

# Karnataka Tax on Entry of Goods Act, 1979

KARNATAKA

India

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### Act 27 of 1979

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Karnataka Tax on Entry of Goods Act, 1979(Karnataka Act No 27 of 1979)Last Updated 18th December, 2019Statement of Objects and Reasons - (Act 27 of 1979). - Octroi is being abolished in the State, as it was causing great hardship to transport operations and to trading community. The abolition of octroi, which is being levied and collected by the local authorities will result in considerable loss of revenue to them. The State Government will have to make up this loss of revenue. It is therefore considered necessary to levy a tax on the entry into local areas of certain goods. Hence this Bill. (Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 27-3-1979 as No. 260 at page 22.) Statement of Objects and Reason - (Amending Act 12 of 1981). - (1) Consequent upon abolition of octroi, Government took a policy decision and gave an assurance that the local bodies would be fully compensated for the loss of octroi. In order to generate additional revenue, to pay this compensation, the Karnataka Tax of Entry of Goods into Local Areas for Consumption, Use or Sale therein, Act, 1979 was brought into force with effect from 1st June 1979. Some dealers filed writ petition challenging the validity of the Act. The High Court of Karnataka struck down the Act as unconstitutional. The State Government preferred an appeal to the Supreme Court. (2) In view of the stay orders from the High Court Entry Tax could not be collected and as a temporary measure to augment the revenues of the State, the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or sale therein Act, 1980 was enacted keeping in view the High Court Order. This Act came into force from 8th June 1980, but this was also challenged in about 4,000 writ petitions. The State appeal pending before the Supreme Court, was decided by the Supreme Court and the judgment was pronounced on 25th September 1980 upholding the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1979, as constitutionally valid. (3) Thus, the two Acts, viz., 1979 and 1980 Acts were in force. The Government decided to repeal the 1980 Act. Accordingly an Ordinance was promulgated. The ordinance is being replaced by an Act and both the houses of Legislatures have passed then bill repealing 1980 Act. For the past, the 1979 Act is in force. The Department of Law and Parliamentary Affairs has expressed a view that legally the dealers are liable to pay tax arrears from 1st June 1979, but administratively it has become very difficult to collect the tax as the whole trading community has been agitating to waive the payment of arrears of tax on the ground that it is unable to withstand the tax liability retrospectively as it has not collected the same after the 1979 Act was struck down by

the High Court.(4) A number of representations were received from the traders from various chambers of commerce and industry requesting to abolish the entry tax or at least levy it from 1st January 1981 and to exclude from the preview of Entry tax on khadi, handloom and silk goods, with a view to remove the uncertainties in the minds of traders who have been urging right from the beginning that they have not collected entry tax from the purchaser between 1st June 1979 and 25th September 1980, the date on which the Supreme Court Judgment was pronounced validating the 1979 Act, it was felt practicable to notify the collectability of the tax from 1st October 1980 instead of from the original date., 1st June 1979 and also to exclude kadhi, cotton handloom fabrics and silk fabrics from the purview of the entry tax. Accordingly, an (Amendment) Ordinance 1981 (Karnataka Ordinance No. 3 of 1981) was promulgated, amending the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1979. This Bill seeks to replace the said Ordinance. (Obtained from L.A. Bill No. 37 of 81) Statement of Objects and Reason - (Amending Act 13 of 1982). - In the budget speech for the year 1982-83, the Hon'ble Minister of Finance and Tourism, has indicated several proposal in order to augment the revenue of the State. This Bill seeks to give effect to the said proposals. Opportunity is taken to make some other minor amendments. (Published in Karnataka Gazette (Extraordinary), Part IV-2A, dated 27-3 - 1982, as No. 223, at page 31). Statement of Objects and Reason - (Amending Act 38 of 1984). - The present Bill is intended to give effect to the pronouncements made in the Budget speech for the year 1983-84. It is also intended to amend certain other provisions of the Act for a better and more effective administration. Hence this Bill. (Obtained from L.A. Bill No. 15 of 1983). Statement of Objects and Reason - (Amending Act 28 of 1985). - While presenting the budget for the year 1985-86 certain concession and facilities to the dealers under the Entry Tax Act were proposes. To give effect to these concession and other facilities some of the provisions of the Entry Tax Act are to be amended. Opportunity has been taken to effect certain other changes in the Act to facilitate smooth administration of the Act. (Obtained from L.A. Bill No. 30 of 1985) Statement of Objects and Reason - (Amending Act 12 of 1986). - After enactment of the Karnataka Zilla Parishads, Taluk Panchayat amithis, Mandal Panchayats and Nyaya Panchayat Act, 1983 the area converted into a Mandal under the provisions of section 128(1) of the said Act, shall case to be a local area. Hence the definition of the Act is proposed to be amended. Hence the Bill. (Obtained from L.A. Bill No. 26 of 1986). Statement of Objects and Reason - (Amending Act 41 of 1986). - The proposed legislation is for the purposes of rationalizing the provisions relating to levy of tax on packaging materials and industrial raw materials, components and imputes under the Act. Hence this Bill. (Obtained from L.A. Bill No. 32 of 1983) Statement of Objects and Reason - (Amending Act 42 of 1986). - Item 17 and 18 were inserted in the Schedule to the Karnataka Tax on Entry of Goods Into Local Area for Consumption, Use or Sale Therein Act, 1979 with effect from 1st April 1983. The entries in items 17 and 18 were capable of including a large variety of materials, though it was intended to include only certain types of materials. The intention is made clear by inserting items 16A and 16B in the said Schedule by Bill 32 of 1983. This Bill received the assent of the President on 14th January 1986 and is being published as an Act and therefore items 17 and 18 are being deleted. Hence the Bill. (Obtained from L.A. Bill No. 40 of 1986) Statement of Objects and Reason - (Amending Act 43 of 1986). - In the principal Act the Commissioner of Commercial Taxes and the Joint Commissioner of Commercial Taxes have been vested with the power of revising the orders passed by their subordinates. It is now proposed to vest with them the power of staying the operation of the orders taken up for suo moto revision proceedings, whenever found necessary. (Obtained from L.A. Bill No.

46 of 1986)Statement of Objects and Reason - (Amending Act 11 of 1987). - To give effect to the proposals made in the budget speech, it is proposed to amend the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale Therein Act, 1979. Consequent to the amendment of the term "year" in the Karnataka Sales Tax Act, 1957, the term "year" in this Act is also amended. Insertion of section 30A is consequential.Hence the Bill.(Obtained from L.A. Bill No. 17 of 1987.)Statement of Objects and Reason - (Amending Act 8 of 1989). - It is considered necessary to amend the following Acts,-(1) Section 2 is proposed to be amended to exclude pepper and cardamom grown as subsidiary crops in the land used for growing non-plantation crops like arecanut and coconut.(2) Section 12 is proposed to be amended to exempt certain contributions made from the payment of agricultural income tax.(3) Section 32 is proposed to be amended to provide for appeals to the Deputy Commissioner (Appeals) against certain orders passed by the Agricultural Income Tax Officers.As the matter was urgent, the Karnataka Taxation Laws (Amendment) Ordinance, 1988 was promulgated. Hence, the Karnataka Taxation Laws (Amendment) Bill, 1988 to replace the said Ordinance.(Obtained from LAW 43 LGN 88.)Statement of Objects and Reason - (Amending Act 18 of 1989). - To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1979.Opportunity is also taken to rationalize certain provisions of the said Act.Hence the Bill.(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 27 - 3-1989 as No. 162 at page 7.)Statement of Objects and Reason - (Amending Act 9 of 1990). - To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1979.Opportunity is also taken to rationalize certain provisions of the said Act.Hence the Bill.(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 29 - 3-1990 as No. 164 at page 161.)Statement of Objects and Reason - (Amending Act 14 of 1991). - It is considered necessary to amend the Karnataka Tax on entry of Goods Into Local Areas for Consumption, Use or Sale Therein Act, 1979 to give effect to the proposal made in the Budget Speech and for removing ambiguities, streamlining, administration and rationalizing procedureHence the Bill.(Obtained from L.A. Bill No. 14 of 1991.)Statement of Objects and Reason - (Amending Act 15 of 1992). - When the Entry tax Act was brought into force in 1979 to replace the obnoxious system of Octroi, The State Government was of the opinion that levying Entry Tax on three items namely, textiles, tobacco and sugar alone will be sufficient to make up the loss of revenue on account of abolition of Octroi. It was not the intention of the Government that the levy by way of Octroi should be given up. The intention of Government was to simplify the procedure and to make the mode of collection easy. Therefore, entry Tax was brought in place of Octroi.Experience in these years has shown that the expected revenue was not generated from the three commodities or even five more commodities added later on. The Local Bodies namely the Corporation and Municipalities are urging that they are put into avoidable hardship and financial stringency by abolition of Octroi and not compensating them with necessary funds. Therefore, it is necessary to vest Powers with the Government to select the commodities for the purposes of levying entry tax and also to make the levy single point so that the cost of goods for common man may not increase.Hence this Bill.(Obtained from L.A. Bill No. 27 of 1987.)Statement of Objects and Reason - (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.) Statement of Objects and Reason - (Amending Act 8 of 1993). - Consequent to the adding of several commodities to the net of Entry tax by the Karnataka Act 15 of 1992 and the Karnataka Ordinance 10 of 1992, the trading commodity went on a state wide agitating demanding abolition of entry tax on the ground that it has caused cascading effect and has caused additional burden of the maintenance of books of accounts. As these demands were detrimental to the Government revenue, after discussion with the trading community, it was considered necessary to provide for payment of entry tax of composition. Opportunity is also taken to make certain consequential amendments. As the matter was urgent and both Houses of the State Legislature were not in Session, the amendments were carried out by promulgation of the Karnataka Tax on Entry of Goods (Second Amendment) Ordinance, 1992. This Bill seeks to replace the above Ordinance. (Obtained from L.A. Bill No. 33 of 1992.) Statement of Objects and Reason - (Amending Act 14 of 1994). - It is considered necessary to amend the Karnataka Tax on Entry of Goods Act, 1979, - (i) to expand the definition of "local area" so as to include "panchayat area" declared under the Karnataka Panchayat Raj Act, 1993 in that definition; (ii) to abolish tax on entry of goods used in the manufacture, repair or research and development of defence and defence related goods; (iii) to enable the officers exercising the powers discharging the duties and performing the functions under the Karnataka Sales Tax Act, 1957 also to exercise the powers, discharge the duties and perform the functions under this Act. (iv) to provide for continuation of the proceedings by succeeding authority of officer from the stage at which it was left by its or his predecessor; (v) to omit section 5C and to provide for collection of tax from dealer who was permitted to pay tax under that section prior to such omission; (vi) to validate levy and collection of tax in respect of textiles and tobacco; (vii) to provide for exemption of tax in respect of entry of goods specified in SI. No. 1 and 2 of the schedule to the Act as they stood prior to the 1st day of May, 1992. Hence the Bill. (Obtained from L.A. Bill No. 32 of 1993.) Statement of Objects and Reason - (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.) Statement of Objects and Reason - (Amending Act 45 of 1994). - It is considered necessary to amend the Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposals made in the budget speech and matters connected therewith. Hence the Bill. (Obtained from L.A. Bill No 11 of 1994.) Statement of Objects and Reason - (Amending Act 3 of 1995). - The Karnataka Tax on entry of Goods Into Local Areas for Consumptions, Use or Sale Therein (second Amendment) Bill, 1987 was sent to the President for his assent. The Government of India requested to amend the said Bill incorporating a Schedule specifying the items on which entry Tax is leviable and also requested to send a draft ordinance incorporating those amendments. Accordingly, a draft Ordinance was sent. The Government of

