.

¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

4. Sanitary towels, sanitary napkins,
beltless napkins and tampons.

¹[²[x x x]² disposable diapers]¹

³[Twelve percent]³

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

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

3. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

5. Scented supari.

¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[5-A. Scrap of base metals and
alloys thereof and scrap of
all kinds other than those
specified elsewhere.

²[Four percent]²¹

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

6. Sewing thread.

¹[Four percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[6A. x x x]¹

1. Inserted by Act 6 of 1995 w.e.f. 1.4.1995 & omitted by Act 1 of 1996 w.e.f. 1.4.1995.

7. Slotted angles and ready to assemble

parts of steel racks.

¹[Sixteen percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[8. x x x]¹

1. Omitted by Act 5 of 1996 w.e.f. 1.4.1996.

¹[9. Soaps, that is to say,—

(i) Toilet soaps (intended

for bathing purposes)

²[Sixteen percent]²

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(ii) Shampoo both in liquid and

gel form including herbal and

medicinal preparations

¹[Sixteen percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(iii) Washing soaps including

soap flakes, soap powders

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(iv) Detergent cakes, detergent

powders, detergent liquids

and laundry brighteners ¹[stain

busters, stain removers]¹.

²[Twelve percent]²¹

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

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

10. Sound transmitting equipments

including loud speakers and parts

thereof but excluding telephones

and its parts.

¹[Twelve percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[11. x x x]¹

1. Omitted by Act 5 of 1996 w.e.f. 1.4.1996.

12. Spirits and alcohol, that is to say,—

(i) Denatured spirit.

¹[Ten percent]¹

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

(ii) Rectified spirit.

¹[Twenty percent]¹

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

(iii) Ethyl alcohol.

¹[Ten percent]¹

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

¹[13. Sports goods (indoor and outdoor)

including body building equipments,

trophies, medals, shields

but excluding wearing apparels

²[Four percent]²¹

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

14. Starch, that is to say, laundry,

and textile starch (all kinds).

Four percent

15. Stationery articles, namely,—

(i) Account books, paper envelopes,

diaries, calendars, race cards,

catalogues, greeting cards, invita-

tion cards, humour post cards,

picture post cards, cards for special occasions, photo and stamp albums.

¹[Twelve percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[(ia) clip boards, clutch pencil, black lead, date stamps, dusters, index file clips, pokers, office files of all kinds paper cutter, black board, ²[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]²

²[Twelve percent]²¹

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(ii) Office desk materials ¹[including punching machines and stapler machines.]¹

²[Twelve percent]²

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[(ia) paper pins, pen stands, pencil, lead, pencil sharpeners, permanent markers, refill leads, stamp racks, stapler pins, rulers of all kinds, gulli pins and pin studs

²[Twelve percent]²¹

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[15A. Steel door frames, steel doors, steel window frames and steel shutters

Twelve percent]¹

1. Inserted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[16. x x x]¹

1. Omitted by Act 11 of 1993 w.e.f. 1.4.1993.

17. Stones, that is to say,—

¹[(i) Granite stone,—

(a) Polished

²[Twenty percent]²

1. Substituted by Act 15 of 1991 w.e.f. 1.4.1991.

2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002

(b) Un-polished

¹[Twenty percent]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002

(c) Chips

¹[Twenty percent]¹¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002

(ii) Cuddapah stones, slabs and tiles—

(a) Polished

¹[Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

(b) Un-polished

¹[Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

(iii) Shahabad stones, slabs and tiles

¹[Eight percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

18. Stoves, that is, gas stoves and

kerosene stoves, ¹[Barbecues, charcoal oven, tondoor stoves]¹ and parts and accessories thereof

²[Twelve percent]²

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

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[18-A. Sugar and Sugar preparations excluding such sugar and sugar preparations as are covered, described or specified elsewhere in any of the schedules

²[Four percent]²¹

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

¹[18-B. Sugar imported from outside the country

²[Sixteen percent]²¹

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

2. Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

19. Suit cases, brief cases, attache cases and despatch cases including those made of leather but excluding steel trunks

¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[20. x x x]¹

1. Omitted by Act 5 of 1996 w.e.f. 1.4.1996.

¹[21. Surgical and dental instruments, tools and aids including electrical and electronic equipments and appliances; syringes and needles; operation theatre equipments, shadow bulbs and tubes, specially made operation and examination tables and cots and suction apparatus; stands, stretchers, trolleys, dental chairs; laboratory equipments and glassware; stethoscopes, thermometers, lactometres, B.P. instruments, surgical cotton wool; enema cans, bed pans, kidney trays and such other hospitalware; surgical gloves, aprons, operation suits, rubber sheets, catheters; I.V. sets and the like; cervical collars, abdominal belts ²[telonet paraffin guaze dressing, ultrasound jelly, pinchers (steel), medicinal oxygen, medical kits, medical disposable intravenous administration set, thermometer, mechanical nasal filters, instrument steriliser, injection needles, hospitalwares, gypsona plaster of paris bandage, fixed partial

dentures, enamelled iron trays, and basins (used in the hospitals), ECG recording chart, ECG jelly, drip set, disposable hypodermic needles, cotton buds, bed elevators, absorbent cotton rolls]² and the like.

³[Twelve percent]³¹

1. Substituted by Act 11 of 1993 w.e.f. 1.4.1993

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

3. Inserted by Act 11 of 1993 w.e.f. 1.4.1993 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[22. Raw silk and silk yarn imported from outside the country.

²[Eight percent]²¹

1. Inserted by Act 8 of 1990 w.e.f. 1.4.1990 & substituted by Act 18 of 1994 w.e.f. 1.4.1994.

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

¹[22A. Silk yarn twisted or thrown silk yarn, spun silk yarn and noil silk yarn

Four percent]¹

1. Inserted by Act 25 of 2000 w.e.f. by notification. Text of the notification is at p

¹[23. Stainless-steel articles other than those specified elsewhere in this schedule.

²[Sixteen percent]²¹

1. Inserted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[24. Synthetic gems

²[Sixteen percent]²¹

1. Inserted by act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

Part T

1. Tabulating machines, calculating machines (including all types of mechanical or electronic calculators), duplicating machines, roneo machines, parts and accessories thereof

¹[Twelve percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

²[1-A. Tailoring materials namely, needles, scissors, hooks, buttons, zips, buckles, measuring tape and stick, collars and collar bones ³[horn buttons, indent hooks/eyes, jean button, knitting pins, longstich kits, M S coated buttons/stars, zip fasteners, zippers, cuff links, crochet hooks]³.

¹[Twelve percent]¹²

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

2. Inserted by Act 11 of 1993 w.e.f. 1.4.1993 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

2. Tamarind seeds

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000, by Act 30 of 2003 w.e.f. 1.6.2003 and by Act 26 of 2004 w.e.f. 1.8.2004.

3. Tanning barks

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[4. x x x]¹

1. Omitted by Act 15 of 1991 w.e.f. 1.4.1991.

¹[5 (i). Tea sold under brand name.

²[Twelve percent]²

1. Substituted by Act 4 of 1999 w.e.f. 1.4.1999.

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

(ii) Tea other than above

¹[Twelve percent]¹¹

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

¹[6. Telephones of every description including cellular phones and their parts

Four percent]¹

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

¹[6A. Teleprinters and their parts

²[Sixteen percent]²]¹

1. Inserted by Act 25 of 2000 w.e.f. 4.12.2000.

2. Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

7. Television sets and component parts and accessories thereof

¹[Sixteen percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[7-A. Textiles and fabrics but excluding such textiles and fabrics as are covered, described or specified elsewhere in any of the schedules.

²[Eight percent]²]¹

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[7-B. Textiles and Fabric imported from outside the country

²[Sixteen percent]²]¹

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

2. Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

8. Tiles,—

(i) Mosaic tiles and chips

¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(ii) Ceramic and glazed floor and wall tiles

¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(iii) Roofing tiles other than country tiles

¹[Twelve percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(iv) Other tiles not covered by items (i), (ii) and (iii) above

¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

(v) Jointing powder (other than cement) and situ- mixture for laying tiles and chips specified above

¹[Sixteen percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[(vi) Roofing tiles including ridges made of clay and clay decorative tiles

²[Four percent]²]¹

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and by Act 5 of 2002 w.e.f. 1.4.2002.

¹[9. x x x]¹

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

¹[9-A. Tobacco Products including Gutkha and the like but excluding such products as specified elsewhere in any of the Schedules.

²[Twenty Eight percent]²]¹

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992 & substituted by Act 7 of 1997 w.e.f. 1.4.1997

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

¹[9-B. Tobacco products imported from outside the country

²[Sixteen percent]²]¹

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

2. Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[10. Toilet articles (whether medicated or not) that is to say,—

(i) Perfumes, eau de cologne, solid colognes, beauty boxes, face packs, cleansing liquids, moisturisers, make-up articles (not including talcum powder), complexion rouge, bleaching agents, hair dyes, hair sprayers, hair removers, hair creams, lipsticks, nail polishers and varnishers, polish removers, eye liners, after shave lotion and body deodorants

²[Twenty percent]²

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

(ii) Toilet articles other than those specified at (i) above, ¹[x x x]¹ and such other toilet articles as may be specified by the State Government by notification in the official Gazette

²[Twenty percent]²¹

1. Omitted by Act 9 of 2000 w.e.f. 1.1.2000.

2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002.

¹[10A. Tools, such as, spanners, screw drivers, files, cutting plyers, hammers ²[clow hammer, hand forge]² and the like (manually operated)

²[Twelve percent]²¹

1. Inserted by Act 16 of 1989 w.e.f. 1.4.1989

2. Inserted by Act 4 of 1999 w.e.f. 1.4.1999 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[²[10B(i)]² Toys of all kinds ⁴[(excluding electronic)]⁴ and electrically operated toys.

³[Eight percent]³¹

1. Inserted by Act 11 of 1993 w.e.f. 1.4.1993.

2. Renumbered by Act 9 of 2000 w.e.f. 1.1.2000.

3. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[(ii) Electronic toys

²[Twelve percent]²¹

1. Inserted by Act 9 of 2000 w.e.f. 1.1.2000

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

¹[11. (i) Typewriters other than Kannada Typewriters, parts and accessories including typewriter ribbon.

²[Twelve percent]²

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(ii) Kannada Typewriters

¹[One per cent]¹¹

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

Part V

1. ¹[Vacuum flasks and thermoware articles]¹ and their refills

²[Twelve percent]²

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[2. Valves of all Kinds other than those generally used as parts of motor vehicles

²[Twelve percent]²

1. Inserted by Act 11 of 1993 w.e.f. 1.4.1993.

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[3. Vegetable non-edible oils other than specified elsewhere in this Schedule

(i) Non-refined

Four percent

(ii) Refined

Four percent]¹

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

Part W

1. Washed cotton seed oil

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

¹[2. x x x]¹

1. Omitted by Act 8 of 1990 w.e.f. 1.4.1990.

3. Water and weather proofing compounds

¹[Sixteen percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

4. Water meters

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[4-A. Water storage tanks made of fibre glass, plastic or synthetic materials

²[water tanks made of aluminium]²

³[Twelve percent]³¹

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

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

3. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

5. Weights and measures

¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

6. ¹[(i)]¹ Wireless reception instruments and apparatus and components thereof including all electrical valves, accumulators, amplifiers and loud speakers which are not specifically designed for purposes other than wireless reception

²[Sixteen percent]²

1. Re-numbered by Act 5 of 1996 w.e.f. 1.4.1996.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[(ii) Pagers and its parts

²[Sixteen percent]²¹

1. Inserted by Act 5 of 1996 w.e.f. 1.4.1996.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 30 of 2003 w.e.f. 1.6.2003.

¹[7. Wood of all kinds including ³[x x x]³, eucalyptus, casuarina ²[Halwana]², timber of any shape, form or size including door frames, window frames and shutters.

⁴[Twelve percent]⁴¹

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

2. Inserted by Act 4 of 1999 w.e.f. 1.4.1999.
 3. Omitted by Act 9 of 2000 w.e.f. 1.1.2000
 4. Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[8. Waxes (all kinds)

²[Twelve percent]²¹

1. Inserted by Act 16 of 1989 w.e.f. 1.4.1989.
 2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

Part X

¹[1. X-ray apparatus and equipments,
 and medical imaging, diagnostic
 and therapeutic equipments.

²[Twelve percent]²¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.
 2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

Part Y

¹[1. Yeast-dry, wet and compressed

²[Eight percent]²¹

1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996.
 2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[Part Z

1. Zinc, lead and cadmium

²[Four percent]²¹

1. Inserted by Act 11 of 1993 w.e.f. 1.4.1993.
 2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[**Explanation I.**- x x x]¹

1. Omitted by Act 11 of 1993 w.e.f. 1.4.1993.

Explanation II.—For the purpose of serial number 11 of Part C "Chemical Fertilizer and Chemical Fertilizer mixture" means chemical fertilizer and chemical fertilizer mixtures specified in Parts A and B of Schedule I to the Fertilizer (Control) Order, 1985 including plant nutrients for various fertilizers as provided in the said Order and micronutrients, namely, zinc sulphate and manganese sulphate.

¹[**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.]¹

1. Inserted by Act 16 of 1989 w.e.f. 1.4.1989 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

Explanation IV.—(i) "Motor spirits" means any substance which by itself or in admixture with other substances is ordinarily used directly or indirectly to provide reasonably efficient fuel for automotive or stationery internal combustion engines and includes petrol, diesel oil and other internal combustion oil but does not include kerosene, furnace oil, coal, coke or charcoal.

(ii) "Petrol" means dangerous petroleum as defined in the Petroleum Act 1934 (Central Act XXX of 1934) and includes a mixture of power alcohol, as

defined in the Indian Power Alcohol Act 1948 (Central Act XXII of 1948) and Petrol.

Explanation V.—(i) Where timber, rosewood and sandal wood in log form specified under serial number 9 of Part `T' have been purchased from the Forest Department of Government the subsequent sales of such timber, rosewood and sandal wood in log form shall not be liable to tax under section 5 of the Act, provided that the Forest Department has collected tax on the said sales and the burden of proving that tax has been so collected by the Forest Department shall be on the dealer.

(ii) For the purpose of serial number 9 of Part T "timber, rosewood and sandalwood in cut or manufactured form" shall include door or window frames and shutters but exclude furniture.

Explanation VI.—"Toilet article" means any article which is intended for use in the toilet of the human body or in perfuming apparel of any description or any substance intended to cleanse, improve or alter the complexion, skin, hair or teeth and includes deodorants and perfumes.

Explanation VII.—Where tax has been levied in respect of goods mentioned in serial numbers 8(i) of Part F, ¹[and 5 of Part D]¹ such goods taken out from containers and sold loose shall not be liable to tax under section 5 and the burden of proving that tax has been paid on the goods in question shall be on the dealer.

¹ Substituted by Act 16 of 1989 w.e.f. 1.4.1989.

¹[**Explanation VII A.**—x x x]¹

¹ Deemed to have been inserted by Act 6 of 1995 w.e.f. 1.4.1988 and deemed to have been omitted by the same Act w.e.f. 1.4.1994.

¹[**Explanation VIII.**—Where tax has been levied under this Act in respect of raw silk referred to in Sl. No. 7 of the Third Schedule, and out of such raw silk, silk yarn is manufactured, no tax shall be levied on such silk yarn to the extent it is manufactured out of such raw silk.]¹

¹ Inserted by Act 8 of 1990 w.e.f. 1.4.1990.

¹[**Explanation VIII A.**—x x x]¹

¹ Deemed to have been inserted by Act 4 of 1992 w.e.f. 1.4.1991 and deemed to have been omitted by the same Act w.e.f. 1.10.1991.

¹[**Explanation VIII B.**—x x x]¹

¹ Deemed to have been inserted by Act 6 of 1995 w.e.f. 1.4.1991 and deemed to have been omitted by the same Act w.e.f. 12.12.1994.

¹[**Explanation IX.**—Where any goods is used in the processing of goods (not amounting to manufacturing) as a component and that such component has not been subject to tax under this Act, the tax payable on sale of such processed goods shall be limited to the turnovers relating to such components which has not been subject to tax under the Act.]¹

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

¹[**Explanation X.**—Where tax under section 5 has been levied on the sales turnover of blank cassettes referred to in sub-item (a) of item (ii) of serial number 5 of Part `C', the tax leviable on the sales turnover of recorded cassettes under sub-item (b) of the said item of said serial number shall be on such turnover as reduced by such amount paid or payable as consideration for purchase of blank cassettes used in obtaining such recorded cassettes.

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

¹[**Explanation XI.**—x x x]¹¹

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

¹[THIRD SCHEDULE

Goods in respect of which a single point purchase tax only is leviable under section 5(3)(b)

Sl. No.	Description of the goods	Point of levy	Rate of tax
1	2	3	4
1.	Bauxite, chromite, iron, manganese and other ores ³ [including lumps and fines] ³ .	Purchase by the first or earliest of the successive dealers in the State liable to tax under this Act.	² [Four percent] ²
<div>1. Substituted by Act 16 of 1989 w.e.f. 1.4.1989.</div> <div>2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 5 of 2002 w.e.f 1.4.2002.</div> <div>3. Inserted by Act 5 of 1996 w.e.f. 1.4.1996.</div> <div>¹[2. x x x]¹</div>			
<div>1. Omitted by Act 4 of 1992 w.e.f. 1.4.1989.</div>			
¹ [3.	Coffee beans and Coffee seeds (whether raw or roasted),	At the point of purchase in the State	² [Eight percent] ²
(i)	When purchased by coffee curers from persons not liable to tax under the Act.		
<div>1. Inserted by Act 6 of 1995 w.e.f. 1.4.1995.</div> <div>2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.</div> <div>¹[(ii) x x x]¹¹</div> <div>1. Omitted by Act 5 of 1996 w.e.f. 1.4.1996.</div>			
4.	Raw Wool	Purchase by the last dealer in the State liable to tax under this Act.	¹ [Four percent] ¹
<div>1. Substituted by Act 6 of 1995 w.e.f. 1.4.1995.</div> <div>¹[5. x x x]¹</div> <div>1. Omitted by Act 5 of 1996 w.e.f. 1.4.1996.</div>			
¹ [6.	Sugarcane,	purchase by the last dealer in the State liable to tax under this Act.	Nil
(i)	when purchased by a manufacturer of Jaggery,—		
(a)	whose total turnover in a year is less than five lakh rupees.		
<div>1. Inserted by Act 8 of 1990 w.e.f. 1.4.1990.</div>			
(b)	whose total turnover in a year is rupees five lakhs or more.		¹ [Eight percent] ¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002

- (ii) when purchased by a manufacturer of Sugarcane syrup (processed), ¹[x x x]¹

²[Eight percent]²

1. Omitted by Act 15 of 1991 w.e.f. 1.4.1991.

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 5 of 2002 w.e.f. 1.4.2002

¹[(iii) x x x]¹

1. Omitted by Act 1 of 1996 w.e.f. 13.10.1995.

¹[7. x x x]¹

1. Inserted by Act 8 of 1990 w.e.f. 1.9.1978 & omitted by the same Act w.e.f. 1.7.1986.

¹[7. x x x

Explanation.- x x x]¹

1. Inserted by Act 6 of 1995 w.e.f. 1.4.1995 & omitted by Act 1 of 1996 w.e.f. 1.4.1995.

¹[7.x x x]¹

1. Inserted by Act 9 of 2000 w.e.f. 1.1.2000 & omitted by Act 5 of 2000 w.e.f. 1.1.2000.

¹[**Explanation.-** x x x]¹

1. Omitted by Act 8 of 1990 w.e.f. 21.7.1986.

¹[FOURTH SCHEDULE

Declared goods in respect of which ⁵[xxx] tax is leviable under section 5(4).