India while conveying the asset of the President to the said Bill also sent the previous instructions of the President for promulgation of the ordinance and requested the State Government to publish both the Amendment Act and the Ordinance simultaneously. Accordingly, the Karnataka Tax on entry of Goods Into Local Areas for Consumption, Use or Sale therein (Amendment) Ordinance, 1992 was promulgated incorporating Schedule I consisting of 103 items on which the Entry Tax may be levied. This Bill seeks to replace the said Ordinance. Hence the Bill. (Obtained from L.A. Bill No. 23 of 1992.) Statement of Objects and Reason - (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.) Statement of Objects and Reason - (Amending Act 1 of 1996). - It is considered necessary to amend the Karnataka Agricultural Income Tax Act, 1957 to enhance the exemption limit for the purpose of composition from the existing ten acres to fifteen acres and to rearrange the slabs. (2) It is considered necessary to amend the Karnataka Sales Tax, 1957, - (i) to exclude firms from the definition of "dealer" in clause (k) of sub-section (1) of section 2; (ii) by inserting an explanation after the first proviso to sub-section (1A) of section 5 to clarify that the expression "turnover of goods on which tax has been levied" means "taxable turnover and shall not include tax". (iii) by inserting sub-section (1C) in section 5 and modifying Section 17, to provide for composition in the case of dealers in silks fabrics. (iv) by inserting Section 25B and omitting Section 6BB with effect from the 13th day of October, 1995, to charge the system of levy of purchase tax and road cess on sugarcane from advalorem to tonnage basis. (3) It is considered necessary to omit Section 28 of the Karnataka Tax on Entry of Goods Act, 1979 providing for exemption to a person other than a dealer in goods in view of the judgment of the High Court in W.P. No. 27023/95 and other connected matters wherein the High Court has held that the exemption under Section 28 was equally available to an importer of motor vehicle under Chapter IIA. Certain consequential amendments are also made. Hence the Bill. (Obtained from L.A. Bill No. 8 of 1996.) Statement of Objects and Reason - (Amending Act 15 of 1996). - It is considered necessary to make amendments to the following enactments. 1. It is proposed to amend sub-section (7) of section 5 of the Karnataka Tax on Entry of Goods Act, 1979 to empower the Joint Commissioner instead of the Commissioner to defer the assessment. 2. x x x3. x x x4. x x x5. Certain consequential amendments are also made. (Obtained from LA Bill No. 23 of 1996.) Statement of Objects and Reason - (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.) Statement of Objects and Reason - (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.) Statement of Objects and Reason - (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.) Statement of Objects and Reason - (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.) Statement of Objects and Reason - (Amending Act 5 of 2000). - It is considered necessary to amend the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 25 of 1957), the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979) and the Karnataka Entertainment Tax Act, 1958 (Karnataka Act 30 of 1958) to give effect to the proposals made in the Budget Speech and matters connected therewith. Certain consequential amendments are also made. Hence, the Bill. (Obtained from L.A. Bill. No. 6 of 2000.) Statement of Objects and Reason - Amending Act 22 of 2000 - (Note). - By this Act certain obsolete and spent Acts were repealed and some minor amendments were made to certain laws including Act 4 of 1999 amending Act 27 of 1979. Statement of Objects and Reason - (Amending Act 5 of 2001). - To give effect to the proposals made in the Budget speech, it is considered necessary to amend the Karnataka State Tax Act, 1957 (Karnataka Act 25 of 1957), the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979), the Karnataka Tax on Luxuries Act, 1979 (Karnatak Act 22 of 1979), the Karnataka Entertainment Tax Act, 1958 (Karnatak Act 30 of 1958), the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976) and the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957). Certain consequential amendments are also made. Hence the Bill. (Vide L.A. Bill No. 7 of 2001 File No. SAMVYASHAE 9 SHASANA 2001) Statement of Objects and Reason - (Amending Act 5 of 2002). - It is considered necessary to amend the Karnataka Agriculture Income Tax, 1957, the Karnataka Sales Tax Act, 1957, the Karnataka Taxes on Luxuries Act, 1979, the Karnataka Taxes on Entry of Goods Act, 1979 and the Karnataka Entertainment Tax Act, 1958 to give effect to the proposal made in the Budget speech and matters connected therewith. Certain consequential and incidental amendments are also made. Hence the Bill. (Vide L.A. Bill No. 12 of 2002 File No. SAMVYASHAE 18 SHASANA 2002) Statement of Objects and Reasons - (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. Statement of Objects and Reason - (Amending Act 3 of 2003). - Section 4B of the Karnataka Tax on Entry of Goods Act, 1979 provides for levy of tax on causing entry by an importer, of any motor vehicle into a local area for use or sale therein from outside the State. Constitutional validity of this section was questioned in the Karnataka High Court in writ petition No. 25590/97-98 and other connected matters on the ground that the section is violative of Article 301 and 304(a) of the constitution. The High court in its judgment dated 26th July 1999 has held that while a person who causes entry of motor vehicle into a local area from any place outside the State for use or sale therein is liable to tax under section 4B, a motor vehicle manufactured within the State and moved from one local area to another within the State is not liable to entry tax and as such it is hit by Articles 301 and 304(a) of the Constitution. The State Government preferred a writ appeal against the aforesaid judgment and the writ appeal has been dismissed by the High Court on 24th November, 1999. A special leave petition is filed before the Supreme Court and it is pending. The High Court in its judgment dated 26th July 1999 has observed that there could be a provision by which no discrimination between imported goods and locally manufactured goods is made and the amount of entry tax is given adjustment in the total liability of sale tax or the amount of the sale tax could be given adjustment under the provision of Entry Tax Act. In the meantime the provision prevailing in the Maharashtra Tax on Entry of Motor Vehicles in the local areas Act, 1987 have been examined. The relevant provisions of the said Act, have been upheld by the Supreme Court and it is considered appropriate to modify the relevant provisions of the Karnataka Tax on Entry of Goods Act, 1979 on the lines of the provisions of the Maharashtra Act. On account of the judgment of the High court, the State Government is unable to levy tax on entry of motor vehicles into the state from outside the State. It is not certain whether Government will be able to obtain an early decision in the Apex Court. Therefore, it is considered necessary to amend the Karnataka Tax on Entry of Goods Act, 1979 to cure the anomalies pointed out by the High Court. Hence the Bill. (LA Bill No. 21 of 2000) (Entry 52 of List -II of the Seventh Schedule to the Constitution of India) (Vide file No. SAMVYASHAEE 26 SHASANA 2000) Statement of Objects and Reason - (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) Statement of Objects and Reason - (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. Statement of Objects and Reason - (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] Statement of Objects and Reason - (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.] Statement of Objects and Reason - (Amending Act 15 of 2011). - It is considered necessary to amend the Mysore Betting Tax Act, 1932, the Mysore Race Courses Licensing Act, 1932, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, the Karnataka Tax on Luxuries Act, 1979 and the Karnataka Tax on Entry of Goods Act, 1979 to, (i) extend the application of the Betting Tax Act, 1932 and the Mysore Race Courses Licensing Act, 1952 for the whole of State of Karnataka; (ii) to omit certain redundant provisions and the Schedules in the Betting Tax Act, 1932 and the Mysore Race Courses Licensing Act, 1952; (iii) to repeal certain redundant enactments; and (iv) give effect to the proposals made in the Budget and matters connected therewith. Certain consequential and incidental amendments are also made. Hence the Bill. [L.A. Bill No. 11 of 2011, File No. Samvyashae 13 Shasana 2011] [Entries 34, 52, 60 and 62 of List II of the Seventh Schedule to the Constitution of India.] Statement of Objects and Reason - (Amending Act 18 of 2012). - It is considered necessary to amend the Karnataka Agricultural Income Tax Act, 1957, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, the Karnataka Tax on Luxuries Act, 1979 and the Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith. Certain consequential and incidental amendments are also made. Hence the Bill. [L.A. Bill No. 4 of 2012, File No. Samvyashae 24 Shasana 2012] [Entries 46, 52, 60 and 62 of List II of the Seventh Schedule to the Constitution of India.] Statement of Objects and Reason - (Amending Act 27 of 2013). - It is considered necessary to



amend the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 and the Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith. Hence the Bill. [L.A. Bill No.9 of 2013, File No. Samvyashae 17 Shasana 2013][Entries 52 and 60 of List II of the Seventh Schedule to the Constitution of India.] Statement of Objects and Reason - (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.] Statement of Objects and Reason - (Amending Act 14 of 2014). - It is considered necessary to amend the Karnataka Tax on Luxuries Act, 1979 and Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith. Hence, the Bill. [L.A. Bill No.32 of 2014, File No. Samvyashae 11 Shasana 2014][Entries 52 and 62 of List II of the Seventh Schedule to the Constitution of India.] Statement of Objects and Reason - (Amending Act 05 of 2016). - To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Entertainment Tax Act, 1958 (Karnataka Act 30 of 1958), Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976), the Karnataka Tax on luxuries Act, 1979 (Karnataka Act 22 of 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 repeal The Karnataka Agriculture Income-Tax 1957 (Karnataka Act 22 of 1957). Hence the Bill [L.A. Bill No.11 of 2016, File No. Samvyashae 19 Shasana 2016][entries 46, 52, 60 and 62 of List II of the Seventh Schedule to the Constitution of India.] Received the assent of the President on the Seventeenth day of May, 1979. An Act to provide for the levy of tax on entry of goods into local areas for consumption, use or sale therein. Whereas it is expedient to provide for the levy by the State Government of a tax on the entry of goods into local areas for consumption, use or sale therein; BE it enacted by the Karnataka State Legislature in the Thirtieth Year of the Republic of India as follows:-

## Chapter I

### Preliminary

#### **1. Short title [extent and commencement] [Substituted by Act 12 of 1981 w.e.f. 1-10-1980].**

(1) This Act may be called the [Karnataka Tax on Entry of Goods Act, 1979.] [Substituted by Act 15 of 1992 w.e.f. 1-5-1992] (2) It extends to the whole of the State of Karnataka. (3) [It shall come into force on the first day of October, 1980.] [Substituted by Act 12 of 1981 w.e.f. 1-10-1980]

## 2. Definitions.

- [(A)] [Re-numbered by Act 28 of 1985 w.e.f.10.9.1985] In this Act, unless the context otherwise requires,-(1)[ agricultural produce or horticultural produce shall not include tea [beedi leaves] [Inserted by Act 15 of 1992 w.e.f.1.5.1992], coffee, rubber, cashew, cardamom, pepper and cotton ; and such produce as has been subjected to any physical, chemical or other process for being made fit for consumption, save mere cleaning, grading sorting or drying] ;(1a)[ [Renumbered by Act 15 of 1992 w.e.f.1-5-1992] "Appellate Tribunal" means the Appellate Tribunal constituted under the Karnataka Appellate Tribunal Act, 1976 (Karnataka Act 10 of 1976);(1b)[ "assessee" means a person by whom tax is payable;] [Inserted by Act 15 of 1992 w.e.f.1-5-1992](2)[ "Assessing Authority" means any officer empowered to make an assessment under the Karnataka Sales Tax Act 1957;] [Substituted by Act 14 of 1994 w.e.f.1-4-1994] [or this Act by the Government or the Commissioner] [Inserted by Act 11 of 2005 w.e.f.1-4-2005](2a)[ [Deputy Commissioner] [Inserted by Act 28 of 1985 w.e.f.10-9-1985] and the [Deputy Commissioner] [Substituted by Act 5 of 1993 w.e.f.9-11-1992] of Commercial Taxes appointed under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957)](2b)[ business includes any trade, commerce or manufacture or any adventure or concern in the nature of trade, commerce or manufacture whether or not such trade, commerce, manufacture, adventure or concern is carried on with a motive to make gain or profit and whether or not any profit accrues from such trade, commerce, manufacture, adventure or concern and any transaction in connection with or incidental or ancillary to such trade, commerce, manufacture, adventure or concern.] [Inserted by Act 15 fo 1992 w.e.f.1-5-1992](3)[ "Additional Commissioner" ] [Substituted by Act 5 of 1993 w.e.f.1-5-1992] means the person appointed to be the Commissioner of Commercial Taxes in the State;(3a)[ "[Joint Commissioner]" [Inserted by Act 28 fo 1985 w.e.f.10-9-1985] means the [Joint Commissioner] [Substituted by Act 5 of 1993 w.e.f.9.11.1992] ofCommercial Taxes appointed under the Karnataka Sales Tax Act,1957 (Karnataka Act 25 of 1957) ;](4)[ 'dealer' means any person who in the course of business, whether on his own account or on account of a principal or any other person, brings, or causes to be brought into a local area any goods or takes delivery or is entitled to take delivery of goods on its entry into a local area and includes an occasional dealer. [Substituted by Act 15 of 1992 w.e.f.1-5-1992]Explanation I. - An industrial, commercial or trading undertaking of the Government of Karnataka, the Central Government or any other State Government, a local authority, a company, a Hindu undivided family, an Aliyasanthana family, a firm, a society, a club or an association which carries on such business shall be deemed to be a dealer for purposes of this Act.Explanation II. - A society (including a co-operative society) club or firm or an association which, whether or not in the course of business, buys, sells, supplies or distributes goods from or to its members for cash, or for deferred payment or for commission, remuneration or other valuable consideration, shall be deemed to be a dealer for the purposes of this Act.Explanation III. - The Central Government or a State Government other than the Government of Karnataka which whether or not, in the course of business, buys, sells, supplies or distributes goods, directly or otherwise, for cash or deferred payment or for commission, remuneration or other valuable consideration shall be deemed to be a dealer for the purposes of this Act.Explanation IV. - When a consignee does not take delivery of goods upon its entry into a local area and such goods are sold under the provisions of any law, the buyer who takes delivery of such goods upon the goods being sold shall be deemed to be the dealer thereof.Explanation V. - A person undertaking the execution of works contract involving the use or consumption of goods entering

into a local area shall be deemed to be the dealer thereof. Explanation VI. - Any person who brings or causes to be brought any goods into a local area but resides outside the State of Karnataka (hereinafter referred to as a non-resident dealer) including his agent or manager shall be deemed to be the dealer thereof. Exception. - Any agriculturist who brings exclusively agricultural produce grown on land cultivated by him personally shall not be deemed to be a dealer within the meaning of this clause.](4a)[ goods means all kinds of movable property (other than newspapers, actionable claims, stocks and shares and securities) and includes livestock; [Inserted by Act 15 of 1992 w.e.f. 1-5-1992](4b)'goods vehicle' means any kind of vehicle used for carriage of goods either solely or in addition to passengers (other than aeroplanes and rail coaches) and includes push cart, animal drawn cart, tractor-trailer and the like.][[(4c)] [Inserted by Act 28 of 1985 w.e.f. 10-9-1985] "[Additional Commissioner]" [Substituted by Act 5 of 1993 w.e.f. 1-5-1992] means the [Additional Commissioner] [Substituted by Act 5 of 1993 w.e.f. 1-5-1992] of Commercial Taxes appointed under the Karnataka Sales Tax Act, 1957 (Karnataka Act of 1957);](5)[ 'local area' means an area within the limits of the city under the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977), a Municipality under the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964), a Notified Area Committee, a Town Board, a Sanitary Board or a Contonment Board constituted or continued under any law for the time being in force and a Mandal under the Karnataka Zilla Parishads Taluk Panchayat Samithis, Mandal Panchayats and Nyaya Panchayats Act, 1983 (Karnataka Act 20 of 1985) [and panchayat area under the Karnataka Panchayat Raj Act, 1993 (Karnataka Act 14 of 1993)] [Substituted by Act 15 of 1992 w.e.f. 1-5-1992].](5a)[ 'occasional dealer' means any person who, in the course of occasional transactions of business nature whether on his own account or an account of a principal, or any other person bring or causes to be brought into a local area any goods or takes delivery or is entitled to take delivery of goods on its entry into local area. [Inserted by Act 15 of 1992 w.e.f. 1-5-1992](5b)'place of business' means any place where a dealer is doing business and includes,-(i)any warehouse, godown, or other place where the dealer stores or processes his goods ;(ii)any place where the dealer produces or manufactures goods;(iii)any place where the dealer keeps his books of accounts ;(iv)any place where the dealer carries on business through an agent (by whatever name called), the place of business of such agent;](6)"registered dealer" means a dealer registered under this Act;](7)[ "Schedule" means a schedule appended to this Act;] [Substituted by Act 15 of 1992 w.e.f. 1-5-1992](8)"tax" means tax leviable under this Act;](8a)[ 'Value of the goods' shall mean the purchase value of such goods, that is to say, the purchase price at which a dealer has purchased the goods inclusive of charges borne by him as cost of transportation, packing, forwarding and handling charges, commission, insurance, taxes, duties and the like , or if such goods have not been purchased by him, the prevailing market price of such goods in the local area. [Substituted by Act 15 of 1992 w.e.f. 1-5-1992](8b)"works contract" means any agreement for carrying out for cash, deferred payment or other valuable consideration, the construction, fitting out, improvement or repair of any building, road, bridge or any other immovable property, or manufacture, processing, fabrication, erection, installation, fitting out, improvement, modification, repair, conversion or commissioning of any movable property.](9)[ 'year' means the year commencing on the first day of April] [Substituted by Act 15 of 1992 w.e.f. 1-5-1992][[(B)] [Inserted by Act 13 of 1982 w.e.f. 1-4-1982] Words and expressions used in this Act, but not defined, shall have the meaning assigned to them in the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957.)]

## Chapter II

### Levy of tax

#### 3. [ Levy of tax. [Section 3 Substituted by Act 15 of 1992 w.e.f. 1-5-1992]

(1) There shall be levied and collected a tax on [entry of any goods specified in the First Schedule] into a local area for consumption, use or sale therein, at such rates not exceeding five percent of the value of the goods as may be specified [retrospectively or prospectively by the State Government by notification and different dates] [Substituted by Act 8 of 1993 w.e.f. 30-9-1992.] and different rates may be specified in respect of different goods or different classes of goods or different local areas. (2) The tax levied under sub-section (1) shall be paid by every registered dealer or a dealer liable to get himself registered under this Act [or the Central Government or a State Government other than the State Government of Karnataka] [Inserted by Act 5 of 2000 w.e.f. 1.4.2000] who brings or causes to be brought into a local area the goods whether on his own account or on account of his principal or any other person or who takes delivery or is entitled to take delivery of such goods on its entry into a local area. Explanation. - Where the goods are taken delivery of on its entry into a local area or brought into a local area by a person other than a dealer, the dealer who takes delivery of the goods from such person shall be deemed to have brought or caused to have brought the goods into the local area. (3) [ Notwithstanding anything contained in sub-section (1) or subsection (2), no tax shall be levied on and collected from a dealer who brings or causes to be brought into a local area any goods, - (i) in respect of which tax has been paid or has become payable in any other local area under sub-section (1), or (ii) [other than Gutkha] in respect of which tax has been paid or has become payable under section 4-B of the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979)]. (4) [ The provisions of sub-sections (3) shall not apply unless the dealer preferring claim under the said sub-section furnishes to the assessing authority declaration in the prescribed form [issued] [Substituted by Act 7 of 1997 w.e.f. 1-4-1997] by the dealer who is liable to pay tax on such goods under this Act or the stockist who is liable to pay tax on such goods under the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979), as the case may be.] [Substituted by Act 7 of 1997 w.e.f. 1-4-1997] (4A) [ Notwithstanding anything contained in sub-sections (2) and (3), where a dealer purchases any scheduled goods within the same local area from another dealer having more than one place of business in two different local areas, he shall not be eligible for preferring claim under subsection (3) of section 3 unless such dealer furnishes to the assessing authority a declaration in the prescribed form obtained from the selling dealer.] [Inserted by Act 4 of 1999 w.e.f. 1-4-1999] (5) Where a dealer brings or causes to be brought goods into a local area and claims exemption by furnishing a declaration as provided in subsection (4) and it is found that the said declaration is false, he shall be liable to pay the tax on such goods in addition to the penalty if any payable under section 28A. (6) No tax shall be levied under this Act on any goods [specified in the Second Schedule] [Substituted by Act 3 of 1995 w.e.f. 1-5-1992] on its entry into a local area for consumption, use or sale therein. (6A) [ No tax shall be levied on a defence unit which causes entry of any goods liable to tax under the Act, into a local area for use by it in the manufacture, repair or research and development of defence and defence related goods.] [Inserted by Act 14 of 1994 w.e.f. 1-5-1992] (7) [ Every manufacturer who brings or causes to be brought any goods into a local area or every dealer who brings or causes to be brought any goods into the State, the aggregate value of