Sl. No.	Description of the goods	Point of levy	Rate of tax
(1)	(2)	(3)	(4)
1	² [Coal including coke in all its forms, ⁴ [but excluding charcoal] ⁴] ²	Sale by the first or earliest of successive dealers in the State liable to tax under this Act.	³ [Four percent.] ³

1. Substituted by Act 31 of 1958 w.e.f. 1.1.1959.

2. Substituted by Act 7 of 1973 w.e.f. 1.1.1958.

3. Substituted by Act 30 of 1975 w.e.f. 15.7.1975.

4. The words "but excluding charcoal" omitted by Act 7 of 1973 for the period from 23.2.1967 to 1.4.1973.

5. Omitted by Act 5 of 2002 w.e.f. 1.4.2002.

¹[1-A. Aviation Turbine Fuel sold to a Turbo - Prop Aircraft

Four percent]¹

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

¹[~~2(a)~~ Iron and steel, that is to say—

- (i) ⁵[pig iron, sponge iron and]⁵ Sale by the first or earliest of successive dealers in the State liable to tax under this Act.
- cast iron including ingot moulds, bottom plates, ⁴[x x x]⁴;

³[Four percent.]³

1. Substituted by Act 7 of 1973 w.e.f. 1.4.1973.

2. Re-numbered by Act 3 of 1983 w.e.f. 19.10.1982.

3. Substituted by Act 30 of 1975 w.e.f. 15.7.1975.

4. Omitted by Act 3 of 1983 w.e.f. 1.11.1982.

5. Substituted by Act 5 of 2002 w.e.f. 1.4.2001.

- (ii) steel semis (ingots,

slabs, blooms and billets
of all qualities, shapes
and sizes);

- (iii) skelp bars, tin bars,
sheet bars, hoe—bars
and sleeper bars;
 - (iv) steel bars (rounds, rods,
squares, flats, octagons
and hexagons, plain and
ribbed or twisted, in coil
form as well as straight
lengths);
 - (v) steel structurals (angles,
joists, channels, tees,
sheet piling sections, Z
sections or any other
rolled sections);
 - (vi) sheets, hoops, strips and
skelp, both black and
galvanised, hot and cold
rolled, plain and corrugated,
in all qualities, in straight
lengths and in coil form,
as rolled and in rivetted
condition;
 - (vii) plates both plain and
chequered in all qualities;
 - (viii) discs, rings, forgings and
steel castings;
 - (ix) tool alloy and special steels
of any of the above categories;
¹[(x) x x x]¹
1. Omitted by Act 3 of 1983 w.e.f. 1.11.1982.
- (xi) steel tubes, both welded
and seamless, of all
diameters and lengths,
including tube fittings;
 - (xii) tin-plates, both hot dipped
and electrolytic and tinfree
plates;
 - (xiii) fish plate bars, bearing
plate bars, crossing
sleeper bars, fish plates,
bearing plates, crossing
sleepers and pressed
steel sleepers, rails—heavy
and light crane rails;
 - (xiv) wheels, tyres, axles and

- wheel sets;
 (xv) wire rods and wires-rolled,
 drawn, galvanised, alumi-
 nised, tinned or coated
 such as by copper;
 (xvi) defectives, rejects, cuttings
 or end pieces of any of
 the above categories.]¹¹

¹[(b) Iron scrap, cast iron scrap,
 runner scrap, and iron
 skull scrap; and steel melt-
 ing scrap in all forms including
 steel skull turnings and
 borings,—

- | | | |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|--------------------------------|
| (i) Purchase by a dealer for
use by him in the manufa-
cture of other goods in the
State; and | Purchase by the
last dealer in the
State liable to tax
under this Act. | Four
percent. |
| (ii) in other cases | Sale by the first or
earliest of the
successive dealers
in the State liable
to tax under this Act. | Four
percent.] ¹ |

1. Inserted by Act 3 of 1983 w.e.f. 1.11.1982 & substituted by Act 14 of 1987 w.e.f. 1.4.1987.

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|----------------------------------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------------|
| ¹ [3. Hides and skins,
whether in a raw
or dressed state. | Purchase by the
last dealer in the
State liable to tax
under this Act. | ² [Four
percent.]] ² ¹ |
|----------------------------------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------------|

1. Substituted by Act 29 of 1964 w.e.f. 1.10.1964 by notification. Text of notification is at page 429.

2. Substituted by Act 14 of 1980 w.e.f. 17.4.1980.

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| 4. Jute, that is to say, the
fibre extracted from plants
belonging to the species
<i>corchorus capsularis</i> and
<i>corchorus olitorious</i> and
the fibre known as <i>mesta</i>
or <i>bimli</i> extracted from plants
of the species ² [<i>Hibiscus</i>
<i>cannapinus</i> and <i>Hibiscus</i>
<i>sabdariffa</i> -Var <i>altissima</i> and
the fibre known as Sun or
Sunnhemp extracted from
plants of the species <i>Crota-</i>
<i>laria juncea</i>] ² , whether baled
or otherwise. | Sale by the first or
earliest of successive
dealers in the State
liable to tax under,
this Act. | ¹ [Four
percent.]] ¹ |
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1. Substituted by Act 30 of 1975 w.e.f. 15.7.1975.

2. Substituted by Act 7 of 1973 w.e.f. 1.4.1973.

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| ⁵ [(a) Groundnut or peanut
including groundnut
or peanut seeds. | Sale by the first
or the earliest
of the successive
dealers in the |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------|

State liable to tax
under this Act.

²[Four percent]²¹

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

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

¹[(b) ⁴[x x x]⁴ sesamum or
til (gingelly) seeds,
Kusum (Kardi) seeds,
Safflower, niger (Ram
til), castor seeds,
Karanja, Pongam,
honge seeds and
neem or vepa seeds.

²[Sale by the
first or earliest of
the successive
dealers in the
State liable
to tax under this
Act.]²

³[Four percent]³¹

1. Substituted by Act 10 of 1983 w.e.f. 1.4.1983.

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

3. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

4. Omitted by Act 23 of 1983 w.e.f. 18.11.1983.

(c) Cotton seed

Sale by the first
or earliest of
successive dealers
in the State liable
to tax under this
Act.

¹[Four percent]¹

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

(d) ¹[Other oil seeds, that
is to say,—Soyabean,
Rape-seed and
Mustard (Toria, Rai,
Jamba, Taramira,
Sarson, yellow and
brown, Banarsi Rai or
True Mustard), Linseed,
Sunflower, Mahua,
Illupai, Ippe, Punna, Undi,
Kokum, Sal, Tung and
Red Palm.]¹

²[Sale by the first
or earliest of
successive dealers
in the State liable
to tax under this
Act.]²

³[Four percent]³

1. Substituted by Act 7 of 1973 w.e.f. 1.4.1973.

2. Substituted by Act 3 of 1966 w.e.f. 1.3.1966.

3. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

²[(e) Coconut (*i.e.*,
copra excluding
tender coconuts).

Sale by the first or
earliest of successive
dealers in the State
liable to tax under
this Act.

¹[Four percent]¹²

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

2. Inserted by Act 23 of 1983 w.e.f. 18.11.1983 & substituted by Act 16 of 1989 w.e.f. 1.4.1989.

6. Cotton, that is to say, all
kinds of cotton (indige-
nous or imported) in its
unmanufactured state,
whether ginned, baled,
pressed or otherwise, but
not including cotton waste.

¹[Purchase by the
last dealer in the State
liable to tax under
this Act]¹

²[Four percent]²

1. Substituted by Act 4 of 1999 w.e.f. 1.4.1999.

2. Substituted by Act 10 of 1983 w.e.f. 1.4.1983.

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| 7. Cotton yarn, but not including cotton yarn waste. | Sale by the first or earliest of successive dealers in the State liable to tax under this Act. | ¹ [Four percent] ¹ |
|------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------|

1. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

¹[7A. x x x]¹

1. Inserted by Act 13 of 1982 w.e.f. 1.1.1970 & omitted by Act 3 of 1983 w.e.f. 1.4.1979.

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| ¹ [8. Crude oil as specified in clause (iic) of section 14 of the Central Sales Tax Act, 1956. | Sale by the first or earliest of successive dealers in the State liable to tax under this Act. | ² [five percent] ² |
|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------|

1. Serial Nos. 8 to 10 substituted by Act 78 of 1976 w.e.f. 7.12.1976.

2. Substituted by Act 28 of 2017 w.e.f.01.07.2017.

¹[9 ²[(i) x x x]²

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| (ii) Barley | Sale by the first or earliest of successive dealers in the State liable to tax under this Act. | ³ [Four percent] ³ ¹ |
|-------------|------------------------------------------------------------------------------------------------|-------------------------------------------------------|

1. Substituted by Act 9 of 1986 w.e.f. 1.4.1986.

2. Omitted by Act 4 of 1992 w.e.f. 1.4.1992.

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

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| 10. Pulses (whether whole or separated and whether with or without husk), that is to say, gram or gulab gram, tur or arhar, mong or green gram, masur or lentil, urad or black gram, moth, lakh or khesari. | Sale by the first or earliest of successive dealers in the State liable to tax under this Act. | ¹ [Two percent.] ¹ |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------|

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

¹[11. x x x]¹

1. Inserted by Act 13 of 1982 and omitted by Act 3 of 1983 w.e.f. 1.4.1982.

- | | | | |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------|
| ¹ [12.(i) Textiles and fabrics | as declared from time to time under section 14 of the Central Sales Tax Act 1956, excluding those speci- | Sale by the first or earliest of the successive dealers in the State liable to tax under this Act. | ² [Four percent] ² |
| (ii) Sugar including Khandasari Sugar and sugar preparations | | Sale by the first or earliest of the successive dealers in the State liable to tax under this Act. | ⁶ [Four percent] ⁶ |

(iii) Tobacco products fied in the fifth schedule Sale by the first or earliest of the successive dealers in the State liable to tax under this Act. ²[Four percent]²¹

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Substituted by Act 9 of 2000 w.e.f. 1.1.2000.

¹[**Explanation I.**]²—Where a tax has been levied under this Act in respect of the sale or purchase of any paddy referred to in serial number 9, the tax leviable on rice procured out of such paddy shall be reduced by the amount of tax levied on such paddy.]¹

1. Inserted by Act 18 of 1978 w.e.f. 1.9.1978.

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

¹[**Explanation II.**—xxx]¹

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

¹[**Explanation III.**—xxx]¹;

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

¹[**Explanation IV.**—Where a tax has been levied under this Act in respect of groundnuts referred to in sub-item (ii) of item (a) serial number 5 at the point of first sale, no tax shall be levied on the said goods under the sub-item (i) of the said item, subject to production of satisfactory proof.]¹

1. Explanation III & IV inserted by Act 14 of 1987 w.e.f. 1.4.1987.

¹[**Explanation IVA.**—x x x]¹¹

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1991 & omitted by the same Act w.e.f. 1.10.1991.

¹[**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.]¹

1. Inserted by Act 5 of 2002 w.e.f. 1.4.2001.

¹[**FIFTH SCHEDULE**

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

Goods Exempted from tax under section 8

Sl.No.	NAME OF THE COMMODITY
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1. Agricultural implements which are the products of cottage industry, that is to say, any industry carried on by a person at home not being a factory.

¹[2. All kinds of sowing seeds of cereals, pulses, grass, ²[flowers, fruits]² and vegetables (whether certified or not) and certified sowing of oil seeds.]¹

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

2. Substituted by Act 7 of 2003 w.e.f. 1.4.2000.

¹[2-A. xxx]¹

1. Inserted by Act 5 of 2001 w.e.f. 1.1.2000 and Omitted by Act 5 of 2001 w.e.f. 7.10.2000.

3. ¹[xxx]¹.

1. Inserted by Act 5 of 2001 w.e.f. 1.4.1998 and Omitted by Act 5 of 2002 w.e.f. 1.4.2002.

4. All manually operated or animal drawn agricultural implements including ploughs, seed-cum-fertilizer drills, dusters & sprayers used for dusting & spraying pesticides & insecticides (including those driven by motors), including their parts (other than oil engines and electric motors) and accessories, pick-axes, munties and the like.

¹[4A. Animal shoe nails.]¹

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

5. Arrack and Toddy.

6. Articles of food and drink sold, supplied or distributed,—

(a) by canteens which are run on a `no profit' basis in factories and other industrial concerns as an amenity provided for the employees of such factories or concerns;

(b) by canteens run on a `no profit' basis departmentally or through employees' co-operatives or by autonomous or statutory bodies established by Central Government or any State Government as an amenity for the members of their staff;

(c) by canteens run on a `no profit' basis in the premises of hospitals;

(d) by canteens or hostels run by educational institutions and charitable institutions when such articles are sold, supplied or distributed exclusively to members of the institution concerned.

7. (a) Artificial limbs.

(b) Braille watches.

(c) Disability control cars and motorised tricycles manufactured exclusively for use by the physically handicapped persons.

(d) Hand-operated tricycles designed for physically handicapped persons.

(e) Hearing aids, speech trainers and their parts.

(f) Sales by Spastic Society of Karnataka.

(g) Wheel chairs and crutches used by handicapped and sick persons.

(h) `Wooden Teaching Aids' which are used in imparting basic education to physically handicapped and mentally retarded children.

¹[7A. Articles produced by members of Cottage industrial co-operative societies in the State recognised by ²[the prescribed authority]².]¹

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

2. Substituted by Act 5 of 2000 w.e.f. 1.4. 2000.

¹[7B. Avalakki (Beaten Rice) and Mandakki (Parched or puffed rice).]¹

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

8. Ballot boxes sold for purpose of elections to Houses of Parliament, the State Legislature and Local Authorities in the State.

8A. All varieties of textiles, namely, cotton, woollen or artificial silk including rayon or nylon whether manufactured in mills, powerlooms or handlooms and hosiery ¹[cloth in lengths ²[(produced or manufactured in India)]² as described from time to time in column 2 of the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957.]¹

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Deemed always to have been Inserted by Act 5 of 2001 w.e.f. 1.10.1957.

9. Bee-keeping boxes.

10. Bio-fertilizers.

¹[10A. Bio-gas stoves, Bio-gas Lamps, Bio-mass gas gasifiers, bio-mass gas plants and bio-mass gas engines and parts thereof.]¹

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

11. Biological control agents namely parasitoids, predators, pathogens and phermones.

12. Bones and horns.

¹[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.]¹

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

¹[14. x x x]¹

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

15. Cereals (with or without husk) excluding barley.

16. (a) Charakas including amber charakas and their parts, silvers and gutts.

(b) Cotton or wollen hand spun yarns and all clothes woven on handlooms exclusively out of such hand spun yarn and articles made of such cloth

(c) Leather goods including leather footwear, readymade cotton, silk or woollen khadi garments and spinning and other craft equipments;

when sold by the Karnataka State Khadi and Village Industries Board or the Khadi and Village Industries Commission through their Bhandars, Bhavans, Emporia, Sales Depots and their authorised agencies in the State of Karnataka.

(d) Cotton and raw woll purchased by the Karnataka State Khadi and Village Industries Board or Khadi and Village industries Commission or Khadi

Production Centres or Wool Industry Co-operative Societies recognised by them.

¹[16A. Coir fiber, coconut husk, coir yarn and coir ropes.]¹

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

17. Compost manure, organic manure, fish manure and poultry manure.

18. Contraceptives and advertising printed materials relating to them.

¹[19. Country bricks, country tiles ²[and clay]²]¹

1. Omitted by Act 9 of 2000 w.e.f. 1.1.2000 & inserted by Act 5 of 2000 w.e.f. 1.1.2000.

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

20. Country bullock carts and parts thereof and animal-drawn carts made wholly of aluminium or with the combination of aluminium and iron and steel and parts thereof.

21. Cumblies woven on handlooms ¹[x x x]¹.

1. Omitted by Act 9 of 2000 w.e.f. 1.1.2000.

22. Eggs and meat including flesh of poultry except when sold in sealed containers.

23. Electrical energy.

¹[24. Equipments for utilising ocean waves and thermal energy in the oceans.]¹

1. Omitted by Act 9 of 2000 w.e.f. 1.1.2000 & inserted by Act 5 of 2000 w.e.f. 1.1.2000.

25. Firewood and charcoal when sold for domestic use and for hostels, hospitals but excluding to hotels.

26. Fish, prawns, shrimps and lobsters, except when sold in sealed containers.

¹[27. Flat plate solar collectors, concentrating and pipe type solar collectors, solar water heaters and systems, air/gas fluid heating systems based on the use of solar energy, solar crop driers and systems, solar stills and desalination systems, solar pumps based on solar thermal and solar photovoltaic conversion, solar power generating system, solar photovoltaic modules and panels for water pumping and other application.]¹

1. Omitted by Act 9 of 2000 w.e.f. 1.1.2000 & inserted by Act 5 of 2000 w.e.f. 1.1.2000.

28. Flowers, Betel leaves and Fresh fruits.

29. Fresh milk, Curds and Butter-milk.

30. Garlic, ginger, green chillies, onion, potatoes, sweet potatoes, tapioca and their seeds.

¹[30A. Glass chimneys, hurricane lanterns and oil lamp wares and their parts.]¹

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

31. Glass and plastic bangles.

31A. Tobacco and all its products ²[(produced or manufactured in India)]²
¹[as described from time to time in column 3 of the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957]¹

1. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Deemed always to have been Inserted by Act 5 of 2001 w.e.f. 1.10.1957.

31B. ¹[Sugar ²[(produced or manufactured in India)]² as described from time to time in column 3 of the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957, but excluding confectionery and the like]¹

1. Substituted by Act 4 of 1992 w.e.f. 1.4.1992.

2. Deemed always to have been Inserted by Act 5 of 2001 w.e.f. 1.10.1957.

¹[32. Goods sold to United Nations Organisation and its specilized agencies, World Health Organisation and to the United Nations International Children's Emergency Fund for their official use.]¹

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

¹[32A. Hay (green and dry)]¹

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

33. a) Human blood.

b) Human hair waste.

34. Kumkum.

35. Livestock including poultry but excluding horses.

36. Mangalasutra or any other symbolic or sacred ornament worn by the bride on the occasion of the marriage when sold at a price not exceeding five thousand rupees per piece.

37. Mechanical teaching aids sold to educational institutions recognised by State Government or affiliated to a University established by law in the State other than medical, dental, pharmacology, veterinary, engineering and agricultural educational institutions and motor driving schools.

38. Medicines dispensed by medical practitioners owning dispensaries, to their patients.

¹[39. x x x]¹

1. Omitted by Act 9 of 2000 w.e.f. 1.1.2000.

40. National flag.

41. Plantain leaves, patravali (dinner leaves) and their products.

42. Plants.

¹[42A. Products of prescribed Village industries which satisfy the prescribed conditions and limitations when sold by a *bona fide* producer recognised by ²[the prescribed authority]².]¹

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

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

¹[42B. Raw silk including raw silk Yarn ²[x x x]² other than those imported from outside the country.]¹

1. Inserted by Act 5 of 2000 w.e.f. 1.1.2000.

2. Words "and silk yarn twisted or thrown silk yarn, spun silk yarn and noil silk yarn" are omitted by Act 25 of 2000 w.e.f. but it is not yet brought into force.

¹[43. Ragi flour.]¹

1. Omitted by Act 9 of 2000 w.e.f. 1.1.2000 & inserted by Act 5 of 2000 w.e.f. 1.4.2000.

44. Religious Sacramental Mass Wine sold to the Churches situated within the State of Karnataka.

45. (a) Sales made by Indian Red Cross Society, Karnataka State Branch.

(b) Scout uniforms, Scout literature and other Scout equipments sold by the Bharath Scouts and Guides, Karnataka to its member scouts and guides in Karnataka.

46. Salt.

47. Semen.

¹[47A. x x x]¹

1. Inserted by Act 25 of 2000 w.e.f. 1.4.1999 & omitted by the same Act w.e.f. 7.10.1999.

¹[47B. x x x]¹

1. Inserted by Act 5 of 2000 w.e.f. 1.9.1986 & omitted by the same Act w.e.f. 1.4.1994.

48. Silkworm cocoons, silkworm eggs and silkworm pupae.

49. Slates, slate pencils and chalk crayons.

¹[49A. Solid fuel made from human and organic waste.]¹

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

50. Stamp paper sold by vendors duly authorised under the provisions of any law relating to stamps.

51. ¹[xxx]¹.

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

52. Tender coconuts.

53. ¹[Transfer of the right to use feature films]¹.

1. Omitted by Act 5 of 2002 w.e.f. 1.4.2002 and Inserted by Act 11 of 2005 w.e.f. 1.4.2005

¹[53-A. xxx]¹

1. Inserted by Act 5 of 2001 w.e.f. 1.4.2000 and Omitted by Act 5 of 2001 w.e.f. 1.4.2001.

54. (a) UNICEF Greeting cards and calendars.

(b) Greeting cards, ¹[calanders]¹ Telephone and Address Books, Art prints, Note pads, and post cards, sold by Child Relief and You (CRY).

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

(c) Pamphlets and publicity materials of World Wild Life Fund of India.

55. Vegetables excluding dried vegetables and dehydrated vegetables.

56. Water other than aerated water, mineral water, distilled water and any other processed water ¹[x x x]¹.

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

¹[57. Wind mills and any specially designed devices which run exclusively on wind power including electric generators and pumps running on wind energy.]¹

1. Omitted by Act 9 of 2000 w.e.f. 1.1.2000 & inserted by Act 5 of 2000 w.e.f. 1.1.2000.

58. Wood burning stoves and parts and accessories thereof.

59. ¹[xxx]¹

1. Inserted by Act 26 of 2004 w.e.f. 1.4.1992 and Omitted by Act 26 of 2004 w.e.f. 1.4.1999.

60. ¹[xxx]¹

1. Inserted by Act 26 of 2004 w.e.f. 6.11.1999 and Omitted by Act 26 of 2004 w.e.f. 7.11.1999.

¹[**Explanation I.**—x x x]¹

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

Explanation II.—In item 29, 'Fresh Milk' shall not include milk powder, condensed milk and milk with additives such as flavours, colours, preservatives, cereals, spices and dry fruits.]¹

¹[²[SIXTH SCHEDULE

Sl. No.	Description of Works Contract	Rate of Tax Under section 5-B	³ [x x x] ³
(1)	(2)	(3)	
1.	Fabrication and Installation of Plant and Machinery.	⁴ [Twelve percent] ⁴	
1. Sixth & Seventh Schedules inserted by Act 27 of 1985 w.e.f. 1.8.1985.			
2. Sixth Schedule substituted by Act 5 of 1996 w.e.f. 1.4.1996.			
3. 4th column entries omitted by Act 7 of 1997 w.e.f. 1.4.1997.			
4. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.			
2.	Fabrication and erection of structural works, including fabrication, supply and erection of Iron trusses, purlines, etc.	¹ [Four percent] ¹	
1. Substituted by Act 26 of 2004 w.e.f. 1.8.2004.			
3.	Fabrication and installation of cranes and hoists.	¹ [Twelve percent] ¹	
1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.			
4.	Fabrication and installation of elevators (lifts) and escalators.	¹ [Twelve percent] ¹	
1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.			
5.	Fabrication and installation of rolling shutters and collapsible gates	¹ [Twelve percent] ¹	

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

6. Civil works like construction of buildings, bridges, roads, etc. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

7. Installation of doors, door frames, windows, window frames and grills. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

8. (i) Supplying and fixing of Mosaic tiles. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

- (ii) Supplying and fixing of Marble slabs, polished granite stones and tiles (other than mosaic tiles). ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

- (iii) Supplying and fixing of slabs, stones and sheets other than those specified at items (i) and (ii) above. ¹[Four percent]¹

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

9. Supplying and installation of airconditioning equipments including deep-freezers, cold storage plants, humidification plants and de-humidifiers. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

10. Supplying and installation of airconditioners and air coolers. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

11. Supplying and fitting of electrical goods, supply and installation of electrical equipments including transformers. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

12. Supplying and fixing of furnitures and fixtures, partitions including contracts for interior decorations ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

13. Construction of railway coaches on undercarriages supplied by Railways. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

14. Ship and boat building including construction of barges, ferries, tugs, trawlers and dredgers. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

- ¹[15. Supplying and fixing of sanitary fittings for plumbing, for drainage and the like. Twelve percent]¹
1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
16. Painting and polishing ¹[Twelve percent]¹
1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
17. Construction, repair, improvement and overhauling of aircrafts and helicopters. ¹[Twelve percent]¹
1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
18. Construction of bodies of motor vehicles and construction of trailers. ¹[Twelve percent]¹
1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
19. Insulation and lining of equipments, plant and machinery, instruments, appliances or buildings. ¹[Twelve percent]¹
1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
20. (i) Providing and laying of pipes (other than steel pipes) for purposes other than those specified in Sl. No 15 of this Schedule ¹[Twelve percent]¹
1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
- (ii) Providing and laying of steel pipes for purposes other than those specified in Sl. No. 15 of this Schedule. ¹[Four percent]¹
1. Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
21. Full service and maintenance of instruments, equipments, appliances or plant and machinery. ¹[Twelve percent]¹
1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
22. Programming and providing of Computer Software. ¹[Twelve percent]¹
1. Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
23. Fabrication, testing and reconditioning of metallic gas cylinders. ¹[Four percent]¹
1. Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
24. Tyre retreading. ¹[Twelve percent]¹
1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
- ¹[25. Processing and Supplying of Photographs, photoprints and photo negatives. Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998, by Act 3 of 2004 w.e.f. various dates and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

26. Supplying and Installation of electronic instruments, equipments, apparatus, appliances and devices. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

27. Supplying and installation of fire fighting equipments and devices. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

28. Electroplating, electrogalvanising, anodising and the like. ¹[Four percent]¹

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

29. Bottling, canning and packing of goods. ¹[Four percent]¹

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

30. Lamination, rubberisation, coating and similar processes. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

31. Printing and block making. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

32. Supply and erection of weighing machines and weigh bridges ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

33. Supply and installation of submersible and centrifugal pumpsets. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

34. Dyeing and printing of Textiles. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

35. Construction of tankers on motor vehicles. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

36. Supply and fixing of door and window curtains including venetian blinds and nets. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

37. (i) Manufacturing or processing and supplying of gold and silver articles not studded with precious or semi-precious stones. ¹[Four percent]¹

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

- (ii) Manufacturing or processing and supplying of gold and silver articles studded with precious or semi-precious stones. ¹[Four percent]¹

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

38. Processing, printing and supplying of cinematographic films. ¹[Four percent]¹

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

39. Acoustic insulation and other related works. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

40. Supply and erection of cooling towers. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

41. Supply and training out of stone ballasts. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

42. Rewinding of Electrical Motors. ¹[Twelve percent]¹

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

- ²[43. All other works contracts not specified in any of the above categories. ¹[Twelve percent]¹²

1. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

2. Inserted by Act 15 of 1996 w.e.f. 5.9.1996.

- ¹[44.]¹ Composite contracts involving two or more of the above categories. ²[Twelve percent]²²

1. Re-numbered by Act 15 of 1996 w.e.f. 5.9.1996.

2. Substituted by Act 3 of 1998 w.e.f. 1.4.1998 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[**Explanation.-** The works contract specified in any of the serial numbers in this Schedule shall include works contract for carrying out improvement, modification or repair]¹

1. Inserted by Act 3 of 2004 w.e.f. 1.4.1986 and Substituted by by Act 3 of 2004 w.e.f. 1.4.1996.

SEVENTH SCHEDULE

(See section 5-C)

<i>Sl. No.</i>	<i>Description of goods</i>	<i>Rate of Tax</i>
1	2	3
1.	Motor vehicles including motor cars; motor taxi cabs, motor cycles, motor scooters, motorettes, motor omni buses, vans and motor lorries	¹ [Eight percent] ¹
1.	Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.	
2.	Chassis of motor vehicles	¹ [Eight percent] ¹
1.	Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.	
3.	Plant and machinery including cranes	¹ [Eight percent] ¹
1.	Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.	
4.	Television sets, video cassette recorders and players, pre-recorded video cassette, and video game equipments	¹ [Eight percent] ¹
1.	Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.	

5. Tabulating machines, calculating machines, duplicating machines, weighing machines, roneo machines, telex printers, and computers ¹[Eight percent]¹
 1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
6. Telephones ¹[Eight percent]¹
 1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
7. Feature films ¹[Eight percent]¹
 1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
8. Furniture of all kinds ¹[Eight percent]¹
 1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
9. Electronic goods, electrical goods, including instruments, apparatus and appliances thereof ¹[Eight percent]¹
 1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
10. Air conditioners and air coolers ¹[Eight percent]¹
 1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
11. Water coolers, refrigerators, deep-freezers, bottle coolers and coldstorage plants ¹[Eight percent]¹
 1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
12. Cinematographic cameras, projectors and lighting equipments ¹[Eight percent]¹
 1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
13. Horses ¹[Eight percent]¹
 1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
- ²[14. Gas Cylinders ¹[Eight percent]¹
 1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
 2. Inserted by Act 4 of 1992 w.e.f. 1.4.1992.
15. Crates and Bottles ¹[Eight percent]¹²
 1. Substituted by Act 5 of 1996 w.e.f. 1.4.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.
- ¹[16. Goods other than those specified in the above categories Eight percent]¹¹
 1. Inserted by Act 15 of 1996 w.e.f. 5.9.1996 and Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

¹[EIGHTH SCHEDULE

(See section 5 (3-C))

<i>Sl.No</i>	<i>Description of goods</i>	<i>Rate of tax</i>
1	2	3
1.	² [Alcoholic liquor for human consumption] ² other than toddy, arrack, wine, ³ [and fenny] ³	⁴ [Ten percent] ⁴
⁵ [2. x x x] ⁵		
⁶ [3. 3A. 4 x x x] ⁶		
⁷ [5. x x x] ⁷		

⁶[6. x x x]⁶⁸[7. x x x]⁸⁷[8. x x x]⁷⁹[9. 10. 11 x x x]⁹⁶[12. x x x]⁶⁶[13. x x x]⁶¹⁰[14. x x x]¹⁰⁶[15. x x x]⁶⁹[16. x x x]⁹⁶[17. x x x]⁶

1. Substituted by Act 14 of 1987 w.e.f. 1.4.1987.

2. Substituted by Act 15 of 1988 w.e.f. 1.4.1988.

3. Substituted by Act 8 of 1990 w.e.f. 1.4.1990.

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

5. Omitted by Act 8 of 1990 w.e.f. 1.4.1990.

6. Omitted by Act 6 of 1995 w.e.f. 1.4.1995.

7. Omitted by Act 15 of 1988 w.e.f. 1.4.1998.

8. Omitted by Act 18 of 1994 w.e.f. 1.4.1994.

9. Omitted by Act 11 of 1993 w.e.f. 1.4.1993.

10. Omitted by Act 8 of 1990 w.e.f. 1.4.1987.

¹[NINETH SCHEDULE

xxxx]¹

1. Inserted by Act 5 of 2001 w.e.f. 1.4.2001 and Omitted by Act 5 of 2002 w.e.f. 1.4.2002.

* * * *

NOTIFICATIONS

I

Bangalore dated 30.9.1957 [No. RD 99 STL/57]

In exercise of the powers conferred by sub-section (3) of section 1 of the Mysore Sales Tax Act, 1957 (Mysore Act No. 25 of 1957), the Government of Mysore hereby appoints the first day of October, 1957, as the date on which all the provisions of the said Act (except section 1 which has come into force already), shall come into force.

By Order and in the name of the Governor of Mysore,

(M.S. Swaminathan),

Secretary to Government,

Revenue Department.

(Published in the Mysore Gazette (Extraordinary) Part IV-2C dated 30-9-1957 as No. 302).

II

Bangalore dated 29-9-1962 [No. FD 323 CSL 62]

In exercise of the powers conferred by sub-section (2) of section 1 of the Mysore Sales Tax (Second Amendment) Act, 1962 (Mysore Act No. 30 of 1962) the Government of Mysore hereby appoints the first day of October, 1962, as the date on which the provisions of the Act shall come into force.

By Order and in the name of the Governor of Mysore,
(N.S. Bharath),
Deputy Secretary to Government,
Finance Department.

III

Bangalore, dated 5th March 1964. [NO. FD 439 CSL 63]

S.O. 299.—In exercise of the powers conferred by sub-section (2) of section 1 of the Mysore Sales Tax (Amendment) Act, 1963 (Mysore Act 9 of 1964), the Government of Mysore hereby appoints the First day of April 1964, as the date on which the remaining provisions of the said Act [other than section 3 and 4, clauses (5), (6) and (8) of section 5, Sections 7 and 10, Clauses (1) of section 11 and Sections 14, 33 and 34 which have already come into force] shall come into force.

By Order and in the name of the Governor of Mysore,
(N. J. Gorepeerzade)
Under Secretary.

III

Bangalore, dated 14th August, 1964.[No. FD 329 CSL 64.]

S.O. 1158.—In exercise of the powers conferred by sub-section (2) of section 1 of the Mysore Sales Tax (Amendment) Act, 1964 (Mysore Act No. 29 of 1964), the Government of Mysore hereby appoints the first day of October 1964 as the date on which the provisions of sections 2 and 3 of the said Act shall come into force.

By Order and in the name of the Governor of Mysore,

(N. J. Gorepeerzade)

Under Secretary.

IV

Bangalore, dated 21st February, 1966.[No. FD 412 CSL 65.]

S.O. 3958.—In exercise of the powers conferred by sub-section (2) of section 1 of the Mysore Sales Tax (Amendment) Act, 1965 (Mysore Act No. 3 of 1966), the Government of Mysore hereby appoints the first day of March 1966, as the date on which the said Act shall come into force.

By Order and in the name of the Governor of Mysore,

(N. S. Bharath)

Deputy Secretary.

V

Bangalore, dated the 30th December, 1967. [No. FD 421 CSL 67.]

S.O. 2511.—In exercise of the powers conferred by sub-section (2) of section 1 of the Mysore Sales Tax (Amendment) Act, 1967 (Act No. 16 of 1967), the Government of Mysore hereby appoints the 1st day of January 1968, 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 Mysore,

(N. S. Bharath)

Deputy Secretary to Government, Finance Department.

VI

Bangalore, dated 30th November, 1971.[No. FD 412 CSL 71]

S.O. 2004.—In exercise of the powers conferred by sub-section (2) of section 1 of the Mysore Sales Tax (Amendment) Act, 1971 (President's Act No. 18 of 1971), the Government of Mysore hereby appoints the first day of the December 1971 as the date on which the said Act shall come into force.

By Order and in the name of the President of India,

(N. S. Bharath)

*Joint Secretary to Government,
Finance Department.*

VII

Bangalore, dated 1st April, 1986. [No. FD 176 CSL 86 (11)]

In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Sales Tax (Amendment) Act, 1986 (Karnataka Act 27 of 1985), the Government of Karnataka hereby appoints the first day of April, 1986 to be the date from which section 7 of the said Act shall come into force.

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

(A.S. Nagaraj)

*Deputy Secretary to Government,
Finance Department (Personnel).*

VIII

Bangalore, dated 30th March, 1988 [No. FD 84 CSL 88]

S.O. 561.- In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Sales Tax (Amendment) Act, 1987 (Karnataka Act 14 of 1987), the Government of Karnataka hereby appoints the first day of April, 1988 to be the date on which sub-section (2) of section 8 and sections 11 and 19 of the said Act shall come into force.

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

(H. Chikkanna)

*Under Secretary to Government,
Finance Department (Taxes).*

(Published in the Kanataka Gazette (Extraordinary) Part IV-2C (ii) as No. 198, dated 30-3-1988.)

XI

Bangalore, dated 31st August, 1999 [No. FD 221 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 provisions of the said Act shall come into force.

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

(K.M. Ananda)

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

(Published in the Kanataka Gazette (Extraordinary) Part IV-2C (ii) as No. 1091, dated 21-8-1999.)

X

Bangalore, dated 11th January, 2001. [No. FD 20 PES 2000 (P)]

In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Sales Tax and Excise Laws (Amendment) Act, 2000 (Karnataka Act 21 of 2000), the Government of Karnataka hereby appoints the 11th day of January, 2001 as the day from which sub-section (1) of section 3 of the said Act shall come into force.

By Order and in the name of the Governor of Karnataka,
(C.S. Jagadeeshaiah)

*Under Secretary to Government,
Finance Department (Excise).*

(Published in the Kanataka Gazette (Extraordinary) Part IV-A as No. 32, dated 12-1-2001.)

XI

Bangalore, dated 13th February, 2001 [No. FD 20 PES 2000 (P)]

In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Sales Tax and Excise Laws (Amendment) Act, 2000 (Karnataka Act 21 of 2000), the Government of Karnataka hereby appoints the Sixteenth day of February, 2001 as the day from which section 2 and sub-section (2) of section 3 of the said Act shall come into force.

By Order and in the name of the Governor of Karnataka,
(C.S. Jagadeeshaiah)

*Under Secretary to Government,
Finance Department (Excise).*

(Published in the Kanataka Gazette (Extraordinary) Part IV-A as No. 329, dated 12-2-2001.)