which is not less than one lakh rupees in a year and any other dealer who brings or causes to be brought any goods into a local area, the aggregate value of which is not less than [five lakh rupees] [Substituted by Act 6 of 1995 w.e.f. 1.4.1995], shall not be liable to pay tax for that year:]Provided that every non-resident dealer including his agent or manager, or every occasional dealer shall be liable to pay the tax each year at the rates specified irrespective of the aggregate value of the goods brought or caused to be brought into the local area during the year.(8)The tax shall be assessed, levied and collected in such manner and in such installments if any, as may be prescribed.(9)Subject to such rules as may be prescribed the Assessing Authority may assess a dealer for any year as if, the aggregate value of the goods brought or caused to be brought into local area in such year had been received as in the previous year.]

### **3A. [ Collection of tax by registered dealer. [Section 3A and 3B Substituted by Act 38 of 1984 w.e.f. 1.4.1983]**

(1)A person who is not a registered dealer shall not collect any amount by way of tax or purporting to be by way of tax under this Act, nor shall a registered dealer collect any amount by way of tax or purporting to be by way of tax at a rate or rates exceeding the rate or rates specified in a notification issued under[section 3 [x x x]].(2)No dealer shall collect any amount by way of tax or purporting to be way of tax in respect of the entry of any goods on which no tax is payable by him under the provisions of this Act.

### **3AA. [ Collection of tax by Central Government or State Government. [Inserted by Act 18 of 1989 w.e.f.1-4-1989]**

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

### **3B. [ Penalty for collection in contravention of section 3A. [Substituted by Act 18 of 1994 w.e.f. 1-4-1994]**

- If any person contravenes any of the provisions of section 3A the assessing authority may, after giving such person a reasonable opportunity of being heard by order in writing, impose upon him by way of penalty a sum not exceeding one and a half times of such amount :Provided that no prosecution for an offence under section 21 shall be instituted in respect of the same contravention for which a penalty has been imposed under this section.]]

### **3BB. [ Payment and disbursement of amounts wrongly collected by dealers as tax. [Inserted by Act 18 of 1994 w.e.f. 1.4.1994]**

(1)Where any amount is collected by way of tax or purporting to be by way of tax from any person by any dealer in contravention of section 3A, whether knowingly or not, such dealer shall pay the entire amount so collected to the assessing authority within twenty days after the close of the month in

which such amount was collected, notwithstanding that the dealer is not liable to pay such amount as tax or that only a part of it is due from him as tax under this Act.(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 [one and a quarter per cent] of such amount for each month of default; and(iii)the whole of the amount remaining unpaid along with the interest calculated under clause (ii) of this sub-section shall be recoverable in the manner specified in section 8.[Explanation. [Inserted by Act 11 of 2005 w.e.f. 1-4-1994] - For the purpose of this sub-section, non-payment during any period during which recovery of any amount due under this Section is stayed by an order of any authority or Court in any appeal or other proceedings disputing such amount, shall be deemed to be a 'default', unless the appeal or other proceeding is allowed by such Authority.](3)Notwithstanding anything contained in this Act or in any other law for the time being in force, any amount paid or payable by any dealer under sub-section (1) shall, to the extent it is not due as tax be forfeited to the State Government and be recovered from him and such payment or recovery shall discharge him of the liability to refund the amount to the person from whom it was collected.(4)Where any amount is paid or recovered by or from any dealer under sub-section (1) or (3), a refund of such amount or any part thereof can be claimed from the State Government by the person from whom it was realized by way of tax provided an application in writing in the prescribed form is made to the Commissioner within two years from the date of the order of forfeiture. On receipt of any such application, the Commissioner shall hold such inquiry as he deems fit and if the Commissioner is satisfied that the claim is valid and admissible and that amount as claimed as refund is actually paid or recovered, he shall refund the amount or any part thereof, which is found due to the persons concerned.(5)Where any amount is collected by way of tax or purporting to be by way of tax in contravention of section 3A at any time before the commencement of the Karnataka Taxation Laws (Amendment) Act, 1994 the provisions of sub-sections (3) and (4) shall apply to such amounts collected.]

### **3C. [ [Inserted by Act 18 of 1989 and omitted by Act 5 of 1993 w.e.f.9.11.1992]**

x x x]

## **4. Registration of dealers.**

(1)Every dealer,-(a)who buys or receives goods liable to tax under this Act and who is doing business in a local area and is registered or is liable for registration under section 10 of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) or section 22 of the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004) or(b)who brings or causes to be brought such goods into a local area or takes delivery or is entitled to take delivery of such goods, the aggregate value of which is not less than [five lakh rupees] [Substituted by Act 27 of 2013 w.e.f. 1.4.2013] rupees in a year.shall get himself registered under this Act in such manner on payment of such fee and within such period as may be prescribed. The registration shall be renewed from year to year on payment of the prescribed fee until it is cancelled.[Provided that every manufacturer who buys or causes to be brought any goods into a local area or every dealer who brings or causes to be brought any goods into the State, shall get himself registered under this Act, if the aggregate value of such goods brought into a local

area or into the State, as the case may be, is not less than one lakh rupees in a year.] [Inserted by Act 6 of 1995 w.e.f. 1-4-1995][["Provided further that the Commissioner may notify the website in which an application shall be made electronically.] [Inserted by Act 15 of 2011 w.e.f.

1.4.2011](2)Notwithstanding anything contained in sub-section (1),-(i)every dealer undertaking execution of works contract involving the use or consumption of goods entering into a local area;(ii)every non-resident dealer ;(iii)every occasional dealer ;(iv)every manager or agent or a non-resident dealer ; other than a dealer dealing exclusively in the goods specified in the schedule, shall get himself registered irrespective of the value of such goods;(3)No dealer who is already registered under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) [or the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)] [Inserted by Act 11 of 2005 w.e.f. 1-4-2005], shall be required to pay registration or renewal fee under this Act.(4)Nothing contained in this section shall apply to any State Government or the Central Government.][Chapter IIA] [Chapter IIA Sections 4A to 4E inserted by Act 45 of 1994 w.e.f. 1-4-1995] 4A. Definitions.- In this Chapter, unless the context otherwise requires,-(a)"accessories" means air-conditioners, music system and any other articles fitted to a motor vehicle and which are not included in the original invoices ;(b)"entry of motor vehicle into a local area from outside the State" with all its grammatical variations and cognate expressions, means entry of motor vehicle into a local area from any place outside the State for use or sale therein;(c)"importer" means a person who brings a motor into a local area from any place outside the State for use or sale therein and who owns the vehicle at the time of its entry into a local area;(d)"motor vehicle" means a motor vehicle as defined in clause (28) of section 2 of the Motor Vehicles Act, 1988 ;(e)"person" includes any company or association or body of individuals whether incorporated or not and also a Hindu Undivided family, a firm, a society, a club, an individual, the Central Government or the Government of any other State, Union Territory, or a local Authority ;(f)"purchase value" means the value of motor vehicle as ascertained from the invoice and includes the value of accessories fitted to the vehicle, insurance, excise duty, countervailing duties, sales tax, transport fee, freight charges and all other charges incidentally levied on the purchase of a motor vehicle :Provided that, where purchase value of a motor vehicle is not ascertainable on account of non-availability or non-production of invoice or when the invoice produced is proved to be false or if the motor vehicle is acquired or obtained otherwise than by way of purchase, then the purchase value shall be at the value or price of being sold in open market ;(g)"State" means the State of Karnataka.

#### **4B. [ Levy of Tax. [Inserted by Act 11 of 2005 w.e.f.1-4-2005]**

(1)Notwithstanding anything contained in Section 3, there shall be levied and collected a tax on the purchase value of a motor vehicle an entry of which is effected into a local area for use or sale therein and which is liable for registration or assignment of a new registration mark in the State under the Motor Vehicles Act, 1988, at such rate as may be fixed retrospectively or prospectively by the State Government by notification but not exceeding the rates specified in respect of motor vehicles under the Karnataka Sales Tax Act, 1957: 1 [or the Karnataka Value Added Tax Act, 2003.Provided that, no tax shall be levied and collected in respect of a motor vehicle which is registered in any Union Territory or any other State under the Motor Vehicles Act, 1988 fifteen months prior to the date on which a new registration mark is assigned in the State under the said Act.(2)The tax levied under the section shall be paid by the importer in such manner and within

such time as may be prescribed.

#### **4BB. Reduction of tax liability.**

(1)Where a person liable to pay tax under this Act becomes liable to pay tax under the Karnataka Sales Tax Act, 1957 or the Karnataka Value Added Tax Act, 2003 on the sale or purchase of such motor vehicles, then his liability under the Karnataka Sales Tax Act, 1957 or the Karnataka Value Added Tax Act, 2003 shall be reduced to the extent of the tax paid under this Act on such motor vehicle.(2)Where the liability to pay tax under this Act is in respect of motor vehicle subjected to tax under the Karnataka Sales Tax Act, 1957, then, the tax payable under this Act shall be reduced by an amount of tax already paid under the Karnataka Sales Tax Act, 1957 on such motor vehicle subject to production of proof.(3)The amount of tax leviable under this Act shall, subject to such conditions as may be prescribed, be reduced to the extent of the amount of tax paid, if any, under the law relating to General Sales Tax or Central Sales Tax as may be in force in any other State or Union Territory by an importer who not being a dealer in motor vehicles had purchased the motor vehicle for his own use [x x x] [Omitted by Act 5 of 2006 w.e.f. 1.10.1980]]

#### **4C. Levy and collection of tax and penalties.**

- The provisions of this Act in so far they relate to tax authorities registration, filing of returns, assessments, re-assessments, levy of penalties, collection and recovery of tax and penalties, appeals, revision, offences and prosecutions shall apply mutatis mutandis to the levy of tax on entry of motor vehicles into a local area for use or sale therein under this Chapter :Provided that in the case of an importer other than a dealer liable for registration under this Act, causing entry of motor vehicle into a local area for use or sale therein, he shall pay tax to such authority as Commissioner may notify, within fifteen days from the date of entry of such vehicle into a local area or before an application is made for registration of the said vehicle or assignment of a new registration mark to such vehicle under the Motor Vehicles Act, 1988, whichever is earlier.[Provided further that in the case of a dealer in motor vehicles, he shall pay tax under this Act at the time when the tax under the Karnataka Sales Tax Act, 1957 is payable on the sale of such motor vehicle] [Inserted by Act 3 of 2003 w.e.f. 1.4.1995]

#### **4D. Exemption of Tax in certain circumstances.**

- Where any person is causing entry of motor vehicle into a local area within a period of fifteen months from the date of registration of such vehicle in any Union Territory or any other State under the Motor Vehicles Act, 1988, and that such entry is occasioned as a result of shifting the place of his residence from such Union Territory or State into this State [Joint Commissioner] [Substituted by Act 3 of 1998 w.e.f.1-4-1998] may exempt such person from payment of entry tax on entry of such vehicle subject to production of proof in this regard by him.



#### **4E. Restriction to registration etc.**

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

### **Chapter III**

## **Return, Assessment, Payment, Recovery and Collection of Taxes**

### **5. [ Returns. [Substituted by Act 14 of 2014 w.e.f. 01.04.2014.]**

(1) Subject to sub-sections (2) to (4), every registered dealer, and every dealer who is liable to get himself registered under this Act, shall furnish a return to the assessing authority in such form and manner, including electronic methods, and shall pay the tax due on such return within twenty days or fifteen days after the end of the preceding month or any other tax period as may be prescribed: Provided that the specified class of dealers as may be notified by the Commissioner shall furnish particulars for preparation of the return in the prescribed form or submit the return in the prescribed form, electronically in the manner specified in the notification issued: Provided further that the specified class of dealers as may be notified by the Commissioner shall pay tax payable on the basis of the return, by electronic remittance in the manner specified in the notification issued. (2) The tax on entry of goods declared in a return furnished shall become payable at the expiry of the period specified in sub-section (1) without requiring issue of a notice for payment of such tax. (3) Subject to such terms and conditions as may be specified, the assessing authority may require any registered dealer.-(a) to furnish a return for such periods, or (b) to furnish separate branch returns where the registered dealer has more than one place of business. (4) If any dealer having furnished a return under this Act, other than a return furnished under sub-section (3) of Section 5-D, discovers any omission or incorrect statement therein, other than as a result of an inspection or receipt of any other information or evidence by the assessing authority, (a) he shall furnish a revised return within the time prescribed for filing the return for the succeeding tax period; and (b) he shall furnish a revised return any time thereafter but within six months from the end of the relevant tax period, if so permitted by the assessing authority. (5) Every registered dealer shall furnish every year to the assessing authority, a statement in such form, containing such particulars and within such period as may be prescribed.]

### **5A. [ Security deposit. [Inserted by Act 13 of 1982 w.e.f. 1.4.1982]**

(1) The assessing authority may, for good and sufficient reasons, demand from any dealer liable to pay tax under this Act, security for the proper payment of tax payable by him and on such demand such dealer shall furnish the same within seven days from the date of receipt of an order demanding security from the aforesaid authority. (2) The amount of security payable under sub-section (1) for

any year shall not exceed an amount equivalent to one-half of the tax anticipated to be payable by the dealer for that year :Provided that the assessing authority shall have power to demand at any time additional security if such authority has reason to believe that the security fixed was too low.(3)The security paid under sub-section (2), in any year shall be maintained in full until it is dispensed with by the assessing authority on being satisfied that the reason for its demand no longer exists or until the registration certificate is cancelled, whichever is earlier.]

**5B. [ Interest in case of failure to furnish returns or to pay tax declared on returns or other amounts payable. [substituted by Act 14 of 2014 w.e.f. 01.04.2014.]**

(1)Every dealer shall be liable to pay simple interest on any amount of tax which should have been declared on a return, but which has been omitted from it, unless that omission is corrected within three months of the omission subject to subsection (2) of Section 20-B, and such interest is payable from the date the tax should have been declared, and the dealer shall declare his liability to pay that interest in such form and manner as may be prescribed.(2)If a dealer required to furnish a return under this Act.-(a)fails to pay any amount of tax or additional tax declared on the return, or(b)furnishes a revised return more than three months after tax became payable, declaring additional tax, but fails to pay any interest declared to be payable under sub-section (1), or(c)fails to declare any tax or interest which should have been declared, or(d)fails to make a return,such dealer shall be liable to pay interest in respect of the tax and additional tax payable declared by him or the tax payable and interest payable under sub-section (1) for the period for which he has failed to furnish a return.(3)Where any other amount is payable under this Act is not paid within the period specified in Section 8, interest shall be payable on such amount from such period.(4)The interest shall also be payable under this Section during any period during which recovery of any tax or other amount payable under the Act is stayed by an order of any authority or Court in any appeal or other proceedings disputing such tax or amount.]

**5C. [ Rate of interest. [substituted by Act 14 of 2014 w.e.f. 01.04.2014.]**

(1)The rate of simple interest payable under Section 5B shall be one and one half per cent per month:(a)from the date the tax had become payable to the date of its payment or to the date of any assessment under this Act, whichever is earlier; and(b)from the date on which any amount payable under this Act was due.(2)For the purpose of this Section interest in respect of parts of a month shall be computed proportionately and month shall mean any period of thirty days ]

**5D. [ Assessment. [Inserted by Act 14 of 2014 w.e.f. 01.04.2014.]**

(1)Every dealer shall be deemed to have been assessed to tax based on the return filed by him under section 5, except in cases where the Commissioner may notify the dealer of any requirement of production of accounts before the assessing authority in support of a return filed for any period and such authority shall proceed to assess such dealer, -(a)on the basis of the return filed where he is satisfied that the return filed is correct and complete, or(b)to the best of its judgment, where the

return filed appears to be incorrect or incomplete, after giving the dealer an opportunity of showing cause against such assessment in writing and any additional tax assessed shall be paid within thirty days from the date of service of such assessment on the dealer.(2)Where a registered dealer fails to furnish his return on or before the date provided in this Act or the rules made thereunder, the assessing authority shall issue an assessment to the registered dealer to the best of its judgment and the tax assessed shall be paid within ten days from the date of service of such assessment on the dealer.(3)Where an assessment has been made under sub-section (2) and the dealer subsequently furnishes a return for the period to which the assessment relates, the assessing authority may withdraw the assessment but the dealer shall be liable to penalties and interest as applicable.(4)Where the dealer furnishes a return under sub-section (3), such return shall be furnished within one month of service of such assessment on the dealer.(5)(a)The assessing authority on any evidence showing a liability to tax coming to its notice may with the previous permission of his Joint Commissioner or Additional Commissioner issue a protective assessment in the case of a dealer registered under this Act or a dealer liable to be registered under this Act, if the assessing authority has reason to believe that such dealer will fail to pay any tax, penalty or interest so assessed or imposed or payable and such tax, penalty or interest shall become payable forthwith.(b)On any application made within thirty days from the date of receipt of such protective assessment by the dealer or on his own motion within thirty days from the date of issue of such protective assessment, if the Joint Commissioner or Additional Commissioner considers that any protective assessment issued is erroneous, he may after giving the dealer concerned an opportunity of being heard and after making such enquiry as he deems necessary, pass such order thereon as the circumstances of the case may justify.(6)The authority authorized by the Commissioner in this behalf shall assess, a dealer who fails, within the time specified, to get registered though liable to do so, to the best of its judgment for the tax period or periods that would apply to such dealer if he were to be registered, after giving the dealer an opportunity of showing cause against such assessment in writing and the tax assessed and any interest payable shall be paid within ten days from the date of service of such assessment on the dealer.]

## **6. [ Re-assessment of tax. [substituted by Act 14 of 2014 w.e.f. 01.04.2014.]**

(1)Where the assessing authority has grounds to believe that any return furnished which is deemed as assessed or any assessment issued under Section 5-B understates the correct tax liability of the dealer, it,-(a)may, based on any information available, re-assess, to the best of its judgment, the additional tax payable and also impose any penalty under sub-section (2) of section 20-B and demand payment of any interest; and(b)shall issue a notice of reassessment to the dealer demanding that the tax shall be paid within thirty days of the date of service of the notice after giving the dealer the opportunity of showing cause against such re-assessment in writing.(2)Where after making a re-assessment under this Section.-(a)any further evidence comes to the notice of the assessing authority; or(b)if the assessing authority has reason to believe that the whole or any part of the turnover of a dealer or the value of taxable goods brought or caused to be brought into a local area by a dealer whether on his own account or on account of his principal or any other person or who has taken delivery or is entitled to take delivery of such goods on its entry into local area in respect of any tax period has escaped re-assessment to tax; or(c)tax has been under re-assessed; or(d)has been re-assessed at a rate lower than the rate at which it is assessable under this Act;

or(e)any deductions or exemptions have been wrongly allowed in respect thereof,The assessing authority may, notwithstanding the fact that whole or part of such escaped turnover or value of taxable goods as the case may be, was already before the said authority at the time of assessment or reassessment, proceed to make assessment or any further re-assessments in addition to such earlier assessment or re-assessment]