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.28 OF 2017

(First Published in the Karnataka Gazette Extra-ordinary on the twenty seventh day of June, 2017)

THE KARNATAKA SALES TAX (AMENDMENT) ACT, 2017

(Received the assent of the Governor on the 27th day of June, 2017)

An Act further to amend the Karnataka Sales Tax Act.

Whereas it is expedient further to amend the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) for the purposes hereinafter appearing;

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

1. Short title and commencement.- (1) This Act may be called the Karnataka Sales Tax (Amendment) Act, 2017.

(2) It shall come into force on such date as the State Government may be notification, appoint.

Amendment to the 2nd and 4th schedule are incorporated in the Principal Act.



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II — खण्ड 1

PART II — Section 1

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं० 21

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No. 21

NEW DELHI, WEDNESDAY, MARCH 28, 2007 / CHAITRA 7, 1929

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF LAW AND JUSTICE

(Legislative Department)

New Delhi, the 28th March, 2007/Chaitra 7, 1929 (Saka)

The following Act of Parliament received the assent of the President on the 26th March, 2007, and is hereby published for general information:—

THE TAXATION LAWS (AMENDMENT) ACT, 2007

No. 16 OF 2007

[26th March, 2007.]

An Act further to amend the Central Sales Tax Act, 1956 and the Additional Duties of Excise (Goods of Special Importance) Act, 1957.

BE it enacted by Parliament in the Fifty-eighth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Taxation Laws (Amendment) Act, 2007.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Short title
and com-
mencement.

CHAPTER II

CENTRAL SALES TAX

Amendment
of section 6.

2. In the Central Sales Tax Act, 1956 (hereinafter in this Chapter referred to as the principal Act), in section 6, for sub-section (2), the following sub-section shall be substituted, namely:—

74 of 1956.

"(2) Notwithstanding anything contained in sub-section (1) or sub-section (1A), where a sale of any goods in the course of inter-State trade or commerce has either occasioned the movement of such goods from one State to another or has been effected by a transfer of documents of title to such goods during their movement from one State to another, any subsequent sale during such movement effected by a transfer of documents of title to such goods to a registered dealer, if the goods are of the description referred to in sub-section (3) of section 8, shall be exempt from tax under this Act:

Provided that no such subsequent sale shall be exempt from tax under this sub-section unless the dealer effecting the sale furnishes to the prescribed authority in the prescribed manner and within the prescribed time or within such further time as that authority may, for sufficient cause, permit,—

(a) a certificate duly filled and signed by the registered dealer from whom the goods were purchased containing the prescribed particulars in a prescribed form obtained from the prescribed authority; and

(b) if the subsequent sale is made to a registered dealer, a declaration referred to in sub-section (4) of section 8:

Provided further that it shall not be necessary to furnish the declaration referred to in clause (b) of the preceding proviso in respect of a subsequent sale of goods if,—

(a) the sale or purchase of such goods is, under the sales tax law of the appropriate State exempt from tax generally or is subject to tax generally at a rate which is lower than three per cent. or such reduced rate as may be notified by the Central Government, by notification in the Official Gazette, under sub-section (1) of section 8 (whether called a tax or fee or by any other name); and

(b) the dealer effecting such subsequent sale proves to the satisfaction of the authority referred to in the preceding proviso that such sale is of the nature referred to in this sub-section."

Amendment
of section 7.

3. In section 7 of the principal Act, in sub-section (2A), for the words, brackets, letter and figures "clause (a) of sub-section (4) of section 8", the words, brackets and figures "sub-section (4) of section 8" shall be substituted.

Amendment
of section 8.

4. In section 8 of the principal Act,—

(a) for sub-sections (1) and (2), the following sub-sections shall be substituted, namely:—

"(1) Every dealer, who in the course of inter-State trade or commerce, sells to a registered dealer goods of the description referred to in sub-section (3), shall be liable to pay tax under this Act, which shall be three per cent. of his turnover or at the rate applicable to the sale or purchase of such goods inside the appropriate State under the sales tax law of that State, whichever is lower:

Provided that the Central Government may, by notification in the Official Gazette, reduce the rate of tax under this sub-section.

(2) The tax payable by any dealer on his turnover in so far as the turnover or any part thereof relates to the sale of goods in the course of inter-State trade or commerce not falling within sub-section (1), shall be at the rate applicable to the sale or purchase of such goods inside the appropriate State under the sales tax law of that State.

Explanation.—For the purposes of this sub-section, a dealer shall be deemed to be a dealer liable to pay tax under the sales tax law of the appropriate State, notwithstanding that he, in fact, may not be so liable under that law.”;

(b) in sub-section (3), in the opening portion, for the words, brackets, figure and letter "The goods referred to in clause (b) of sub-section (1)", the following shall be substituted, namely:—

"The goods referred to in sub-section (1),—”;

(c) for sub-section (4), the following shall be substituted, namely:—

"(4) The provisions of sub-section (1) shall not apply to any sale in the course of inter-State trade or commerce unless the dealer selling the goods furnishes to the prescribed authority in the prescribed manner a declaration duly filled and signed by the registered dealer to whom the goods are sold containing the prescribed particulars in a prescribed form obtained from the prescribed authority:

Provided that the declaration is furnished within the prescribed time or within such further time as that authority may, for sufficient cause, permit.”;

(d) in sub-section (5), in clauses (a) and (b), the words "or the Government" and the words, brackets and figure "or sub-section (2)", wherever they occur, shall be omitted.

5. In section 9 of the principal Act, in sub-section (1), in the proviso, in clause (a), for the words, letter, brackets and figures "clause (a) of sub-section (4) of section 8", the words, brackets and figures "sub-section (4) of section 8" shall be substituted. Amendment of section 9.

6. In section 10 of the principal Act, in clause (a), the words "certificate or" shall be omitted. Amendment of section 10.

7. In section 10A of the principal Act, in sub-section (2), in clause (a), for the words, letter, brackets and figures "clause (a) of sub-section (4) of section 8", the words, brackets and figures "sub-section (4) of section 8" shall be substituted. Amendment of section 10A.

8. In section 14 of the principal Act, clause (ix) shall be omitted. Amendment of section 14.

CHAPTER III

ADDITIONAL DUTIES OF EXCISE

58 of 1957.

9. In the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (hereinafter referred to as the Additional Duties of Excise Act), section 4 shall be omitted. Omission of section 4.

Amendment
of First
Schedule.

10. In the Additional Duties of Excise Act, in the First Schedule, headings 2401, 2402 and 2403, and sub-headings and tariff items thereunder, and the entries relating thereto shall be omitted.

Omission of
Second
Schedule.

11. In the Additional Duties of Excise Act, the Second Schedule shall be omitted.

K.N. CHATURVEDI,
Secy. to the Govt. of India.

The Central Sales Tax Act, 1956

(74 of 1956)

as amended by

**The Central Sales Tax (Amendment) Act, 2005
(3 of 2006)**

and

**The Finance Act, 2006
(21 of 2006)**

along with

**THE CENTRAL SALES TAX (REGISTRATION
AND TURNOVER) RULES, 1957
*as amended in 2005***

with

SHORT NOTES

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IMPORTANT

AMENDMENT HAS BEEN INCORPORATE IN THE MAIN ACT AT APPROPRIATE PLACE.
THE TEXT OF AMENDMENT ACT IS REPRODUCED BELOW FOR REFERENCE.

AMENDMENTS TO THE CENTRAL SALES TAX ACT, 1956 BY THE FINANCE ACT, 2006

(21 of 2006)

[18th April, 2006]

71. Amendment of section 14 of Act 74 of 1956.—In the Central Sales Tax Act, 1956, in section 14, after clause (v), the following clause shall be inserted, namely:—

“(va) liquefied petroleum gas for domestic use;”.

THE CENTRAL SALES TAX ACT, 1956

INTRODUCTION

By the Constitution (Sixth Amendment) Act, 1956 certain amendments were made in the Constitution, whereby (a) taxes on sales or purchase of goods in the course of inter-State trade or commerce were brought expressly within the purview of the legislative jurisdiction of Parliament, (b) restrictions could be imposed on the powers of State legislatures with respect to the levy of taxes on the sale or purchase of goods within the State where the goods are of special importance in inter-State trade or commerce. To provide for the legislation authorised by the Constitution as amended by the said Amendment Act of 1956 the Central Sales Tax Bill was introduced in the Parliament.

STATEMENT OF OBJECTS AND REASONS

In the interest of the national economy of India certain amendments were undertaken in the Constitution by the Constitution (Sixth Amendment) Act, 1956, whereby—

- (a) taxes on sales or purchases of goods in the course of inter-State trade or commerce were brought expressly within the purview of the legislative jurisdiction of Parliament;
- (b) restrictions could be imposed on the powers of State legislatures with respect to the levy of taxes on the sale or purchase of goods within the State where the goods are of special importance in inter-State trade or commerce.

The amendments at the same time authorised Parliament to formulate principles for determining when a sale or purchase takes place in the course of inter-State trade or commerce or in the course of export or import or outside a State in order that the legislative spheres of Parliament and the State legislatures become clearly demarcated. In the case of goods of special importance in inter-State trade or commerce, a law of Parliament is to lay down the restrictions and conditions subject to which any State law may regulate the tax on sales or purchases of such goods in the State.

2. This Bill seeks to provide for the legislation authorised by the Constitution as amended above with a view to enabling the State Governments to raise additional revenues by levying tax on inter-State transactions which are at present immune from tax under their respective sales tax laws. After taking into account the recommendations of the Taxation Enquiry Commission and in consultation with the States the Government of India were of the view that the following principles should govern the scheme of the detailed legislation on the three inter-related subjects:

- (i) The Central Government should authorise the State Governments to impose on behalf of the Central Government tax on the sale or purchase of goods in the course of inter-State trade or commerce. The Central legislation should also delegate to the States the Central Government's power to levy and collect the tax and for this purpose prescribe the same system of registration, assessment, etc., as prevails in the States concerned under their own sales tax system.

(ii) An important aspect of the Central legislation will be concerned with the definition of the locale of sales for the purpose of defining in detail the relative jurisdiction, firstly of the Union and the States, and secondly, of the States *inter se*. It is therefore, necessary that the law should define clearly, with specific reference to sales tax the circumstances in which a sale or purchase becomes taxable by a particular State and no other. It should also define for the purpose of the Constitutional restrictions on the State's power to impose a tax under Item 54 of the State List, when a sale or purchase of goods may be said to take place—

- (a) in the course of export out of India,
- (b) in the course of import into India, and
- (c) in the course of inter-State trade or commerce.

(iii) The Central legislation should provide for the declaration of certain commodities which are in the nature of raw materials and of special importance in inter-State trade or commerce and lay down the restrictions and conditions as to the rate, system of levy and other incidents of tax subject to which the States may impose tax on the sale or purchase thereof.

3. Necessary provisions have, therefore, been made in the different Chapters of this Bill incorporating the principles stated above.

LIST OF AMENDING ACTS

1. The Central Sales Tax (Amendment) Act, 1957 (16 of 1957).
2. The Central Sales Tax (Amendment) Act, 1958 (5 of 1958).
3. The Central Sales Tax (Second Amendment) Act, 1958 (31 of 1958).
4. The Repealing and Amending Act, 1960 (58 of 1960).
5. The Finance Act, 1961 (14 of 1961).
6. The Central Sales Tax (Amendment) Act, 1963 (8 of 1963).
7. The Finance Act, 1966 (13 of 1966).
8. The Finance Act, 1968 (19 of 1968).
9. The Central Sales Tax (Amendment) Act, 1969 (28 of 1969).
10. The Central Sales Tax (Amendment) Act, 1972 (61 of 1972).
11. The Finance Act, 1975 (25 of 1975).
12. The Central Sales Tax (Amendment) Act, 1976 (103 of 1976).
13. The Repealing and Amending Act, 1978 (38 of 1978).
14. The Finance Act, 1988 (26 of 1988).
15. The Finance Act, 1989 (13 of 1989).
16. The Finance (No. 2) Act, 1996 (33 of 1996).
17. The Finance Act, 2000 (10 of 2000).
18. The Finance Act, 2001 (14 of 2001).
19. The Central Sales Tax (Amendment) Act, 2001 (41 of 2001).
20. The Finance Act, 2002 (20 of 2002).
21. The Finance Act, 2003 (32 of 2003).
22. The Finance (No. 2) Act, 2004 (23 of 2004).
23. The Finance Act, 2005 (18 of 2005).
24. The Central Sales Tax (Amendment) Act, 2005 (3 of 2006).
25. The Finance Act, 2006 (21 of 2006).

THE CENTRAL SALES TAX ACT, 1956¹

(74 of 1956)

[21st December, 1956]

An Act to formulate principles for determining when a sale or purchase of goods takes place in the course of inter-State trade or commerce or outside a State or in the course of imports into or export from India, to provide for the levy, collection and distribution of taxes on sales of goods in the course of inter-State trade or commerce and to declare certain goods to be of special importance in inter-State trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on the sale or purchase of such goods of special importance shall be subject.

BE it enacted by Parliament in the Seventh Year of the Republic of India as follows:—

CHAPTER I PRELIMINARY

1. Short title, extent and commencement.—(1) This Act may be called the Central Sales Tax Act, 1956.

(2) It extends to the whole of India ²[***]

(3) It shall come into force on such date³ as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act.

2. Definitions.—In this Act, unless the context otherwise requires,—

(a) “appropriate State” means—

- (i) in relation to a dealer who has one or more places of business situated in the same State, that State;
- (ii) in relation to a dealer who has ⁴[***] places of business situated in different States, every such State with respect to the place or places of business situated within its territory;

⁵[***]

⁶[(aa) “business” includes—

- (i) 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

1. The Act has been extended to Goa, Daman and Diu (with modifications) by Reg. 12 of 1962, sec. 3 and Sch., to Kohima and Mokokchung districts of Nagaland (as in force on 5-8-1971) by Act 61 of 1972, sec. 14 (1) (w.e.f. 30-11-1972). The amendments made to the Act by Act 61 of 1972, came into force in the said districts (w.e.f. 1-4-1973) [vide sec. 14(2), Act 61 of 1972].
2. The words “except the State of Jammu and Kashmir” omitted by Act 5 of 1958, sec. 2.
3. Came into force on 5-1-1957, all sections except section 15, vide S.R.O. 78, dated 4th January, 1957, published in the Gazette of India, Extra., 1957, Pt. II, Sec. 3, p. 57. Section 15 came into force on 1-10-1958, vide G.S.R. 897, dated 23rd September, 1958, published in the Gazette of India, Extra., 1958, Pt. II, Sec. 3 (i), p. 476.
4. The words “one or more” omitted by Act 31 of 1958, sec. 2 (w.e.f. 1-10-1958).
5. Explanation omitted by Act 31 of 1958, sec. 2 (w.e.f. 1-10-1958).
6. Ins. by Act 103 of 1976, sec. 2 (w.e.f. 7-9-1976).

concern is carried on with a motive to make gain or profit and whether or not any gain or profit accrues from such trade, commerce, manufacture, adventure or concern; and

- (ii) any transaction in connection with or incidental or ancillary to, such trade, commerce, manufacture, adventure or concern;
- (ab) "crossing the customs frontiers of India" means crossing in the limits of the area of a customs station in which imported goods or export goods are ordinarily kept before clearance by customs authorities.

Explanation.—For the purposes of this clause, "customs station" and "customs authorities" shall have the same meanings as in the Customs Act, 1962 (52 of 1962);]

- [(b) "dealer" means any person who carries on (whether regularly or otherwise) the business of buying, selling, supplying or distributing goods, directly or indirectly, for cash or for deferred payment, or for commission remuneration or other valuable consideration, and includes—

- (i) a local authority, a body corporate, a company, any co-operative society or other society, club, firm, Hindu undivided family or other association of persons which carries on such business;
- (ii) a factor, broker, commission agent, *dél credere* agent, or any other mercantile agent, by whatever name called, and whether of the same description as hereinbefore mentioned or not, who carries on the business of buying, selling, supplying or distributing, goods belonging to any principal whether disclosed or not; and
- (iii) an auctioneer who carries on the business of selling or auctioning goods belonging to any principal, whether disclosed or not and whether the offer of the intending purchaser is accepted by him or by the principal or a nominee of the principal.

Explanation 1.—Every person who acts as an agent, in any State, of a dealer residing outside that State and buys, sells, supplies, or distributes, goods in the State or acts on behalf of such dealer as—

- (i) a mercantile agent as defined in the Sale of Goods Act, 1930 (3 of 1930), or
- (ii) an agent for handling of goods or documents of title relating to goods, or
- (iii) an agent for the collection or the payment of the sale price of goods or as a guarantor for such collection or payment,

and every local branch or office in a State of a firm registered outside that State or a company or other body corporate, the principal office or headquarters whereof is outside that State, shall be deemed to be a dealer for the purposes of this Act.

Explanation 2.—A Government which, whether or not in the course of business, buys, sells, supplies or distributes, goods, directly or otherwise, for cash or for deferred payment or for commission, remuneration or other

valuable consideration, shall except in relation to any sale, supply or distribution of surplus, un-serviceable or old stores or materials or waste products or obsolete or discarded machinery or parts or accessories thereof, be deemed to be a dealer for the purposes of this Act;]

- (c) "declared goods" means goods declared under section 14 to be of special importance in inter-State trade or commerce;
- (d) "goods" includes all materials, articles, commodities and all other kinds of movable property, but does not include ¹[newspapers] actionable claims, stocks, shares and securities.
- [(dd) "place of business" includes—
 - (i) in any case where a dealer carries on business through an agent by (whatever name called), the place of business of such agent;
 - (ii) a warehouse, godown or other place where a dealer stores his goods; and
 - (iii) a place where a dealer keeps his books of account;
- (e) "prescribed" means prescribed by rules made under this Act;
- (f) "registered dealer" means a dealer who is registered under section 7;
- ²[(g) "sale", with its grammatical variations and cognate expressions, means any transfer of property in goods by one person to another for cash or deferred payment or for any other valuable consideration, and includes,—
 - (i) a transfer, otherwise than in pursuance of a contract, of property in any goods for cash, deferred payment or other valuable consideration;
 - (ii) a transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract;
 - (iii) a delivery of goods on hire-purchase or any system of payment by instalments;
 - (iv) a transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration;
 - (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,
but does not include a mortgage or hypothecation of or a charge or pledge on goods;]
- (h) "sale price" means the amount payable to a dealer as consideration for the sale of any goods, less any sum allowed as cash discount according to the practice normally prevailing in the trade, but inclusive of any sum charged for anything done by the dealer in respect of the goods at the time of or before the delivery thereof other than the cost of freight or delivery or the cost of installation in cases where such cost is separately charged:

1. Ins. by Act 31 of 1958, sec. 2 (w.e.f. 1-10-1958).

2. Subs. by Act 20 of 2002, sec. 150, for clause (g) (w.e.f. 11-5-2002).

¹[Provided that in the case of a transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract, the sale price of such goods shall be determined in the prescribed manner by making such deduction from the total consideration for the works contract as may be prescribed and such price shall be deemed to be the sale price for the purpose of this clause;]

“sales tax law” means any law for the time being in force in any State or part thereof which provides for the levy of taxes on the sale or purchase of goods generally or on any specified goods expressly mentioned in that behalf and includes value added tax law, and “general sales tax law” means any law for the time being in force in any State or part thereof which provides for the levy of tax on the sale or purchase of goods generally and includes value added tax law;]

“turnover” used in relation to any dealer liable to tax under this Act means the aggregate of the sale prices received and receivable by him in respect of sales of any goods in the course of inter-State trade or commerce made during any prescribed period ³[and determined in accordance with the provisions of this Act and the rules made thereunder];

[(ja) “works contract” means a contract for carrying out any work which includes assembling, construction, building, altering, manufacturing, processing, fabricating, erection, installation, fitting out, improvement, repair or commissioning of any movable or immovable property;]

(k) “year”, in relation to a dealer, means the year applicable in relation to him under the general sales tax law of the appropriate State, and where there is no such year applicable, the financial year.