## **7. [ Period of limitation for assessment and re-assessment. [substituted by Act 14 of 2014 w.e.f. 01.04.2014.]**

(1)An assessment under Section 5-D or re-assessment under Section 6 of an amount of tax due for any prescribed tax period shall not be made after five years after the end of the prescribed tax period.Provided that an assessment or re-assessment relating to any tax period up to the period ending 31st day of March, 2014 shall be made within a period of eight years after the end of the prescribed tax period;(2)Notwithstanding anything contained in sub-section (1), if any tax is, not paid by a dealer who has failed to get registered though liable to do so or fraudulently evaded attracting punishment under sub-section (2) of Section 21, an assessment or re-assessment may be made within eight years from the end of the prescribed tax period;Provided that an assessment or re-assessment relating to any tax period up to the period ending 31st day of March, 2014 shall be made under this sub-section within a period of ten years after the end of the prescribed tax period.(3)In computing the period of limitation specified for assessment or re-assessment, as the case may be under this Act, the period taken for disposal of any appeal against an assessment or other proceeding by the appellate authority, a tribunal or competent court shall not be taken into account in computing such period for assessment or reassessment as the case may be.Provided that nothing contained in this section limiting the time within which any action may be taken or any order, assessment or re-assessment may be made, shall apply to an assessment or re-assessment made on the dealer or any person in consequence of, or to give effect to, any finding, direction or order made under sections 13, 14, 15, 15-A or 16 or any judgment or order made by the Supreme Court, the High Court, or any other court]

## **8. Payment and [recovery of tax, penalties, interest and other amounts] [Inserted by Act 28 of 1985 w.e.f. 10.9.1985.].**

- [(1) Every registered dealer shall furnish returns to the assessing authority or prescribed authority, and the tax payable or any penalty or interest due shall be paid in such manner as may be prescribed, within the period specified and on an application by a dealer, the Government or Commissioner may permit, subject to such conditions as may be specified or prescribed, payment of tax or any other amount payable, in such installments and at such intervals as may be prescribed] [Substituted by Act 14 of 2014 w.e.f..1.04.2014.][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.] [Inserted by Act 5 of 2010 w.e.f. 1.4.2010.](1A)[ 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.(1B)A registered dealer, furnishing a revised return in accordance with this Act which shows a greater amount of tax to be due than was paid or payable in accordance with the original return, shall pay with that revised return the tax so payable in such manner as may be prescribed] [Inserted by Act 14 of 2014 w.e.f. 01.04.2014.](2)If default is made in making payment in accordance with sub-section (1),-(i)the whole of the amount outstanding on the date of default shall become immediately due and shall be a charge on the property of the person or persons liable to pay tax under this Act;(ii)[ the person or persons liable to pay the tax or any other amount due under this Act shall pay [interest] [Substituted by Act 5 of 2000 w.e.f. 1.4.2000] equal to [one and a quarter percent] [Substituted by Act 11 of 2005 w.e.f. 1.4.2005] 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).][Explanation I] [Renumbered by Act 11 of 2005 w.e.f. 1.4.2005]. - For the purposes of clause (ii) the [interest] [Substituted by Act 5 of 2001 w.e.f. 1.4.2001] payable for a part of a month shall be proportionately determined.[Explanation II. - For the purpose of this sub-section, non-payment during any period during which recovery of any amount due under the Act is stayed by an order of any authority or Court in any appeal or other proceedings disputing such amount, shall be deemed to be a 'default, unless such appeal or other proceeding is allowed by such Authority] [Inserted by Act 11 of 2005 w.e.f. 1.10.1980](3)Notwithstanding anything contained in sub-section (2), [where the amount of [interest] [Substituted by Act 7 of 1997 w.e.f. 1.4.1997] does not exceed rupees five lakh, the Commissioner and in any other case, the State Government] may subject to such conditions as may be prescribed remit the whole or any part of the [interest] [Substituted by Act 5 of 2001 w.e.f. 1.4.2001] payable in respect of any period by any person or class of persons.(4)Any tax assessed, or any other amount due under this Act from a [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] dealer may without prejudice to any other mode of collection be recovered,-(a)as if it were an arrear of land revenue, or(b)by attachment and sale or by sale without attachment of any property of such dealer or any other person by the prescribed officer in accordance with such rules as may be prescribed;(c)notwithstanding anything contained in the Code of Criminal Procedure, 1973 (Central Act 2 of 1974), on application to any Magistrate, by such Magistrate, as if it were a fine imposed by him:Provided that where a [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] dealer who has appealed or applied for revision of any order made under this Act and has complied with an order made by the appellate or the revising authority in regard to the payment of tax or other amount no proceedings for recovery under this sub-section shall be made or continued until the disposal of such appeal or application for revision.(5)[ The High Court may, either suo motu or on an application by the Commissioner or any person aggrieved by the order, revise any order made by a Magistrate under clause (c) of sub- section (4)] [Inserted by Act 14 of 2014 w.e.f. 1.04.2014.]

### **8A. [ Power to withhold refund in certain cases. [Inserted by Act 18 of 1994 w.e.f. 1.4.1994]**

(1)Where an order giving rise to refund is the subject matter of an appeal or further proceeding or where any other proceeding under this Act is pending and the authority competent to grant such refund is of the opinion that the grant of refund is likely to adversely affect the revenue, such authority may, with the previous approval of the Commissioner withhold the refund till such time as the Commissioner may determine.(2)Where a refund is withheld under sub-section (1) the State Government shall pay interest at the rate of [six per cent] per annum on the amount of refund

ultimately determined to be due to the person as a result of the appeal or further proceedings, for the period from the date immediately following the expiry of ninety days from the date of the order referred to, in sub-section (1) to the date of refund.]

## **8B. [ Payment of tax at source in the case of sugar. [Inserted by Act 5 of 2010 w.e.f. 1.4.2010.]**

(1)Notwithstanding anything contained in sections 7 and 8, every dealer purchasing sugar from a manufacturer in the State, shall pay an amount equivalent to the tax payable by such dealer under the Act on entry of sugar so purchased into a local area in the State by such dealer to such manufacturer of sugar.(2)Every manufacturer of sugar to whom an amount is payable by a purchaser as specified under sub-section (1), shall deliver sugar to the purchaser only after payment of such amount to him and where the sugar is delivered without payment of such amount, it shall be deemed to be an amount due under this Act from such manufacturer of sugar.(3)Every manufacturer of sugar in the State shall submit every month to the prescribed authority a statement in the prescribed form containing particulars of tax paid to him under sub-section (1) during the preceding month and remit the amount of tax so paid to him within twenty days after the close of the preceding month in which such payment was made and the amount liable to be so remitted shall be deemed to be an amount due under this Act.Provided that the specified class of manufacturers as may be notified by the Commissioner shall submit the statement in the prescribed form, electronically through internet and also pay the amount of tax payable on such statement, by electronic remittance through internet, in the manner specified in the said notification.(4)The manufacturer of sugar to whom payment is made under sub-section (3), shall furnish to the purchaser who has made such payment, a certificate obtained from the prescribed authority containing such particulars as may be prescribed.(5)Payment in accordance with sub-section (1), shall be without prejudice to any other mode of recovery of tax due under this Act from the purchasing dealer on entry of sugar purchased.(6)Where tax in respect of purchase of sugar is remitted under subsection (3), the tax payable by the purchasing dealer on entry of such sugar or where no tax is payable in respect of purchase of such sugar, any other tax payable by the purchasing dealer, shall be reduced by the amount of tax already remitted under the said sub-section.(7)The burden of proving that the tax on such entry of sugar has already been remitted and of establishing the exact quantum of tax so remitted shall be on the dealer claiming the reduction.]

## **9. Recovery of tax from certain other persons.**

(1)The assessing authority may, at any time or from time to time, by notice in writing (a copy of which shall be forwarded to the [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] dealer from whom any tax assessed is due at his last address known to the assessing authority) require any person from whom money is due to the [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] dealer or any person who holds or may subsequently hold money for or on account of the [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] dealer to pay to the assessing authority either forthwith upon the money becoming due or being held at or within the time specified in the notice (not being before the money becomes due or is held) so much of the money as is sufficient to pay the amount due by the [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] 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.(2)The assessing authority may, at any time or from time to time, amend or revoke any such notice or extend the time for making any payment in pursuance of the notice.(3)Any person making any payment in compliance with a notice under this section shall be deemed to have made the payment under the authority of the [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] 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 [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] dealer after receipt of the notice referred to in this section shall be personally liable to the assessing authority to the extent of the liability discharged or to the extent of the liability of the [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] 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 [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] dealer or that he does not hold any money for or an account of the [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] 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.Explanation. - For the purposes of this section, the amount due to a [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] dealer or money held for or an account of a [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] dealer shall be computed after taking into account such claims, if any, as may have fallen due for payment by such [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] dealer to such person and as may be lawfully subsisting.

## **9A. [ [Omitted by Act 5 of 2000 w.e.f. 1.4.2000]**

x x x]

## **10. Liability of firms.**

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

## **10A. [ Assessment of legal representative. [Inserted by Act 7 of 1997 w.e.f. 1.4.1997]**

- Where a dealer dies, his executor, administrator or other legal representative shall be deemed to be the dealer for the purposes of this Act and the provisions of this Act shall apply to him in respect of the business of the said deceased dealer:Provided that, in respect of any tax, penalty or fee assessed as payable by any such dealer or any tax, penalty or fee which would have been payable by him

under this Act if he had not died, the executor, administrator or other legal representative shall be liable only to the extent of the assets of the deceased in his hands.]

## **11. Tax payable on transfer of business, etc.**

(1)When the ownership of the business of a [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] dealer liable to pay any tax or penalty, or any other amount under the provisions of this Act, is transferred, the transferor and the transferee shall jointly and severally be liable to pay any tax or penalty or any other amount payable but remaining unpaid at the time of transfer, and for the purpose of recovery from the transferee, such transferee shall be deemed to be the [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] dealer liable to pay the tax or penalty or other amount under this Act.(2)When a firm liable to pay the tax, or penalty is dissolved the assessment of the tax and imposition of penalty shall be made as if no dissolution of the firm had taken place, and every person who was at the time of dissolution a partner of the firm and the legal representative of any such person who is deceased, shall be jointly and severally liable to pay the tax or penalty assessed or imposed.(3)When an undivided Hindu family or Aliyasanthana family liable to pay the tax or penalty is partitioned the assessment of the tax and the imposition of penalty shall be made as if no partition of the family had taken place and every person who was a member of the family before the partition shall be jointly and severally liable to pay the tax or penalty assessed or imposed.(4)Where a [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] dealer dies, his executor, administrator or other legal representative shall be deemed to be the [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] 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 [x x x] [Omitted by Act 13 of 1982 w.e.f. 1.4.1982] dealer, provided that, in respect of any tax or penalty assessed as payable by any such dealer or any tax or penalty which would have been payable by him under this Act if he had not died, the executor, administrator or other legal representative shall be liable only to the extent of the assets of the deceased in his hands.

### **11A. [ Power of State Government to exempt or reduce tax. [Substituted by Act 15 of 1992 w.e.f. 1.5.1992]**

- [(1)] The State Government may, if in its opinion it is necessary in public interest so to do, by notification and subject to such restrictions and conditions and for such period as may be specified in the notification, exempt or reduce [either prospectively or retrospectively] [Inserted by Act 4 of 1999 w.e.f. 1.4.1999] the tax payable under this Act,-(i)by any specified class of persons or class of dealers or in respect of any goods or class of goods ; or(ii)on entry of all or any goods or class of goods into any specified local area.](2)[ The State Government may, by notification cancel or vary any notification issued under sub-section (1).(3)Where any restriction or condition specified under sub-section (1) is contravened or is not observed by a dealer or a declaration furnished under the said sub-section is found to be wrong, then such dealer shall be liable to pay by way of penalty an amount equal to twice the difference between the tax payable at the rates specified by or under the Act and the tax paid at the rates specified under the notification on the value of such goods in respect of which such contravention or non-observance has taken place or a wrong declaration is furnished:Provided that before taking action under the sub-section the dealer shall be given a reasonable opportunity of being heard.] [Inserted by Act 18 of 1994 w.e.f. 1.4.1994]



## Chapter IV

### Tax Authorities

#### 12. [ The Authorities. [Substituted by Act 15 of 1992 w.e.f. 1.5.1992]

- [(1) The Officers exercising powers, discharging duties and performing functions under the Karnataka Sales Tax Act, 1957 in any area or in respect of any dealer or classes of dealer, shall exercise power, discharge duties and perform functions under this Act in respect of such area and such dealer or classes of dealers.](2)[ Notwithstanding anything contained in sub-section (1), the State Government or the Commissioner may, by notification, authorize officers to exercise powers and discharge duties and perform functions under this Act in respect of such area and such dealer or classes of dealers, or such cases or classes of cases as may be specified in the notification.] [Omitted by Act 14 of 1994 w.e.f. 1.4.1994 and again inserted by Act 11 of 2005 w.e.f. 1.4.2005](3)[ x x x] [Omitted by Act 14 of 1994 w.e.f. 1.4.1994](4)The Commissioner may, by order in writing, at any time transfer any case pending before one officer to another officer and the officer to whom the case is so transferred may proceed either de novo or from the stage at which it was transferred.(5)Where a case pending before an officer is transferred to another officer under sub-section (4), the officer to whom the case is transferred shall notwithstanding anything contained in this Act have the same powers and perform the same duties as those respectively conferred and imposed on the officer from whom the case is so transferred.(6)The State Government and the Commissioner may, from time to time, issue such orders, instructions and directions to all officers and persons employed in the execution of this Act as they may deem fit for the administration of this Act and all such officers and persons shall observe and follow such orders, instructions and directions of the State Government and the Commissioner :Provided that no such orders, instructions or directions shall be issued so as to interfere with the discretion of any appellate authority in the exercise of it appellate functions.(7)Without prejudice to the generality of the foregoing power, the Commissioner may on his own motion or on an application by a dealer liable to pay tax under this Act, if he considers it necessary or expedient so to do, for the purpose of maintaining uniformity in the work of assessments and collection of revenue or for the removal of any doubt, clarify the rate of tax payable under this Act in respect of goods liable to tax under the Act or the doubts as the case may be, and all officers and persons employed in the execution of this Act shall observe and follow such clarification.Explanation. - In this section, the word 'case' in relation to any dealer specified in any direction or order issued thereunder means all proceedings under this Act in respect of any year which may be pending on the date of such order or direction or which may have been completed on or before such date and includes also all proceedings under this Act which may be commenced after the date of such order or direction in respect of any year:][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.] [Inserted by Act 18 of 1994 w.e.f. 1.4.1994]

#### 12A. [ State Representative. [Inserted by Act 15 of 1992 w.e.f. 1.5.1992]

(1)The State Representative appointed or empowered under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), shall be the State Representative for the purposes of this Act.(2)In

proceedings before the Appellate Tribunal the State Representative shall be competent, -(i) to prepare and sign application, appeals and other documents ;(ii) to appear, represent, act and plead ;(iii) to receive notices and other processes ; and (iv) to do all other acts connected with such proceedings, on behalf of the State Government or any officer appointed under this Act.]

## **12B. [ Change of incumbent of an office. [Inserted by Act 14 of 1994 w.e.f. 1.4.1994]**

- Whenever in respect of any proceeding under this Act, an assessing authority or any other officer ceases to exercise jurisdiction and is succeeded by another who has, and exercises jurisdiction, the authority or officer so succeeding may continue the proceeding from the stage at which the proceeding was left by his or its predecessor: Provided that the assessee concerned may demand that before the proceeding is so continued the previous proceeding or any part thereof be re-opened or that before any order of assessment is passed against him, he be re-heard.]

## **12C. [ Provision for clarification and advance rulings. [Inserted by Act 7 of 2003 w.e.f. 1.4.2003]**

- The 'Authority for Clarification and Advance Rulings', (hereinafter referred to in this section as Authority) constituted under [section 60 of the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)] (hereinafter referred to as the 'said Act') shall be authorized to clarify the rate of tax applicable under this Act in respect of any goods liable to tax under the Act or the eligibility of any transaction to tax under the Act on an application by a dealer registered under the Act. (2) All the provisions of the said Act including [provisions relating to appeal and] [Inserted by Act 26 of 2004 w.e.f. 1.8.2004] the rules made thereunder relating to the manner of making an application for issue of clarification, payment of fee, disposal and implementation of the order passed by the Authority shall mutatis mutandis apply to this section] (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.] [Inserted by Act 53 of 2013 w.e.f. 1.8.2013]

## **Chapter V**

### **Appeal and Revision**

#### **13. Appeals.**

- [(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] [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 [but within a further period of one hundred and eighty days] [Inserted by Act 7 of 1997 w.e.f. 1.4.1997] if it is satisfied that the appellant has sufficient cause for not preferring the appeal within that period.(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 other amount] [Substituted by Act 05 of 2016 w.e.f. 01.04.2016.] not disputed in the appeal.(b)Notwithstanding that an appeal has been preferred under subsection (1), the tax or other amount shall be paid in accordance with the order against which the appeal has been preferred:[Provided that the appellate authority may, in its discretion, [tax and other amount] [substituted by Act 26 of 2004 w.e.f. 1.8.2004] if the appellant [makes payment of the balance thirty per cent of the tax and other amount] [Substituted by Act 05 of 2016 w.e.f. 01.04.2016.] along with the prescribed form of appeal.Provided further that where any application made by an applicant for staying proceedings of recovery of any tax or other amount has not been disposed of by the Appellate Authority within a period of thirty days from the date of such application, it shall be deemed that the Appellate Authority has made an order staying proceedings for recovery of such tax or other amount subject to [payment of thirty percent of tax and other amount] [Substituted by Act 05 of 2016 w.e.f. 01.04.2016.] disputed and furnishing of sufficient security to the satisfaction of the assessing authority in regard to the [balance seventy percent of such tax and other amount] [Substituted by Act 05 of 2016 w.e.f. 01.04.2016.] or amount within a further period of fifteen days.Provided also that where an order staying proceedings of recovery of any tax or other amount is made in any proceedings relating to an appeal under sub-section (1), the Appellate Authority shall dispose of the appeal within a period of ninety days from the date of such order.Provided also that if such appeal is not so disposed of within the period specified in the third proviso, the order of stay shall stand vacated after the expiry of the said period and the Appellate Authority shall not make any further order staying proceedings of recovery of the said tax or other amount.](4)The appeal shall be in the prescribed form and shall be verified in the prescribed manner.[Provided that the Commissioner may notify the website in which appeal shall be filed electronically.] [Substituted by Act 05 of 2016 w.e.f. 01.04.2016.](4A)[ Notwithstanding anything contained in sub-section (1), the appeals filed before the Deputy Commissioner of Commercial Taxes on or before the date of commencement of Karnataka Taxation Laws (Amendment) Act, 2000 and pending on such date shall be deemed to have been filed before the Joint Commissioner and such appeals shall be disposed off by him in accordance with this section.] [Inserted by Act 5 of 2000 w.e.f. 1.4.2000](5)In disposing of any appeal, the appellate authority may, after giving the appellant a reasonable opportunity of being heard,-(a)in the case of an order of assessment or penalty,-(i)confirm, reduce, enhance or annul the assessment or penalty or both;(ii)[xxx] [Omitted by Act 26 of 2004 w.e.f. 1.8.2004](iii)pass such other orders as it may think fit; and(b)in the case of any other order, confirm, cancel or vary such order.[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.] [Inserted by Act 26 of 2004 w.e.f. 1.8.2004](6)Every order passed on appeal under this section shall, subject to the provisions of sections 14 to 17, be final.

## 14. Appeal to the Appellate Tribunal.

(1)Any officer [empowered by the State Government or the Commissioner] [Substituted by Act 5 of 2006 w.e.f. 1.4.2006.] in this behalf or any other person objecting to an order passed by the appellate authority [under section 13 or an order passed by a revisional authority under [subsection (3)] [Inserted by Act 18 of 1994 w.e.f. 1.4.1994] of section 15] may appeal to the Appellate Tribunal within a period of sixty days from the date on which the order was communicated to him.(2)The Appellate Tribunal may admit an appeal preferred after the period of sixty days referred to in sub-section (1) [but within a further period of one hundred and eighty days] [Inserted by Act 7 of 1997 w.e.f. 1.4.1997] if it is satisfied that the appellant had sufficient cause for not preferring the appeal within that period.(2A)[ The officer authorized 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 [Deputy Commissioner] [Inserted by Act 18 of 1989 w.e.f. 1.4.1989] or the [Joint Commissioner] [substituted by Act 5 of 1993 w.e.f. 9.11.1992] 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 [at any time before the appeal is finally heard] [Substituted by Act 14 of 1991 w.e.f. 1.4.1991] a memorandum of cross objections, verified in the prescribed manner against any part of the order of the [Deputy Commissioner] [substituted by Act 5 of 1993 w.e.f. 9.11.1992] or the [Joint Commissioner] [substituted by Act 5 of 1993 w.e.f. 9.11.1992] 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).](3)[ The appeal or the memorandum of cross objections shall be in the prescribed form, shall be verified in the prescribed manner, and in the case of an appeal preferred by any person other than an officer empowered by the State Government under sub-section (1) shall be accompanied by [proof of payment of [thirty per cent of the tax and other amount] [Sub-sections (3) to (11) substituted by Act 18 of 1994 w.e.f. 1.4.1994] disputed and also] a fee equal to two per cent of the amount of assessment objected to, provided that the sum payable in no case be less than two hundred rupees or more than one thousand rupees.[Provided that a single appeal may be preferred against orders of assessment or reassessment or any other orders or proceedings, in respect of more than one tax periods of any year] [Inserted by Act 14 of 2014 w.e.f.1.04.2014](4)[ Notwithstanding that an appeal has been preferred under subsection (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 seventy percent of tax and other amount] [Substituted by Act 7 of 2003 w.e.f. 1.4.2003 and again substituted by Act 26 of 2004 w.e.f. 1.8.2004.] disputed, if the appellant [makes payment of the thirty per cent of the tax and other amount] [Substituted by Act 05 of 2016 .w.e.f 01.04.2016.] 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 [seventy