COMMENTS

Electricity to be goods

Electricity must be considered to be goods for the purpose of sales tax legislation; *Commissioner of Sales Tax v. Kolhapur Electric Supply Co.*, (1976) 37 STC 587.

Lottery tickets are goods

Lottery tickets comprising the right to participate in the draw are goods; *M. Anraj v. Government of Tamil Nadu*, (1986) 61 STC 165 (SC).

Sale price

The definition of ‘sale price’ is in two parts. The first part says that ‘sale price’ means the amount payable to a dealer as consideration for the sale of any goods. The second part which is an inclusive clause, includes any sum charged for anything done by the dealer in respect of the goods at the time of or before the delivery thereof other than the cost of freight or delivery or the cost of installation in case where such cost is separately charged. Where the cost of freight is part of the price, it would fall within the first part of the definition and to such a case, the exclusion clause in the second part has no application. So it is exigible tax; *Hindustan Sugar Mills Ltd. v. State of Rajasthan*, (1979) 43 STC 13 (SC).

1. Ins. by Act 18 of 2005, sec. 89 (w.e.f. 13-5-2005).

2. Subs. by Act 18 of 2005, sec. 89, for clause ‘(i) “sales tax law” means any law for the time being in force in any State or part thereof which provides for the levy of taxes on the sale or purchase of goods generally or on any specified goods expressly mentioned in that behalf, and “general sales tax law” means the law for the time being in force in any State or part thereof which provides for the levy of tax on the sale or purchase of goods generally;’ (w.e.f. 13-5-2005)

3. Subs. by Act 28 of 1969, sec. 2, for “and determined in the prescribed manner” (retrospectively).

CHAPTER II

**FORMULATION OF PRINCIPLES FOR DETERMINING WHEN A
SALE OR PURCHASE OF GOODS TAKES PLACE IN THE COURSE
OF INTER-STATE TRADE OR COMMERCE OR OUTSIDE A
STATE OR IN THE COURSE OF IMPORT OR EXPORT**

3. When is a sale or purchase of goods said to take place in the course of inter-State trade or commerce.—A sale or purchase of goods shall be deemed to take place in the course of inter-State trade or commerce if the sale or purchase—

- (a) occasions the movement of goods from one State to another; or
- (b) is effected by a transfer of documents of title to the goods during their movement from one State to another.

Explanation 1.—Where goods are delivered to a carrier or other bailee for transmission, the movement of the goods shall, for the purposes of clause (b), be deemed to commence at the time of such delivery and terminate at the time when delivery is taken from such carrier or bailee.

Explanation 2.—Where the movement of goods commences and terminates in the same State it shall not be deemed to be a movement of goods from one State to another by reason merely of the fact that in the course of such movement the goods pass through the territory of any other State.

COMMENTS

Inter-State sale

Where although the contract of sale of cement did not itself contain any covenant that the supply had to be made from any particular factory, as the contract was subject to the terms of the permit which provided that the supply had to be made from one or other factory situated outside Mysore State, the contract must be deemed to have contained a covenant that the cement would be supplied in Mysore from a place situated outside its borders and sale under such a contract would clearly be an inter-State sale as defined in clause (a) of section 3 of the Act; *The State Trading Corporation of India v. State of Mysore*, (1963) 14 STC 188 (SC).

Scope

Clauses (a) and (b) of section 3 are mutually exclusive, and clause (a) covers sales in which the movement of goods from one State to another is the result of a covenant or incident of the contract of sale and property in the goods passes in either State; *Tata Iron and Steel Co. Ltd. v. S.R. Sarkar*, (1960) 11 STC 655 (SC).

4. When is a sale or purchase of goods said to take place outside a State.—

(1) Subject to the provisions contained in section 3, when a sale or purchase of goods is determined in accordance with sub-section (2) to take place inside a State, such sale or purchase shall be deemed to have taken place outside all other States.

(2) A sale or purchase of goods shall be deemed to take place inside a State, if the goods are within the State—

- (a) in the case of specific or ascertained goods, at the time the contract of sale is made; and
- (b) in the case of unascertained or future goods, at the time of their appropriation to the contract of sale by the seller or by the buyer, whether assent of the other party is prior or subsequent to such appropriation.

Explanation.—Where there is a single contract of sale or purchase of goods situated at more places than one, the provisions of this sub-section shall apply as if there were separate contracts in respect of the goods at each of such places.

COMMENTS

Goods for consumption on board during voyage

Since the bonded warehouses are located in ports, they are within the borders of the concerned State. Sales made to ships are often claimed as sales outside the State or as sales in the course of export. The principles laid down in section 4 (2) of the Act would apply in such cases and the sales would be held as internal sales. The goods are intended for consumption on board during voyage and hence there is no destination for their export. So, they can't be considered as sales in the course of export; *Burmah Shell Oil Storage & Distributing Co. v. Commissioner of Income-tax*, (1960) 11 STC 764 (SC).

5. When is a sale or purchase of goods said to take place in the course of import or export.—(1) A sale or purchase of goods shall be deemed to take place in the course of the export of the goods out of the territory of India only if the sale or purchase either occasions such export or is effected by a transfer of documents of title to the goods after the goods have crossed the customs frontiers of India.

(2) A sale or purchase of goods shall be deemed to take place in the course of the import of the goods into the territory of India only if the sale or purchase either occasions such import or is effected by a transfer of documents of title to the goods before the goods have crossed the customs frontiers of India.

¹[(3) Notwithstanding anything contained in sub-section (1), the last sale or purchase of any goods preceding the sale or purchase occasioning the export of those goods out of the territory of India shall also be deemed to be in the course of such export, if such last sale or purchase took place after, and was for the purpose of complying with, the agreement or order for or in relation to such export.]

²[(4) The provisions of sub-section (3) shall not apply to any sale or purchase of goods unless the dealer selling the goods furnishes to the prescribed authority in the prescribed manner a declaration duly filled and signed by the exporter to whom the goods are sold in a prescribed form obtained from the prescribed authority.

(5) Notwithstanding anything contained in sub-section (1), if any designated Indian carrier purchases Aviation Turbine Fuel for the purposes of its international flight, such purchase shall be deemed to take place in the course of the export of goods out of the territory of India.

Explanation.—For the purposes of this sub-section, “designated Indian carrier” means any carrier which the Central Government may, by notification in the Official Gazette, specify in this behalf.]

COMMENTS

Exemption

Exemption under this section is allowed only when the commodity exported is the same as commodity purchased, no exemption where paddy is purchased and rice is exported. But after 1996 they were deemed to be the same commodity as per section 15 (ca); *Satnam Overseas (Exports) v. State of Haryana*, (2003) 130 STC 107.

Sale in the course of import

When the bill of lading is endorsed while the consignment is still on the high seas and the sale was in the course of import, as it was effected by transfer of documents to the goods before they had crossed the limits of the customs. The sale was covered by the latter part of section 5 (2) read with section 2 (ab) and as it was in course of import hence not liable to Sales Tax; *Minerals and Metals Trading Corporation of India Ltd. v. Sales Tax Officer*, (1998) 111 STC 434.

1. Ins. by Act 103 of 1976, sec. 3 (w.r.e.f. 1-4-1976).

2. Ins. by Act 18 of 2005, sec. 90 (w.e.f. 13-5-2005).

CHAPTER III INTER-STATE SALES TAX

6. Liability to tax on inter-State sales.—¹[(1)] Subject to the other provisions contained in this Act, every dealer shall, with effect from such date² as the Central Government may, by notification in the Official Gazette, appoint, not being earlier than thirty days from the date of such notification, be liable to pay tax under this Act on all sales ³[of goods other than electrical energy] effected by him in the course of inter-State trade or commerce during any year on and from the date so notified:

⁴[Provided that a dealer shall not be liable to pay tax under this Act on any sale of goods which, in accordance with the provisions of sub-section (3) of section 5 is a sale in the course of export of those goods out of the territory of India.]

⁵[(1A) A dealer shall be liable to pay tax under this Act on a sale of any goods effected by him in the course of inter-State trade or commerce notwithstanding that no tax would have been leviable (whether on the seller or the purchaser) under the sales tax law of the appropriate State if that sale had taken place inside that State.]

⁶[(2) Notwithstanding anything contained in sub-section (1) or sub-section (1A), where a sale of any goods in the course of inter-State trade or commerce has either occasioned the movement of such goods from one State to another or has been effected by a transfer of documents of title to such goods during their movement from one State to another, any subsequent sale during such movement effected by a transfer of documents of title to such goods,—

(a) to the Government, or

(b) to a registered dealer other than the Government, if the goods are of the description referred to in sub-section (3) of section 8,

shall be exempt from tax under this Act:

Provided that no such subsequent sale shall be exempt from tax under this sub-section unless the dealer effecting the sale furnishes to the prescribed authority in the prescribed manner and within the prescribed time or within such further time as that authority may, for sufficient cause, permit,—

(a) a certificate duly filled and signed by the registered dealer from whom the goods were purchased containing the prescribed particulars in a prescribed form obtained from the prescribed authority; and

(b) if the subsequent sale is made—

(i) to a registered dealer, a declaration referred to in clause (a) of sub-section (4) of section 8, or

(ii) to the Government, not being a registered dealer, a certificate referred to in clause (b) of section (4) of section 8:

Provided further that it shall not be necessary to furnish the declaration or the certificate referred to in clause (b) of the preceding proviso in respect of a subsequent sale of goods if,—

1. Section 6 re-numbered as sub-section (1) of that section by Act 31 of 1958, sec. 3 (w.e.f. 1-10-1958).
2. 1st July, 1957, *vide* S.R.O. 940A, dated 26th March, 1957, published in the Gazette of India, Extra., 1957, Pt. II, Sec. 3, p. 1233/1.
3. Ins. by Act 61 of 1972, sec. 2 (w.e.f. 1-4-1973).
4. Ins. by Act 103 of 1976, sec. 4 (w.r.e.f. 1-4-1976).
5. Ins. by Act 28 of 1969, sec. 3 (retrospectively).
6. Subs. by Act 61 of 1972, sec. 2, for sub-section (2) (w.e.f. 1-4-1973).

- (a) the sale or purchase of such goods is, under the sales tax law of the appropriate State exempt from tax generally or is subject to tax generally at a rate which is lower than ¹[four per cent.] (whether called a tax or fee or by any other name); and
- (b) the dealer effecting such subsequent sale proves to the satisfaction of the authority referred to in the preceding proviso that such sale is of the nature referred to in clause (a) or clause (b) of this sub-section.]

²[(3) Notwithstanding anything contained in this Act, no tax under this Act shall be payable by any dealer in respect of sale of any goods made by such dealer, in the course of inter-State trade or commerce, to any official, personnel, consular or diplomatic agent of—

- (i) any foreign diplomatic mission or consulate in India; or
- (ii) the United Nations or any other similar international body,

entitled to privileges under any convention or agreement to which India is a party or under any law for the time being in force, if such official, personnel, consular or diplomatic agent, as the case may be, has purchased such goods for himself or for the purposes of such mission, consulate, United Nations or other body.

(4) The provisions of sub-section (3) shall not apply to the sale of goods made in the course of inter-State trade or commerce unless the dealer selling such goods furnishes to the prescribed authority a certificate in the prescribed manner on the prescribed form duly filled and signed by the official, personnel, consular or diplomatic agent, as the case may be.]

COMMENTS

It is obligatory on the part of the dealer claiming exemption under section 6 (2) to collect the E II forms from the selling dealer and file them before the assessing authority. He cannot insist for issue of summons by the assessing authority compelling the selling dealer to produce the declaration form; *Tamilnadu Agencies v. CTO*, (1982) 50 STC 146.

³[6A. Burden of proof, etc., in case of transfer of goods claimed otherwise than by way of sale.—(1) Where any dealer claims that he is not liable to pay tax under this Act, in respect of any goods, on the ground that the movement of such goods from one State to another was occasioned by reason of transfer of such goods by him to any other place of his business or to his agent or principal, as the case may be, and not by reason of sale, the burden of proving that the movement of those goods was so occasioned shall be on that dealer and for this purpose he may furnish to the assessing authority, within the prescribed time or within such further time as that authority may, for sufficient cause, permit, a declaration, duly filled and signed by the principal officer of the other place of

1. Subs. by Act 25 of 1975, sec. 38, for "three per cent." (w.e.f. 1-7-1975).
 2. Subs. by Act 18 of 2005, sec. 91, for sub-section "(3) Notwithstanding anything contained in this Act, if—
 - (a) any official or personnel of—
 - (i) any foreign diplomatic mission or consulate in India; or
 - (ii) the United Nations or any other similar international body,
 entitled to privileges under any convention to which India is a party or under any law for the time being in force; or
 - (b) any consular or diplomatic agent of any mission, the United Nations or other body referred to in sub-clause (i) or sub-clause (ii) of clause (a),
 3. Ins. by Act 61 of 1972, sec. 3 (w.e.f. 1-4-1973).
- purchases any goods for himself or for the purposes of such mission, United Nations or other body, then, the Central Government may, by notification in the Official Gazette, exempt, subject to such conditions as may be specified in the notification, the tax payable on the sale of such goods under this Act." (w.e.f. 13-5-2005).

business, or his agent or principal, as the case may be, containing the prescribed particulars in the prescribed form obtained from the prescribed authority, along with the evidence of despatch of such goods ¹[and if the dealer fails to furnish such declaration, then, the movement of such goods shall be deemed for all purposes of this Act to have been occasioned as a result of sale].

(2) If the assessing authority is satisfied after making such inquiry as he may deem necessary that the particulars contained in the declaration furnished by a dealer under sub-section (1) are true he may, at the time of, or at any time before, the assessment of the tax payable by the dealer under this Act, make an order to that effect and thereupon the movement of goods to which the declaration related shall be deemed for the purpose of this Act to have been occasioned otherwise than as a result of sale.

Explanation.—In this section, “assessing authority”, in relation to a dealer, means the authority for the time being competent to assess the tax payable by the dealer under this Act.]

7. Registration of dealers.—(1) Every dealer liable to pay tax under this Act shall, within such time as may be prescribed for the purpose, make an application for registration under this Act to such authority in the appropriate State as the Central Government may, by general or special order, specify, and every such application shall contain such particulars as may be prescribed.

²[(2) Any dealer liable to pay tax under the sales tax law of the appropriate State, or where there is no such law in force in the appropriate State or any part thereof, any dealer having a place of business in that State or part, as the case may be, may, notwithstanding that he is not liable to pay tax under this Act, apply for registration under this Act to the authority referred to in sub-section (1), and every such application shall contain such particulars as may be prescribed.]

Explanation.—For the purposes of this sub-section, a dealer shall be deemed to be liable to pay tax under the sales tax law of the appropriate State notwithstanding that under such law a sale or purchase made by him is exempt from tax or a refund or rebate of tax is admissible in respect thereof.]

³[(2A) Where it appears necessary to the authority to whom an application is made under sub-section (1) or sub-section (2) so to do for the proper realisation of the tax payable under this Act or for the proper custody and use of the forms referred to in clause (a) of the first proviso to sub-section (2) of section 6 or sub-section (1) of section 6A or clause (a) of sub-section (4) of section 8, he may, by an order in writing and for reasons to be recorded therein, impose as a condition for the issue of a certificate of registration a requirement that the dealer shall furnish in the prescribed manner and within such time as may be specified in the order such security as may be so specified, for all or any of the aforesaid purposes.]

(3) If the authority to whom an application under sub-section (1) or sub-section (2) is made is satisfied that the application is in conformity with the provisions of this Act and the rules made thereunder ³[and the condition, if any, imposed under sub-section (2A), has been complied with] he shall register the applicant and grant to him a certificate of registration in the prescribed form which shall specify the class or classes of goods for the purposes of sub-section (1) of section 8.

1. Ins. by Act 20 of 2002, sec. 151 (w.e.f. 11-5-2002).

2. Subs. by Act 31 of 1958, sec. 4, for sub-section (2) (w.e. 1-10-1958).

3. Ins. by Act 61 of 1972, sec. 4 (w.e.f. 1-4-1973).

¹[(3A) Where it appears necessary to the authority granting a certificate of registration under this section so to do for the proper realisation of tax payable under this Act or for the proper custody and use of the forms referred to in sub-section (3A), he may, at any time while such certificate is in force, by an order in writing and for reasons to be recorded therein, require the dealer, to whom the certificate has been granted, to furnish within such time as may be specified in the order and in the prescribed manner such security, or, if the dealer has already furnished any security in pursuance of an order under this sub-section or sub-section (2A), such additional security, as may be specified in the order, for all or any of the aforesaid purposes.]

²[(3B) No dealer shall be required to furnish any security and sub-section (2A) or any security or additional security under sub-section (3A) unless he has been given an opportunity of being heard.

(3BB) The amount of security which a dealer may be required to furnish under sub-section (2A) or sub-section (3A) or the aggregate of the amount of such security and the amount of additional security which he may be required to furnish under sub-section (3A), by the authority referred to therein shall not exceed—

- (a) in the case of a dealer other than a dealer who has made an application, or who has been registered in pursuance of an application, under sub-section (2), a sum equal to the tax payable under this Act, in accordance with the estimate of such authority, on the turnover of such dealer for the year in which such security or, as the case may be, additional security is required to be furnished; and
- (b) in the case of a dealer who has made an application, or who has been registered in pursuance of an application, under sub-section (2), a sum equal to the tax leviable under this Act, in accordance with the estimate of such authority on the sales to such dealer in the course of inter-State trade or commerce in the year in which such security or, as the case may be additional security is required to be furnished, had such dealer been not registered under this Act.]

³[(3C) Where the security furnished by a dealer under sub-section (2A) or sub-section (3A) is in the form of a surety bond and the surety becomes insolvent or dies, the dealer shall, within thirty days of the occurrence of any of the aforesaid events, inform the authority granting the certificate of registration and shall within ninety days of such occurrence furnish a fresh surety bond or furnish in the prescribed manner other security for the amount of the bond.

(3D) The authority granting the certificate of registration may by order and for good and sufficient cause forfeit the whole or any part of the security furnished by a dealer,—

- (a) for realising any amount of tax or penalty payable by the dealer;
- (b) if the dealer is found to have misused any of the forms referred to in sub-section (2A) to have failed to keep them in proper custody:

Provided that no order shall be passed under this sub-section without giving the dealer an opportunity of being heard.

1. Ins. by Act 61 of 1972, sec. 4 (w.e.f. 1-4-1973).

2. Sub-section (3B) ins. by Act 61 of 1972, sec. 4 (w.e.f. 1-4-1973) and subs. by Act 103 of 1976, sec. 5 (w.e.f. 7-9-1976).

3. Ins. by Act 61 of 1972, sec. 4 (w.e.f. 1-4-1973).

(3E) Where by reason of an order under sub-section (3D), the security furnished by any dealer is rendered insufficient, he shall make up the deficiency in such manner and within such time as may be prescribed.

(3F) The authority issuing the forms referred to in sub-section (2A) may refuse to issue such forms to a dealer who has failed to comply with an order under that sub-section or sub-section (3A), or with the provisions of sub-section (3C) or sub-section (3E), until the dealer has complied with such order or such provisions, as the case may be.

(3G) The authority granting a certificate of registration may, on application by the dealer to whom it has been granted, order the refund of any amount or part thereof deposited by the dealer by way of security under this section, if it is not required for the purposes of this Act.

(3H) Any person aggrieved by an order passed under sub-section (2A), sub-section (3A), sub-section (3D) or sub-section (3G) may, within thirty days of the service of the order on him, but after furnishing the security, prefer, in such form and manner as may be prescribed, an appeal against such order to such authority (hereinafter this section referred to as the "appellate authority") as may be prescribed:

Provided that the appellate authority may, for sufficient cause, permit such person to present the appeal—

- (a) after the expiry of the said period of thirty days; or
- (b) without furnishing the whole or any part of such security.

(3-I) The procedure to be followed in hearing any appeal under sub-section (3H), and the fees payable in respect of such appeals shall be such as may be prescribed.

(3J) The order passed by the appellate authority in any appeal under sub-section (3H) shall be final.]

¹[(4) A certificate of registration granted under this section may—

- (a) either on the application of the dealer to whom it has been granted or, where no such application has been made, after due notice to the dealer, be amended by the authority granting it if he is satisfied that by reason of the registered dealer having changed the name, place or nature of his business or the class or classes of goods in which he carries on business or for any other reason the certificate of registration granted to him requires to be amended; or
- (b) be cancelled by the authority granting it where he is satisfied, after due notice to the dealer to whom it has been granted, that he has ceased to carry on business ²[or has ceased to exist or has failed without sufficient cause, to comply with an order under sub-section (3A) or with the provisions of sub-section (3C) or sub-section (3E) or has failed to pay any tax or penalty payable under this Act], or in the case of a dealer registered under sub-section (2) has ceased to be liable to pay tax under the sales tax law of the appropriate State or for any other sufficient reason.]

(5) A registered dealer may apply in the prescribed manner not later than six months before the end of a year to the authority which granted his certificate of registration for the cancellation of such registration, and the authority shall,

1. Subs. by Act 31 of 1958 sec. 4, for sub-section (4) (w.e.f. 1-10-1958).

2. Subs. by Act 61 of 1972, sec. 4, for "or has ceased to exist" (w.e.f. 1-4-1973).

unless the dealer is liable to pay tax under this Act, cancel the registration accordingly, and where he does so, the cancellation shall take effect from the end of the year.

COMMENTS

Even if a dealer gets himself registered under sub-section (2) of section 7, he should take out separate registration under sub-section (1) of section 7, the moment he becomes liable to pay tax under the Act; *Commissioner of Sales Tax v. Imphalbs Manufacturing Co.*, (1972) 29 STC 450 (MP).

8. Rates of tax on sales in the course of inter-State trade or commerce.—

¹[(1) Every dealer, who in the course of inter-State trade or commerce—

- (a) sells to the Government any goods; or
- (b) sells to a registered dealer other than the Government goods of the description referred to in sub-section (3),

²[shall be liable to pay tax under this Act, with effect from such date as may be notified by the Central Government in the Official Gazette for the purpose, which shall be two per cent. of his turnover or at the rate applicable to the sale or purchase of such goods inside the appropriate State under the sales tax law of that State, or, as the case may be, under any enactment of that State imposing value added tax, whichever is lower:

Provided that the rate of tax payable under this sub-section by a dealer shall continue to be four per cent. of his turnover, until the rate of two per cent. takes effect under this sub-section.]

(2) The tax payable by any dealer on his turnover in so far as the turnover or any part thereof relates to the sale of goods in the course of inter-State trade or commerce not falling within sub-section (1)—

- (a) in the case of declared goods, shall be calculated ³[at twice the rate] applicable to the sale or purchase of such goods inside the appropriate State; ⁴[***]
- (b) in the case of goods other than declared goods, shall be calculated at the rate of ⁵[ten per cent.] or at the rate applicable to the sale or purchase of such goods inside the appropriate State, ⁶[whichever is higher; and]

⁷[(c) in the case of goods, the sale or, as the case may be, the purchase of which is, under the sales tax law of the appropriate State, exempt from tax generally shall be nil,

and for the purpose of making any such calculation under clause (a) or clause (b), any such dealer shall be deemed to be a dealer liable to pay tax under the sales tax law of the appropriate State, notwithstanding that he, in fact, may not be so liable under that law.

1. Subs. by Act 31 of 1958, sec. 5, for sub-sections (1) to (4) (w.e.f. 1-10-1958).
2. Subs. by Act 32 of 2003, sec. 162, for certain words (w.e.f. 14-5-2003).
3. Subs. by Act 25 of 1975, sec. 38, for "at the rate" (w.e.f. 1-7-1975).
4. The word "and" omitted by Act 20 of 2002, sec. 152 (w.e.f. 11-5-2002).
5. Subs. by Act 8 of 1963, sec. 2, for "seven per cent." (w.e.f. 1-4-1963).
6. Subs. by Act 20 of 2002, sec. 152, for "whichever is higher" (w.e.f. 11-5-2002).
7. Subs. by Act 20 of 2002, sec. 152, for certain words (w.e.f. 11-5-2002).

Explanation.—For the purposes of this sub-section, a sale or purchase of any goods shall not be deemed to be exempt from tax generally under the sales tax law of the appropriate State if under that law the sale or purchase of such goods is exempt only in specified circumstances or under specified conditions or the tax is levied on the sale or purchase of such goods at specified stages or otherwise than with reference to the turnover of the goods.]

¹[***]

(3) The goods referred to in clause (b) of sub-section (1)—

²[***]

- (b) ³[***] are goods of the class or classes specified in the certificate of registration of the registered dealer purchasing the goods as being intended for re-sale by him or subject to any rules made by the Central Government in this behalf, for use by him in the manufacture or processing of goods for sale or ⁴[in the tele-communications network or] in mining or in the generation or distribution of electricity or any other form of power;
- (c) are containers or other materials specified in the certificate of registration of the registered dealer purchasing the goods, being containers or materials intended for being used for the packing of goods for sale;
- (d) are containers or other materials used for the packing of any goods or classes of goods specified in the certificate of registration referred to in ⁵[***] clause (b) or for the packing of any containers or other materials specified in the certificate of registration referred to in clause (c).

(4) The provisions of sub-section (1) shall not apply to any sale in the course of inter-State trade or commerce unless the dealer selling the goods furnishes to the prescribed authority in the prescribed manner—

- (a) a declaration duly filled and signed by the registered dealer to whom the goods are sold containing the prescribed particulars in a prescribed form obtained from the prescribed authority; or
- (b) if the goods are sold to the Government, not being a registered dealer, a certificate in the prescribed form duly filled and signed by a duly authorised officer of the Government:]

⁶[Provided that the declaration referred to in clause (a) is furnished within the prescribed time or within such further time as that authority may, for sufficient cause, permit.]

⁷[(5) Notwithstanding anything contained in this section, the State Government may ⁴[on the fulfilment of the requirements laid down in sub-

1. Sub-section (2A) omitted by Act 20 of 2002, sec. 152 (w.e.f. 11-5-2002).

2. Clause (a) omitted by Act 8 of 1963, sec. 2 (w.e.f. 1-4-1963).

3. Certain words omitted by Act 8 of 1963, sec. 2 (w.e.f. 1-4-1963).

4. Ins. by Act 20 of 2002, sec. 152 (w.e.f. 11-5-2002).

5. The words "clause (a) or" omitted by Act 8 of 1963, sec. 2 (w.e.f. 1-4-1963).

6. Ins. by Act 61 of 1972, sec. 5 (w.e.f. 1-4-1973).

7. Subs. by Act 61 of 1972, sec. 5, for sub-section (5) (w.e.f. 1-4-1973).

section (4) by the dealer] if it is satisfied that it is necessary so to do in the public interest, by notification in the Official Gazette and subject to such conditions as may be specified therein direct,—

- (a) that no tax under this Act shall be payable by any dealer having his place of business in the State in respect of the sales by him, in the course of inter-State trade or commerce, ¹[to a registered dealer or the Government] from any such place of business of any such goods or classes of goods as may be specified in the notification, or that the tax on such sales shall be calculated at such lower rates than those specified in sub-section (1) or sub-section (2) as may be mentioned in the notification;
- (b) that in respect of all sales of goods or sales of such classes of goods as may be specified in the notification, which are made, in the course of inter-State trade or commerce ¹[to a registered dealer or the Government] by any dealer having his place of business in the State or by any class of such dealers as may be specified in the notification to any person or to such class of persons as may be specified in the notification, no tax under this Act shall be payable or the tax on such sales shall be calculated at such lower rates than those specified in sub-section (1) or sub-section (2) as may be mentioned in the notification.]

¹[(6) Notwithstanding anything contained in this section, no tax under this Act shall be payable by any dealer in respect of sale of any goods made by such dealer, in the course of inter-State trade or commerce to a registered dealer for the purpose of setting up, operation, maintenance, manufacture, trading, production, processing, assembling, repairing, reconditioning, re-engineering, packaging or for use as packing material or packing accessories in a unit located in any special economic zone or for development, operation and maintenance of special economic zone by the developer of the special economic zone, if such registered dealer has been authorised to establish such unit or to develop, operate and maintain such special economic zone by the authority specified by the Central Government in this behalf.]

(7) The goods referred to in sub-section (6) shall be the goods of such class or classes of goods as specified in the certificate of registration of the registered dealer referred to in that sub-section.

(8) The provisions of sub-sections (6) and (7) shall not apply to any sale of goods made in the course of inter-State trade or commerce unless the dealer selling such goods furnishes to the ²[prescribed authority referred to in sub-section (4) a declaration in the prescribed manner on the prescribed form obtained from the authority specified by the Central Government under sub-

1. Subs. by Act 23 of 2004, sec. 118, for “(6) Notwithstanding anything contained in this section, no tax under this Act shall be payable by any dealer in respect of sale of any goods made by such dealer, in the course of inter-State trade or commerce to a registered dealer for the purpose of manufacture, production, processing, assembling, repairing, reconditioning, re-engineering, packaging or for use as trading or packing material or packing accessories in an unit located in any special economic zone, if such registered dealer has been authorised to establish such unit by the authority specified by the Central Government in this behalf” (w.e.f. 10-9-2004).
2. Subs. by Act 23 of 2004, sec. 118, for “authority referred to in sub-section (6) a declaration in the prescribed manner on the prescribed form obtained from the authority referred to in sub-section (5)” (w.e.f. 10-9-2004).

section (6)] in sub-section (5), duly filled in and signed by the registered dealer to whom such goods are sold.

Explanation.—For the purposes of sub-section (6), the expression “special economic zone” has the meaning assigned to it in clause (iii) to *Explanation 2* to the proviso to section 3 of the Central Excise Act, 1944 (1 of 1944).]

COMMENTS

Exemption from sales tax

When sale or purchase is exempted from sales tax under the local Act, goods manufactured by registered small scale industry is exempted from local sales tax for five years but not from Central Sales Tax; *Union of India v. Rapidur (India) Pvt. Ltd.*, (2002) 119 STC 18.

Inter-State sales

In case of Inter-State Sales, notification by State Government reducing rate of sales tax payable by dealers having place of business in the State was held to be void by Supreme Court but subsequent Constitution Bench overruled it. So, the State Government cannot recover the difference by reason of earlier decision: *Shree Cement Ltd. v. State of Rajasthan*, (2000) 119 STC 10.

¹[8A. **Determination of turnover.**—(1) In determining the turnover of a dealer for the purpose of this Act, the following deductions shall be made from the aggregate of the sale prices, namely:—

- (a) the amount arrived at by applying the following formula—

$$\frac{\text{rate of tax} \times \text{aggregate of sale prices}}{100 + \text{rate of tax}}$$

Provided that no deduction on the basis of the above formula shall be made if the amount by way of tax collected by a registered dealer, in accordance with the provisions of this Act, has been otherwise deducted from the aggregate of sale prices.

Explanation.—Where the turnover of a dealer is taxable at different rates, the aforesaid formula shall be applied separately in respect of each part of the turnover liable to a different rate of tax;

- (b) the sale price of all goods returned to the dealer by the purchasers of such goods,—
- (i) within a period of three months from the date of delivery of the goods, in the case of goods returned before the 14th day of May, 1966;
 - (ii) within a period of six months from the date of delivery of the goods, in the case of goods returned on or after the 14th day of May, 1966:

Provided that satisfactory evidence of such return of goods and of refund or adjustment in accounts of the sale price thereof is produced before the authority competent to assess or, as the case may be, re-assess the tax payable by the dealer under this Act; and

- (c) such other deductions as the Central Government may, having regard to the prevalent market conditions, facility of trade and interests of consumers, prescribe.

(2) Save as otherwise provided in sub-section (1), in determining the turnover of a dealer for the purposes of this Act, no deduction shall be made from the aggregate of the sale prices.]

1. Ins. by Act 28 of 1969, sec. 5 (retrospectively).

COMMENTS

Inter-State sales

Goods returned by the purchasers cannot be considered as sales made by him and assessed to tax under the Central Sales Tax Act as inter-State sales; *M. Fram Rose & Co v. State of Maharashtra*, (1977) 40 STC 36 (Bom).

¹[9. **Levy and collection of tax and penalties.**—(1) The tax payable by any dealer under this Act on sales of goods effected by him in the course of inter-State trade or commerce, whether such sales fall within clause (a) or clause (b) of section 3, shall be levied by the Government of India and the tax so levied shall be collected by that Government in accordance with the provision of sub-section (2), in the State from which the movement of the goods commenced:

²[Provided that, in the case of a sale of goods during their movement from one State to another, being a sale subsequent to the first sale in respect of the same goods and being also a sale which does not fall within sub-section (2) of section 6, the tax shall be levied and collected—

- (a) where such subsequent sale has been effected by a registered dealer, in the State from which the registered dealer obtained or, as the case may be, could have obtained, the form prescribed for the purposes of clause (a) of sub-section (4) of section 8 in connection with the purchase of such goods; and
- (b) where such subsequent sale has been effected by an unregistered dealer in the State from which such subsequent sale has been effected.]

(2) Subject to the other provisions of this Act and the rules made thereunder, the authorities for the time being empowered to assess, re-assess, collect and enforce payment of any tax under general sales tax law of the appropriate State shall, on behalf of the Government of India, assess re-assess, collect and enforce payment of tax, including any ³[interest or penalty,] payable by a dealer under this Act as if the tax or ³[interest or penalty] payable by such a dealer under this Act is a tax or ³[interest or penalty] payable under the general sales tax law of the State; and for this purpose they may exercise all or any of the powers they have under the general sales tax law of the State; and the provisions of such law, including provisions relating to returns, provisional assessment, advance payment of tax, registration of the transferee of any business, imposition of the tax liability of a person carrying on business on the transferee of, or successor to, such business, transfer of liability of any firm or Hindu undivided family to pay tax in the event of the dissolution of such firm or partition of such family, recovery of tax from third parties, appeals, reviews, revisions, references, ⁴[refunds, rebates, penalties,] ⁵[charging or payment of interest,] compounding of offences and treatment of documents furnished by a dealer as confidential, shall apply accordingly:

Provided that if in any State or part thereof there is no general sales tax law in force, the Central Government may, be rules made in this behalf make necessary provision for all or any of the matter specified in this sub-section.

1. Section 9 subs. by Act 31 of 1958, sec. 6 and again subs. by Act 28 of 1969, sec. 6 (retrospectively).
2. Subs. by Act 103 of 1976, sec. 6, for the proviso (w.e.f. 7-9-1976).
3. Subs. by Act 10 of 2000, sec. 119, for "penalty" (w.e.f. 12-5-2000).
4. Subs. by Act 61 of 1972, sec. 6, for "refunds, penalties" (w.e.f. 1-4-1973).
5. Ins. by Act 103 of 1976, sec. 6 (retrospectively).

¹[(2A) All the ²[provisions relating to offences, interest and penalties] (including provisions relating to penalties in lieu of prosecution for an offence or in addition to the penalties or punishment for an offence but excluding the provisions relating to matters provided for in section 10 and 10A) of the general sales tax law of each State shall, with necessary modifications, apply in relation to the assessment, re-assessment, collection and the enforcement of payment of any tax required to be collected under this Act in such State or in relation to any process connected with such assessment, re-assessment, collection or enforcement of payment as if the tax under this Act were a tax under such sales tax law.]

³[(2B) If the tax payable by any dealer under this Act is not paid in time, the dealer shall be liable to pay interest for delayed payment of such tax and all the provisions for delayed payment of such tax and all the provisions relating to due date for payment of tax, rate of interest for delayed payment of tax, of the general sales tax law of each State, shall apply in relation to due date for payment of tax, rate of interest for delayed payment of tax, and assessment and collection of interest for delayed payment of tax under this Act in such States as if the tax and the interest payable under this Act were a tax and an interest under such sales tax law.]

(3) The proceeds in any financial year of any tax, ⁴[including any interest or penalty] levied and collected under this Act in any State (other than a Union Territory) on behalf of the Government of India shall be assigned to the State and shall be retained by it; and the proceeds attributable to Union territories shall form part of the Consolidated Fund of India.]

COMMENTS

The Supreme Court has held that findings of fact recorded by the assessing authorities could not be set aside by the High Court when there was no basis to hold that the assessee in the normal course would have transferred the entire stock; *State of Tamil Nadu v. Kerala State Small Industries Development and Employment Corporation Ltd.*, AIR 2001 SC 1790.

⁵[9A. **Collection of tax to be only by registered dealers.**—No person who is not a registered dealer shall collect in respect of any sale by him of goods in the course of inter-State trade or commerce any amount by way of tax under this Act, and no registered dealer shall make any such collection except in accordance with this Act and the rules made thereunder.]

⁶[9B. **Rounding off of tax, etc.**—The amount of tax, penalty, fine or any other sum payable, and the amount of refund due, under the provisions of this Act shall be rounded off to the nearest rupees and, for the purpose, where such amount contains a part of a rupee consisting of paise, then, if such part is fifty paise or more, it shall be increased to one rupee and if such part is less than fifty paise, it shall be ignored:

1. Ins. by Act 103 of 1976, sec. 6 (w.e.f. 7-9-1976).
2. Subs. by Act 10 of 2000, sec. 119, for "provisions relating to offences and penalties" (w.e.f. 12-5-2000).
3. Ins. by Act 10 of 2000, sec. 119 (w.e.f. 12-5-2000).
4. Subs. by Act 10 of 2000, sec. 119, for "including any penalty" (w.e.f. 12-5-2000).
5. Ins. by Act 31 of 1958, sec. 6 (w.e.f. 1-10-1958).
6. Ins. by Act 61 of 1972, sec. 7 (w.e.f. 1-4-1973).

Provided that nothing in this section shall apply for the purpose of collection by a dealer of any amount by way of tax under this Act in respect of any sale by him of goods in the course of inter-State trade or commerce.]

10. Penalties.—If any person—

- ¹[(a) furnishes a certificate or declaration under sub-section (2) of section 6 or sub-section (1) of section 6A or sub-section (4) ²[or sub-section (8)] of section 8, which he knows, or has reason to believe, to be false; or
- (aa) fails to get himself registered as required by section 7 or fails to comply with an order under sub-section (3A) or with the requirements of sub-section 3(C) or sub-section (3E) of that section;]
- (b) being a registered dealer, falsely represents when purchasing any class of goods that goods of such class are covered by his certificate of registration; or
- (c) not being a registered dealer, falsely represents when purchasing goods in the course of inter-State trade or commerce that he is a registered dealer; or
- (d) after purchasing any goods for any of the purposes specified in ³[clause (b) or clause (c) or clause (d)] of sub-section (3) ²[or sub-section (6)] of section 8 fails, without reasonable excuse, to make use of the goods for any such purpose;
- (e) has in his possession any form prescribed for the purpose of sub-section (4) ²[or sub-section (8)] of section 8 which has not been obtained by him or by his principal or by his agent in accordance with the provisions of this Act or any rules made thereunder;
- ⁴[(f) collects any amount by way of tax in contravention of the provisions contained in section 9A,]

he shall be punishable with simple imprisonment which may extend to six months, or with fine or with both; and when the offence is a continuing offence, with a daily fine which may extend to fifty rupees for every day during which the offence continues.

⁵[10A. Imposition of penalty in lieu of prosecution—⁶[(1)] If any person purchasing goods is guilty of an offence under clause (b) or clause (c) or clause (d) of section 10, the authority who granted to him or, as the case may be, is competent to grant to him a certificate of registration under this Act may, after giving him 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 ⁷[the tax which would have been levied under sub-section (2) of section 8 in respect of the sale to him of the goods, if the sale had been a sale falling within that sub-section]:

1. Subs. by Act 61 of 1972, sec. 8, for clause (a) (w.e.f. 1-4-1973).

2. Ins. by Act 20 of 2002, sec. 153 (w.e.f. 11-5-2002).

3. Subs. by Act 61 of 1972, sec. 8, for "clause (b)" (w.e.f. 1-4-1973).

4. Ins. by Act 31 of 1958, sec. 7 (w.e.f. 1-10-1958).

5. Ins. by Act 31 of 1958, sec. 8 (w.e.f. 1-10-1958).

6. Section 10A re-numbered as sub-section (1) of that section by Act 28 of 1969, sec. 7 (w.r.e. 1-10-1958).

7. Subs. by Act 61 of 1972, sec. 9, for certain words (w.e.f. 1-4-1973).

Provided that no prosecution for an offence under section 10 shall be instituted in respect of the same facts on which a penalty has been imposed under this section.]

¹[(2) The penalty imposed upon any dealer under sub-section (1) shall be collected by the Government of India in the manner provided in sub-section (2) of section 9—

- (a) in the case of an offence falling under clause (b) or clause (d) of section 10, in the State in which the person purchasing the goods obtained the form prescribed for the purposes of clause (a) of sub-section (4) of section 8 in connection with the purchase of such goods;
- (b) in the case of an offence falling under clause (c) of section 10, in the State in which the person purchasing the goods should have registered himself if the offence had not been committed.]

COMMENTS

Competent authority to levy penalty

The authority who grants registration is the competent authority to levy penalty under section 10A. Even if there is a change in the jurisdiction the authority who made the assessment is competent to levy penalty as "levy of penalty is one form of levying tax"; *State of Uttar Pradesh v. Dyer Meakin Breweries Ltd.*, 31 STC 588 (SC).

11. Cognizance of offences.—(1) No court shall take cognizance of any offence punishable under this Act or the rules made thereunder except with the previous sanction of the Government within the local limits of whose jurisdiction the offence has been committed or of such officer of that Government as it may, by general or special order, specify in this behalf; and no court inferior to that of a presidency magistrate or a magistrate of the first class shall try any such offence.

(2) All offences punishable under this Act shall be cognizable and bailable.

12. Indemnity.—No suit, prosecution or other legal proceeding shall lie against any officer of Government for anything which is in good faith done or intended to be done under this Act or the rules made thereunder.

13. Power to make rules.—(1) The Central Government may, by notification in the Official Gazette, make rules providing for—

- (a) the manner in which application for registration may be made under this Act, the particulars to be contained therein, the procedure for the grant of such registration, the circumstances in which registration may be refused and the form in which the certificate of registration may be given;
- ²[(aa) the manner of determination of the sale price and the deductions from the total consideration for a works contract under the proviso to clause (h) of section 2;]
- ³[[⁴(ab)] the form and the manner for furnishing declaration under sub-section (8) of section 8;]
- (b) the period of turnover, the manner in which the turnover in relation to the sale of any goods under this Act shall be determined, and the deductions which may be made ⁵[under clause (c) of sub-section (1) of section 8A] in the process of such determination;

1. Ins. by Act 28 of 1969, sec. 7 (w.r.e.f. 1-10-1958).

2. Ins. by Act 18 of 2005, sec. 92 (w.e.f. 13-5-2005).

3. Ins. by Act 20 of 2002, sec. 154 (w.e.f. 11-5-2002).

4. Clause (aa) relettered as clause (ab) by Act 18 of 2005, sec. 92 (w.e.f. 13-5-2005).

5. Ins. by Act 61 of 1972, sec. 10 (w.e.f. 1-4-1973).

- (c) the cases and circumstances in which, and the conditions subject to which, any registration granted under this Act may be cancelled;
- ¹[(d) the form in which and the particulars to be contained in any declaration or certificate to be given under this Act ²[the State of origin of such form or certificate and the time within which any such certificate or declaration shall be produced or furnished];
- (e) the enumeration of goods or class of goods used in the manufacture or processing of goods for sale or in mining or in the generation or distribution of electricity or any other form of power;
- (f) the matters in respect of which provision may be made under the provision to ³[sub-section (2)] of section 9;
- (g) the fees payable in respect of applications under this Act.]
- ⁴[(h) the proper functioning of the Authority constituted under section 19;
- (i) the salaries and allowances payable to, and the terms and conditions of service of, the Chairman and Members under sub-section (3) of section 19;
- (j) any other matter as may be prescribed.]

⁵[(2) Every rule made by the Central Government under sub-section (1) shall be laid, as soon as may be after it is made, before each House of Parliament while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule 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.]

(3) The State Government may make rules, not inconsistent with the provisions of this Act and the rules made under sub-section (1), to carry out the purposes of this Act.

(4) In particular and without prejudice to the powers conferred by sub-section (3), the State Government may make rules for all or any of the following purposes, namely:—

- (a) the publication of lists of registered dealers, of the amendments made in such lists from time to time, and the particulars to be contained in such lists;
- ⁶[(aa) the manner in which security may be furnished under sub-section (2A) or sub-section (3A) or sub-section (3C) of section 7 and the

1. Subs. by Act 31 of 1958, sec. 9, for clause (d) (w.e.f. 1-10-1958).

2. Ins. by Act 61 of 1972, sec. 10 (w.e.f. 1-4-1973).

3. Subs. by Act 28 of 1969, sec. 8, for "sub-section (3)" (retrospectively).

4. Ins. by Act 41 of 2001, sec. 2 (w.e.f. 17-3-2005).

5. Subs. by Act 61 of 1972, sec. 10, for sub-section (2) (w.e.f. 1-4-1973).

6. Ins. by Act 61 of 1972, sec. 10 (w.e.f. 1-4-1973).

manner in which and the time within which any deficiency may be made up under sub-section (3E) of that section;]

- (b) the form and manner in which accounts relating to sales in the course of inter-State trade or commerce shall be kept by registered dealers;
- (c) the furnishing of any information relating to the stocks of goods of purchases, sales and deliveries of books by, any dealer or any other information relating to his business as may be necessary for the purposes of this Act;
- (d) the inspection of any books, accounts or documents required to be kept under this Act, the entry into any premises at all reasonable times for the purposes of searching for any such books, accounts or documents kept or suspected to be kept in such premises and the seizure of such books, accounts or documents;
- ¹[(e) the authority from whom, the conditions subject to which and fees subject to payment of which any form of certificate prescribed under clause (a) of the first proviso to sub-section (2) of section 6 or of declaration prescribed under sub-section (1) of section 6A or sub-section (4) of section 8 may be obtained, the manner in which such forms shall be kept in custody and records relating thereto maintained and the manner in which any such form may be used and any such certificate or declaration may be furnished;
- (ee) the form and manner in which, and the authority to whom, an appeal may be preferred under sub-section (3H) of section 7, the procedure to be followed in hearing such appeals and the fees payable in respect of such appeals;]
- (f) in the case of an Undivided Hindu Family, association, club, society, firm or company or in the case of a person who carries on business as a guardian or trustee or otherwise on behalf of another person, the furnishing of a declaration stating the name of the person who shall be deemed to be the manager in relation to the business of the dealer in the State and the form in which such declaration may be given;
- (g) the time within which, the manner in which and ²[the authorities to whom] any change in the ownership of any business or in ³[the name, place or nature] of any business carried on by any dealer shall be furnished.

(5) In making any rule under this section ⁴[the Central Government or as the case may be, the State Government] may direct that a breach thereof shall be punishable with fine which may extend to five hundred rupees and when the offence is a continuing offence, with a daily fine which may extend to fifty rupees for every day during which the offence continues.

1. Subs. by Act 61 of 1972, sec. 10, for clause (e) (w.e.f. 1-4-1973).

2. Subs. by Act 31 of 1958, sec. 9, for "the authorities to which" (w.e.f. 1-10-1958).

3. Subs. by Act 31 of 1953, sec. 9, for "the nature" (w.e.f. 1-10-1958).

4. Subs. by Act 61 of 1972, sec. 10, for "the State Government" (w.e.f. 1-4-1973).

COMMENTS

Sphere of rule making power

Section 13 (3) and (4) set out the spheres of rule-making powers of the State Governments. Inter-State trade and commerce involves dealers of two different State. Any rule made by a State Government can only govern the dealers of that State. It cannot govern dealers of other States. Any rule that governs dealers of X State cannot be considered as mandatory; *State of Madras v. Nandlal & Co.*, (1967) 20 STC 374 (SC).

CHAPTER IV

GOODS OF SPECIAL IMPORTANCE IN INTER-STATE
TRADE OR COMMERCE

14. Certain goods to be of special importance in inter-State trade or commerce.—It is hereby declared that the following goods are of special importance in inter-State trade or commerce:—

¹[(i) cereals, that is to say,—

- (i) paddy (*Oryza sativa* L.);
- (ii) rice (*Oryza sativa* L.);
- (iii) wheat (*Triticum vulgare*, *T. compactum*, *T. sphaerococcum*, *T. durum*, *T. aestivum* L. *T. dicoccum*);
- (iv) jowar or milo (*Sorghum vulgare* Pers);
- (v) bajra (*Pennisetum typhoideum* L.);
- (vi) maize (*Zea mays* D.);
- (vii) ragi (*eleusine coracana* Gaertn.);
- (viii) kodon (*paspalum scrobiulatum* L.);
- (ix) kutki (*Panicum miliare* L.);
- (x) barley (*Hordeum vulgare* L.);]

²[(ia)] coal, including coke in all its forms, but excluding charcoal:

Provided that during the period commencing on the 23rd day of February, 1967 and ending with the date of commencement of section 11 of the Central Sales Tax (Amendment) Act, 1972 (61 of 1972) this clause shall have effect subject to the modification that the words "but excluding charcoal" shall be omitted;]

- (ii) cotton, that is to say all kinds of cotton (indigenous or imported) in its unmanufactured state, whether ginned or unginned, baled, pressed or otherwise, but not including cotton waste;

⁴[(iia) cotton fabrics covered under heading Nos. 52.05, 52.06, 52.07, 52.08, 52.09, 52.10, 52.11, 52.12, 58.01, 58.02, 58.03, 58.04, 58.05, ⁵[58.06,] 59.01, 59.03, 59.05, 59.06, and 60.01 of the Schedule to the Central Exercise Tariff Act, 1985 (5 of 1986);]

1. Ins. by Act 103 of 1976, sec. 7 (w.e.f. 7-9-1976).

2. Subs. by Act 61 of 1972, sec. 11, for clause (i) (retrospectively).

3. Clause (i) re-numbered as clause (ia) by Act 103 of 1976, sec. 7 (w.e.f. 7-9-1976).

4. Item (iia) ins. by Act 16 of 1957, sec. 3 and subs. by Act 31 of 1958, sec. 10 (w.e.f. 1-10-1958), and again subs. by Act 26 of 1988, sec. 85 (w.e.f. 13-5-1988).

5. Ins. by Act 13 of 1989, sec. 50 (w.e.f. 12-5-1989).

- ¹[(iib) cotton yarn, but not including cotton yarn waste;]
- ²[(iic) crude oil, that is to say, crude petroleum oils and crude oils obtained from bituminous minerals (such as shale, calcareous rock, sand), whatever their composition, whether obtained from normal or condensation oil-deposits or by the destructive distillation of bituminous minerals and whether or not subjected to all or any of the following processes:—
- (1) decantation;
 - (2) de-salting;
 - (3) dehydration;
 - (4) stabilisation in order to normalise the vapour pressure;
 - (5) elimination of very light fractions with a view to returning them to the oil-deposits in order to improve the drainage and maintain the pressure;
 - (6) the addition of only those hydrocarbons previously recovered by physical methods during the course of the above mentioned processes;
 - (7) any other minor process (including addition of pour point depressants or flow improvers) which does not change the essential character of the substance;]
- ³[(iid) Aviation Turbine Fuel sold to a Turbo-Prop Aircraft.
- Explanation.*—For the purposes of this clause, "Turbo-Prop Aircraft" means an aircraft deriving thrust, mainly from propeller, which may be driven by either turbine engine or piston engine;]
- (iii) hides and skins, whether in a raw or dressed state;
- ⁴[(iv) iron and steel, that is to say,—
- (i) ⁵[pig iron, sponge iron and] cast iron including ⁶[ingot moulds, bottom plates], iron scrap, cost iron scrap, runner scrap and iron skull scrap;
 - (ii) steel semis (ingots, slabs, blooms and billets of all qualities, shapes and sizes);
 - (iii) skelp bars, tin bars, sheet bars, hoe-bar and sleeper bars;
 - (iv) steel bars (rounds, rods, squares, flat, octagons and hexagons, plain and ribbed or twisted, in coil form as well as straight lengths;
 - (v) steel structurals (angles, joists, channels, tees, sheet piling sections, Z-sections or any other rolled sections);

1. Ins. by Act 31 of 1958, sec. 10 (w.e.f. 1-10-1958).

2. Ins. by Act 103 of 1976, sec. 7 (w.e.f. 7-9-1976).

3. Ins. by Act 14 of 2001, sec. 139 (w.e.f. 11-5-2001).

4. Subs. by Act 61 of 1972, sec. 11, for clause (iv) (w.e.f. 1-4-1973).

5. Subs. by Act 14 of 2001, sec. 139, for "pig iron and" (w.e.f. 11-5-2001).

6. Subs. by Act 38 of 1978, sec. 3 and Sch II, for "ingot moulds bottom plates".

- (vi) sheets, hoops, strips and skelp, both black and galvanised, hot and cold rolled plain and corrugated, in all qualities, in straight lengths and in coil form, as rolled and in rivetted condition;
- (vii) Plates both plain and chequered in all qualities;
- (viii) discs, rings, forgings and steel castings;
- (ix) tools, alloy and special steels of any of the above categories;
- (x) steel melting scrap in all forms including steel skull, turnings and borings;
- (xi) steel tubes, both welded and seamless, of all diameters and lengths including tube fittings;
- (xii) tin-plates, both hot dipped and electrolytic and tinfree plates;
- (xiii) fish plate bars, bearing plate bars, crossing sleeper bars, fish plates, bearing plates, crossing sleepers and pressed steel sleepers—heavy and light crane rails;
- (xiv) wheels, tyres, axles and wheels sets;
- (xv) wire rods and wires—rolled, drawn, galvanised, aluminised, tinned or coated such as by copper;
- (xvi) defectives, rejects, cuttings, or end pieces of any of the above categories;]
- ¹[(v) jute, that is to say, the fibre extracted from plants belonging to the species *Corchorus capsularis* and *Corchorus olitorius* and the fibre known as mesta or bimli extracted from plants of the species *Hibiscus cannabinus* and *Hibiscus sabdariffa*—Varaltissima and the fibre known as *Sunn* or *Sunn-hemp* extracted from plants of the species *Crotalaria juncea* whether baled or otherwise;]
- ²[(va) liquified petroleum gas for domestic use;]
- ³[(vi) oilseeds, that is to say,—
 - (i) groundnut or peanut (*Arachis hypogaea*);
 - (ii) sesamum or til (*Sesamum orientale*);
 - (iii) cotton seed (*Gossypium Spp*);
 - (iv) soyabean (*Glycine seja*);
 - (v) rapeseed and mustard—
 - (1) *torta* (*Brassica campestris var toria*);
 - (2) *rai* (*Brassica juncea*);
 - (3) *jamba*—taramira (*Eruca Satiya*);
 - (4) *sarson*, yellow and brown (*Brassica campestris var sarson*);
 - (5) *banarasi rai* or true mustard (*Brassica nigra*);
 - (vi) linseed (*Linum usitatissimum*);
 - (vii) castor (*Ricinus communis*);
 - (viii) coconut (*i.e.*, Copra excluding tender coconuts) (*cocosnucifera*);

1. Subs. by Act 61 of 1972, sec. 11, for clause (v) (w.e.f. 1-4-1973).

2. Ins. by Act 21 of 2006, sec. 71 (w.e.f. 18-4-2006).

3. Subs. by Act 61 of 1972, sec. 11, for clause (vi) (w.e.f. 1-4-1973).

- (ix) sunflower (*Helianthus annuus*);
 - (x) nigar seed (*Guizotia abyssinica*);
 - (xi) neem, vepa (*Azadirachta indica*);
 - (xii) mahua, illupai, ippe (*Madhuca indica* M. *Latifolia*, *Bassia*, *Latifolia* and *Madhuca longifolia* syn. *M. Longifolia*);
 - (xiii) karanja, pongam, honga (*Pongamia pinnata* syn. *P. Glabra*);
 - (xiv) kusum (*Schleichera oleosa*, syn. *S. Trijuga*);
 - (xv) punna, Undi (*Calophyllum inophyllum*);
 - (xvi) kokum (*Carcinia indica*);
 - (xvii) sal (*Shorea robusta*);
 - (xviii) tung (*Aleurites fordii* and *A. montana*);
 - (xix) red palm (*Elaeis guinensis*);
 - (xx) safflower (*Carthamus tinctorius*);]
- ¹[(via) pulses, that is to say,—
- (i) gram or gulab gram (*Cicerarietinum* L.);
 - (ii) tur or arhar (*Cajanus cajan*);
 - (iii) moong or green gram (*Phaseolus aureus*);
 - (iv) masur or lentil (*Lens esculenta* Moench, *Lens culinarie* Medic.);
 - (v) urad or black gram (*Phaseolus mungo*);
 - (vi) moth (*Phaseolus aconitifolius* Jacq);
 - (vii) lakh or khesari (*Lathyrus sativus* L.);]
- ²[(vii) man-made fabrics covered under heading Nos. 54.08, 54.09, 54.10, 54.11, 54.12, 55.07, 55.08, 55.09, 55.10, 55.11, 55.12, 58.01, 58.02, 58.03, 58.04, 58.05, ³[58.06,] 59.01, 59.02, 59.03, 59.05, 59.06, and 60.01 of the Schedule to the Central Excise Tariff Act, 1985 (5 of 1986);
- (viii) sugar covered under sub-heading Nos. 1701.20, 1701.31, 1701.39, and 1702.11 of the Schedule to the Central Excise Tariff Act, 1985 (5 of 1986);
 - (ix) unmanufactured tobacco and tobacco refuse covered under sub-heading No. 2401.00, cigars and cheroots of tobacco covered under heading No. 24.02, cigarettes and cigarillos of tobacco covered under sub-heading Nos. 2403.11, and 2403.21 and other manufactured tobacco covered under sub-heading Nos. 2404.11, 2404.12, 2404.13, 2404.19, 2404.21, 2404.29, 2404.31, 2404.39, 2404.41, ⁴[2404.50 and 2404.60] of the Schedule to the Central Excise Tariff Act, 1985 (5 of 1986);

1. Ins. by Act 103 of 1976, sec. 7 (w.e.f. 7-9-1976).

2. Ins. by Act 31 of 1958, sec. 10 (w.e.f. 1-10-1958) and subs. by Act 26 of 1988, sec. 85 (w.e.f. 13-5-1988).

3. Ins. by Act 13 of 1989, sec. 50.

4. Subs. by Act 13 of 1989, sec. 50, for "and 2404.50" (w.e.f. 12-5-1989).

- (x) woven fabrics of wool covered under heading Nos. 51.06, 51.07, 58.01, 58.02, 58.03 and 58.05 of the Schedule to the Central Excise Tariff Act, 1985 (5 of 1985);]

¹[***]

COMMENTS

Only goods upon which entry tax under the Entry Tax Act had been paid were entitled to the exemption and there had to be actual payment. The impact of the entry tax upon the goods for which exemption was sought had to be felt and only then is exemption available; *State of Madhya Pradesh v. Indore Iron and Steel Mills Pvt. Ltd.*, (1998) 111 STC 261.

²[15. Restrictions and conditions in regard to tax on sale or purchase of declared goods within a State.—Every sales tax law of a State shall, in so far as it imposes or authorises the imposition of a tax on the sale or purchase of declared goods, be subject to the following restrictions and conditions, namely:—

- (a) the tax payable under that law in respect of any sale or purchase of such goods inside the State shall not exceed ³[four per cent.] of the sale or purchase price thereof ⁴[***];
- (b) where a tax has been levied under that law in respect of the sale or purchase inside the State of any declared goods and such goods are sold in the course of inter-State trade or commerce, ⁵[and tax has been paid under this Act in respect of the sale of such goods in the course of inter-State trade or commerce, the tax levied under such law] ⁶[shall be reimbursed to the person making such sale in the course of inter-State trade or commerce] in such manner and subject to such conditions as may be provided in any law in force in that State;]
- ⁷[(c) where a tax has been levied under that law in respect of the sale or purchase inside the State of any paddy referred to in sub-clause (i) of clause (i) of section 14, the tax leviable on rice procured out of such paddy shall be reduced by the amount of tax levied on such paddy;
- ⁸[(ca) where a tax on sale or purchase of paddy referred to in sub-clause (i) of clause (i) of section 14 is leviable under the law and the rice procured out of such paddy is exported out of India, then, for the purposes of sub-section (3) of section 5, the paddy and rice shall be treated as a single commodity;]
- (d) each of the pulses referred to in clause (via) of section 14, whether whole or separated, and whether with or without husk, shall be

1. Item (xi) omitted by Act 19 of 1968, sec. 43 (w.e.f. 11-5-1968).

2. Subs. by Act 31 of 1958, sec. 11, for section 15 (w.e.f. 1-10-1958).

3. Subs. by Act 25 of 1975, sec. 38, for "three per cent." (w.e.f. 1-7-1975).

4. Certain words omitted by Act 20 of 2002, sec. 155 (w.e.f. 11-5-2002).

5. Subs. by Act 61 of 1972, sec. 12, for "the tax so levied" (w.e.f. 1-4-1973).

6. Subs. by Act 61 of 1972, sec. 12, for "shall be refunded to such person" (w.e.f. 1-4-1973).

7. Ins. by Act 103 of 1976, sec. 8 (w.e.f. 7-9-1976).

8. Ins. by Act 33 of 1996, sec. 87 (w.e.f. 28-9-1996).

treated as a single commodity for the purposes of levy of tax under that law.]

COMMENTS

When raw hides and skins are purchased on the payment of purchase tax are liable to pay Sales tax in respect of dressed hides and skins and levy of Sales tax on the sale of dressed hides and skins would not fall foul of section 15; *K.A.K. Anwar & Co. v. State of Tamil Nadu*, (1998) 108 STC 258.

Clause (ca) was introduced in 1996, due to which paddy and rice were deemed to be the same commodity and hence exemption allowed; *Satnam Overseas (Export) v. State of Haryana*, (2003) 130 STC 107.

¹[CHAPTER V

LIABILITY IN SPECIAL CASES

16. Definitions.—In this Chapter,—

- (a) “appropriate authority”, in relation to a company, means the authority competent to assess tax on the company;
- (b) “company” and “private company” have the meanings respectively assigned to them by clauses (i) and (iii) of sub-section (1) of section 3 of the Companies Act, 1956 (1 of 1956).

17. Company in liquidation.—(1) Every person—

- (a) who is the liquidator of any company which is being wound up, whether under the orders of a court or otherwise; or
- (b) who has been appointed the receiver of any assets of a company, (hereinafter referred to as the liquidator) shall, within thirty days after he has become such liquidator, give notice of his appointment as such to the appropriate authority.

(2) The appropriate authority shall, after making such inquiry or calling for such information as it may deem fit, notify to the liquidator within three months from the date on which he receives notice of the appointment of the liquidator the amount which, in the opinion of the appropriate authority would be sufficient to provide for any tax which is then, or is likely thereafter to become, payable by the company.

(3) The liquidator shall not part with any of the assets of the company or the properties in his hands until he has been notified by the appropriate authority under sub-section (2) and on being so notified, shall set aside an amount equal to the amount notified and, until he so sets aside such amount, shall not part with any of the assets of the company or the properties in his hands:

Provided that nothing contained in this sub-section shall debar the liquidator from parting with such assets or properties in compliance with any order of a court or for the purpose of the payment of the tax payable by the company under this Act or for making any payment to secured creditors whose debts are entitled under law to priority of payment over debts due to Government on the date of liquidation or for meeting such costs and expenses of the winding up of the company as are in the opinion of the appropriate authority reasonable.

1. Chapter V (containing sections 16 to 18) ins. by Act 61 of 1972, sec. 13 (w.e.f. 1-4-1973).

(4) If the liquidator fails to give the notice in accordance with sub-section (1) or fails to set aside the amount as required by, or parts with any of the assets of the company or the properties in his hands in contravention of the provisions of sub-section (3), he shall be personally liable for the payment of the tax which the company would be liable to pay:

Provided that if the amount of any tax payable by the company is notified under sub-section (2), the personal liability of the liquidator under this sub-section shall be to the extent of such amount.

(5) Where there are more liquidators than one, the obligations and liabilities attached to the liquidator under this section shall attach to all the liquidators jointly and severally.

(6) The provisions of this section shall have effect notwithstanding anything to the contrary contained in any other law for the time being in force.

18. Liability of directors of private company in liquidation.—Notwithstanding anything contained in the Companies Act, 1956 (1 of 1956), when any private company is wound up after the commencement of this Act, and any tax assessed on the company under this Act for any period, whether before or in the course of or after its liquidation, cannot be recovered, then, every person who was a director of the private company at any time during the period for which the tax is due shall be jointly and severally liable for the payment of such tax unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.]

¹[CHAPTER VI

AUTHORITY TO SETTLE DISPUTES IN COURSE OF INTER-STATE TRADE OR COMMERCE

19. Central Sales Tax Appellate Authority.—(1) The Central Government shall constitute, by notification in the Official Gazette, an Authority to settle inter-State disputes falling under ²[section 6A read with section 9] of this Act, to be known as “the Central Sales Tax Appellate Authority (hereinafter referred to as the Authority)”.

(2) The Authority shall consist of the following Members appointed by the Central Government, namely:—

- (a) a Chairman, who is a retired Judge of the Supreme Court, or a retired Chief Justice of a High Court;
- (b) an officer of the Indian Legal Service who is, or is qualified to be, an Additional Secretary to the Government of India; and
- (c) an officer of a State Government not below the rank of Secretary or an officer of the Central Government not below the rank of Additional Secretary, who is an expert in sales tax matters.

³[(2A) Notwithstanding anything contained in sub-section (2), the Chairman or a Member holding a post as such in the Authority for Advance Rulings appointed under clause (a) or clause (c), as the case may be, of sub-section (2) of section 245-O of the Income-tax Act, 1961 (43 of 1961) may, in addition to his

1. Chapter VI (Containing sections 19 to 26) ins. by Act 41 of 2001, sec. 3 (w.e.f. 17-3-2005).

2. Subs. by Act 23 of 2004, sec. 119, for “section 6A or section 9” (w.e.f. 10-9-2004).

3. Ins. by Act 3 of 2006, sec. 2 (w.e.f. 1-3-2006).

being the Chairman or a Member of that Authority, be appointed as the Chairman or a Member, as the case may be, of the Authority under this Act.]

(3) The salaries and allowances payable to, and the terms and conditions of service of, the Chairman and Members shall be such as may be prescribed.

(4) The Central Government shall provide the Authority with such officers and staff as may be necessary for the efficient exercise of the powers of the Authority under this Act.

¹[19A. **Vacancies, etc., not to invalidate proceedings.**—No proceeding before the Authority shall be questioned or shall be invalid on the ground merely of the existence of any vacancy or defect in the constitution of the Authority.]

²[20. **Appeals.**—(1) The provisions of this Chapter shall apply to appeals filed by any aggrieved person against any order of the highest appellate authority of a State, made under section 6A read with section 9.

Explanation.—For the purposes of this section and sections 21, 22 and 25 “highest appellate authority of a State” means any authority or tribunal or court (except the High Court) established or constituted under the general sales tax law of a State, by whatever name called.

(2) Notwithstanding anything contained in the general sales tax law of a State, the Authority shall adjudicate an appeal filed under sub-section (1).

(3) An appeal under sub-section (1) may be filed within ninety days from the date on which the order referred to in that sub-section is served on any aggrieved person:

Provided that the Authority may entertain any appeal after the expiry of the said period of ninety days, but not later than one hundred and fifty days from the date of such service, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal in time:

Provided further that the Authority may entertain any appeal from an aggrieved person within sixty days from the commencement of the Central Sales Tax (Amendment) Act, 2005, where such aggrieved person had the right to file an appeal against the order of the highest appellate authority of the State under sub-section (1) as it stood immediately before the commencement of the said Act, but has not availed of the right to file the appeal during the period commencing on and from the 3rd day of December, 2001 and ending with the 16th day of March, 2005.

(4) The application shall be made in quadruplicate and be accompanied by a fee of five thousand rupees.]

1. Ins. by Act 3 of 2006, sec. 3 (w.e.f. 1-3-2006).

2. Subs. by Act 3 of 2006, sec. 4, for “20. *Appeals.*—(1) The provisions of this Chapter shall apply to appeals filed by the aggrieved dealer against any order of the assessing authority made under section 6A read with section 9 of this Act, which relates to any dispute concerning the sale of goods effected in the course of inter-state trade or commerce.

(2) Notwithstanding anything contained in the general sales tax laws, the Authority shall adjudicate an appeal filed by a dealer under sub-section (1) within forty-five days from the date on which order referred to in that sub-section is served on him:

Provided that the Authority may entertain any appeal after the expiry of the said period of forty-five days, but not later than sixty days from the date of such service, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal in time.

(4) The application shall be made in quadruplicate and be accompanied by a fee of five thousand rupees.” (w.e.f. 1-3-2006).

21. Procedure on receipt of application.—(1) On receipt of an appeal, the Authority shall cause a copy thereof to be forwarded to the ¹[assessing authority concerned as well as to each State Government concerned with the appeal and to call upon them to furnish the relevant records:

Provided that such records shall, as soon as possible, be returned to the assessing authority or such State Government concerned, as the case may be.]

(2) The Authority shall adjudicate and decide upon the appeal filed against an order of the ²[highest appellate authority].

(3) The Authority, after examining the appeal and the records called for, by order, either allow or reject the appeal:

³[Provided that no appeal shall be rejected unless an opportunity has been given to the appellant of being heard in person or through a duly authorised representative, and ⁴[also to each State Government] concerned with the appeal of being heard.]

Provided further that whether an appeal is rejected or accepted, reasons for such rejection or acceptance shall be given in the order.

(4) The Authority shall make an endeavour to pronounce its order in writing within six month of the receipt of the appeal.

(5) A copy of every order made under sub-section (3) shall be sent to the ⁵[appellant, assessing authority, respondent and highest appellate authority of the State Government concerned].

22. Powers of the Authority.—(1) The Authority shall have the same powers as are vested in a court under the Code of Civil Procedure, 1908 (5 of 1908) while trying a suit in respect of the following matters, namely:—

- (a) enforcing the attendance of any person, examining him on oath or affirmation;
- (b) compelling the production of accounts and documents;
- (c) issuing commission for the examination of witnesses;
- (d) the reception of evidence on affidavits;
- (e) any other matter which may be prescribed.

⁶[(1A) The Authority may grant stay of the operation of the order of the highest appellate authority against which the appeal is filed before it or order the pre-deposit of the tax before entertaining the appeal and while granting such stay or making such order for the pre-deposit of the tax, the Authority shall have regard, if the assessee has made pre-deposit of the tax under the general sales tax law of the State concerned, to such pre-deposit or pass such appropriate order as it may deem fit.]

(2) Every proceeding before the Authority shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 of the Indian Penal Code (45 of 1860) and the Authority shall be deemed to be a civil court for the

1. Subs. Act 32 of 2003, sec. 164, for certain words (w.e.f. 14-5-2003).

2. Subs. by Act 3 of 2006, sec. 5, for "assessing authority" (w.e.f. 1-3-2006).

3. Subs. by Act 32 of 2003, sec. 164, for the first proviso (w.e.f. 14-5-2003).

4. Subs. by Act 23 of 2004, sec. 119, for "also to the State Government" (w.e.f. 10-9-2004).

5. Subs. by Act 3 of 2006, sec. 5, for "appellant and to the assessing authority" (w.e.f. 1-3-2006).

6. Subs. by Act 3 of 2006, sec. 6, for "(1A) The Authority may grant stay of the operation of the order of the assessing authority against which the appeal is filed before it or order the pre-deposit of the tax before entertaining the appeal and while granting such stay or making such order for the pre-deposit of the tax, the Authority shall have regard, if the assessee has already made pre-deposit of the tax under the general sales tax law of the State concerned, to such pre-deposit." (w.e.f. 1-3-2006).

purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973 (2 of 1974).

23. Procedure of Authority.—The Authority shall, subject to the provisions of this Chapter, have power to regulate its own procedure ¹[in all matters including stay of recovery of any demand] arising out of the exercise of powers under this Act.

24. Authority for Advance Rulings to function as Authority under this Act.—(1) Notwithstanding anything contained in any other law for the time being in force and in section 19 of this Act, the Authority for Advance Rulings constituted under section 245-O of the Income-tax Act, 1961 (43 of 1961), shall be notified by the Central Government in the Official Gazette, with such modifications as may be necessary, to make its composition in conformity with section 19 of this Act, as the Authority under this Act till such time an Authority is constituted under that section.

(2) On and from the date of the constitution of the Authority in accordance with the provisions of section 19 of this Act, the proceedings pending with the Authority for Advance Rulings shall stand transferred to the Authority constituted under that section from the stage at which such proceedings stood before the date of constitution of the said Authority.

²[**25. Transfer of pending proceedings.**—(1) On and from the commencement of the Central Sales Tax (Amendment) Act, 2005, all appeals (except appeals against orders of the highest appellate authority of the State) pending before the Authority notified under sub-section (1) of section 24 shall stand transferred together with the records thereof to the highest appellate authority of the concerned State.

(2) Such highest appellate authority of the State to which such appeal has been transferred under sub-section (1) on receipt of such records shall proceed to deal with such appeal so far as may be in the same manner as in the case of an appeal filed before such highest appellate authority of the State according to the general sales tax law of the appropriate State, from the stage which was reached before such transfer or from any earlier stage or *de novo* as such highest appellate authority of the State may deem fit:

Provided that where the highest appellate authority finds that the appellant has not availed of the opportunity of filing first appeal before the appellate authority, such case shall be forwarded to such authority.]

26. Applicability of order passed.—An order passed by the Authority under this Chapter shall be binding on ³[each state Government concerned, the assessing authorities] and other authorities created by or under any law relating to general sales tax, in force for the time being in any State ⁴[***].]

1. Subs. by Act 32 of 2003, sec. 165, for "in all matters" (w.e.f. 14-5-2003).

2. Subs. by Act 3 of 2006, sec. 7, for "25. Transfer of pending proceedings.—On and from the date when the Authority is constituted under section 19, any proceeding arising out of the provisions contained in this Chapter—

(i) which is pending immediately before the constitution of such Authority before the appellate authority constituted under the general sales tax law of a State or of the Union territory, as the case may be; or

(ii) which would have been required to be taken before such appellate Authority, shall stand transferred to such Authority on the date on which it is established." (w.e.f. 1-3-2006).

3. Subs. by Act 23 of 2004, sec. 119, for "the assessing authorities" (w.e.f. 10-9-2004).

4. The words "or Union territory" omitted by Act 3 of 2006, sec. 8 (w.e.f. 1-3-2006).