percent of tax and other amount] [Substituted by Act 05 of 2016 .w.e.f 01.04.2016.] 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 and other amount.] [Substituted by Act 05 of 2016 .w.e.f 01.04.2016.]](5)The Appellate Tribunal shall, after giving both parties to the appeal a reasonable opportunity of being heard, pass such orders thereon as it thinks fit :Provided that if the appeal involves a question of law on which the Appellate Tribunal has previously given its decision in another appeal and either a revision petition in the High Court against such decision or an appeal in the Supreme Court against the order of the High Court thereon is pending the Appellate Tribunal may defer the hearing of the appeal before it till such revision petition in the High Court or the appeal in the Supreme Court is disposed of :Provided further that if as a result of the appeal any change becomes necessary in the assessment, which is the subject matter of the appeal, the Appellate Tribunal may authorize the assessing authority to amend the assessment, and the assessing authority shall amend the assessment accordingly and thereupon, any amount over paid by the assessee shall be refunded to him without interest, or any additional amount of tax due from him shall be collected in accordance with the provisions of the Act, as the case may be.(6)[xxxxxx] [Omitted by Act 26 of 2004 w.e.f. 1.8.2004](7)(a)The Appellate Tribunal may, on the application either of the appellant or of the respondent, review any order passed by it under subsection (5) on the basis of facts which were not before it when it passed the order :Provided that no such application shall be preferred more than once in respect of the same order.(b)The application for review shall be preferred in the prescribed manner within six months from the date on which the order to which application relates was communicated to the applicant ; and where the application is preferred by any person other than an officer empowered by the State Government under sub-section (1), it shall be accompanied by a fee equal to that which had been paid in respect of the appeal :Provided that if the application for review is preferred within ninety days from the date on which the order to which application relates is communicated to the applicant, the application shall be accompanied by half the fee which had been paid in respect of the appeal.(8)With a view to rectifying any mistake apparent from the record, the Appellate Tribunal may, at any time, within five years from the date of order passed by it under sub-section (5) or sub-section (7) amend such order :Provided that no order under this sub-section shall be made without giving both parties affected by the order a reasonable opportunity of being heard.(9)Except as provided in the rules made under this Act the Appellate Tribunal shall not have power to award costs to either of the parties to the appeal or review.(10)Every order passed by the Appellate Tribunal under sub-section (5) or sub-section (7) or sub-section (8) shall be communicated to the appellant, the respondent the authority on whose order the appeal was preferred and the Joint Commissioner concerned if he is not such authority, and the Commissioner.(11)Every order passed by the Appellate Tribunal under sub-section (5) shall, subject to the provisions of sub-section (6), sub-section (7) and section 15-A be final.]

## **15. Revisional powers of Commissioner, Additional Commissioner, Joint Commissioner and Deputy Commissioner.**

- [(1) The Commissioner may on his own motion call for and examine the record of any proceeding under this Act and if he considers that any order passed therein by any officer subordinate to him is

erroneous in so far as it is prejudicial to the interests of the revenue, he may, if necessary, stay the operation of such order for such period as he deems fit and after giving the assessee an opportunity of being heard and after making or causing to be made such inquiry as he deems necessary pass such orders thereon as the circumstances of the case justify, including an order enhancing or modifying the assessment, or cancelling the assessment or directing a fresh assessment.(2)The Additional Commissioner may on his own motion call for and examine the record of any proceedings under this Act, and if he considers that any order passed therein by [a Joint Commissioner, or an appellate authority of the rank of a Deputy Commissioner] [Sub-sections (1) to (4) substituted by Act 18 of 1994 w.e.f. 1.4.1994] is erroneous in so far as it is prejudicial to the interests of revenue, he may, if necessary, stay the operation of such order for such period as he deems fit and after giving the assessee an opportunity of being heard and after making or causing to be made such inquiry as he deems necessary, pass such orders thereon as the circumstances of the case justify including an order enhancing or modifying the assessment or cancelling the assessment or directing a fresh assessment.(3)The Joint Commissioner may on his own motion call for and examine the record of proceeding under this Act and if he considers that any order passed therein by any officer who is not above the rank of a Deputy Commissioner is erroneous in so far as it is prejudicial to the interests of revenue, he may, after giving the assessee an opportunity of being heard and after making or causing to be made such inquiry as he deems necessary, pass such order thereon as the circumstances of the case justify including an order enhancing or modifying the assessment, or canceling the assessment or directing a fresh assessment.(4)The power under sub-sections (1) to (3) shall be exercisable only within a period of four years from the date of the order sought to be revised was passed.Explanation. - In computing the period of limitation for the purpose of sub-section (4) any period during which any proceeding under this section is stayed by an order or injunction of any Court shall be excluded;]

### **15A. [ Revision by High Court. [Sub-sections (1) to (8) inserted by Act 18 of 1994 w.e.f. 1.4.1994]**

(1)Within [one hundred and eighty days] from the date on which an order under sub-section (5) or clause (a) of sub-section (7) or sub-section (8) of section 14 was communicated to him, the appellant or the respondent may prefer a petition to the High Court against the order on the ground that the Appellate Tribunal has either failed to decide or decided erroneously any question of law :Provided that the High Court may admit a petition preferred after the period of [one hundred and eighty days] [Substituted by Act 18 of 2012 w.e.f. 1.4.2012] aforesaid if it is satisfied that the petitioner has sufficient cause for not preferring the petition within that period.(2)The petition shall be in the prescribed form, shall be verified in the prescribed manner, and shall, when it is preferred by any person other than an officer empowered by the State Government, under sub-section (1) of section 14 be accompanied by a fee of one hundred rupees.(3)If the High Court, on perusing the petition considers that there is no sufficient ground for interfering, it may dismiss the petition summarily :Provided that no petition shall be dismissed unless the petitioner has had a reasonable opportunity of being heard in support thereof.(4)(a)If the High Court does not dismiss the petition summarily, it shall, after giving both the parties to the petition a reasonable opportunity of being heard, determine the question or questions of law raised and either reverse, affirm or amend the order against which the petition was preferred or remit the matter to the Appellate Tribunal with the opinion of the High

Court on the questions or question of law raised or pass such other order in relation to the matter as the High Court thinks fit.(b)Where the High Court remits the matter to the Appellate Tribunal under clause (a) with its opinion on question of law raised, the latter shall amend the order passed by it in conformity with such opinion.(5)Before passing an order under sub-section (4) the High Court may, if it considers necessary so to do remit the petition to the Appellate Tribunal and direct it to return the petition with its finding on any specific questions or issue.(6)Notwithstanding that a petition has been preferred under 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 authorize the assessing authority, to amend the assessment and the assessing authority shall amend the assessment accordingly and thereupon the amount overpaid by the assessee shall be refunded to him without interest or the additional amount of tax due from him shall be collected in accordance with the provisions of this Act, as the case may be.(7)With a view to rectify any mistake apparent from the record, the High Court may, at any time, within five years from the date of the order passed by it under sub-section (4) amend such order:Provided that no order under this sub-section shall be made without giving both parties affected by the order a reasonable opportunity of being heard.(8)In respect of every petition preferred under sub-section (1) or (7), the costs shall be in the discretion of the High Court]

## **15B. [ Limitation in regard to passing orders in respect of certain proceedings. [Inserted by Act 7 of 1997 w.e.f. 1.4.1997]**

(1)Notwithstanding anything contained in sections 6 and 15, where any proceedings is initiated under section 6 or any records have been called for under section 15, the authority referred to in the said sections shall pass orders within a period of [three years] from the date of initiation of such proceedings or calling for the records, as the case may be:Provided that in respect of the proceedings initiated or records called for before the date of commencement of the Karnataka Taxation Laws (Amendment) Act, 1997, orders shall be passed within a period of [four years] [Substituted by Act 5 of 2000 w.e.f. 1.4.1997] from such commencement.(2)In computing the period specified in sub-section (1), the period during which a proceeding has been deferred on account of any stay granted by any court or any other authority shall be excluded.]

## **16. Appeal to High Court.**

(1)Any assessee objecting to an order passed under [sub-sections (1) and (2) of section 15] [Substituted by Act 7 of 1997 w.e.f. 1.4.1997] may appeal to the High Court within sixty days from the date on which the order was communicated to him:Provided that the High Court may admit an appeal preferred after the period of sixty days aforesaid if it is satisfied that the assessee had sufficient cause for not preferring the appeal within that period.(2)The appeal shall be in the prescribed form shall be verified in the prescribed manner, and shall be accompanied by a fee of [five hundred rupees.] [Substituted by Act 7 of 1997 w.e.f. 1.4.1997](3)The High Court shall, after giving both parties to the appeal a reasonable opportunity of being heard pass such order thereon as it thinks fit.

## **17. [ Rectification of apparent mistakes and power of rectification of assessment or re-assessment in certain cases. [Substituted by Act 14 of 2014 w.e.f.1.04.2014]**

(1)With a view to rectifying any mistake apparent from the record, the prescribed authority, appellate authority or revising authority, may, at any time within five years from the date of an order passed by it, amend such order.(2)Any amendment which has the effect of enhancing an assessment or otherwise increasing the liability of the person concerned shall not be made unless the prescribed authority, appellate authority or revising authority, as the case may be, has given notice to the person concerned of its intention to do so and has allowed the person concerned the opportunity of showing cause in writing against such amendment.(3)Where an order has been considered and decided in any proceedings by way of appeal or revision relating to an order referred to in sub-section (1), the authority passing such order may, notwithstanding anything contained in any law for the time being in force, amend the order under that sub-section in relation to any matter other than the matter which has been so considered and decided.(4)An order passed under sub-section (1), shall be deemed to be an order passed under the same provision of law under which the original order, the mistake in which was rectified, has been passed."(5)Where any assessment or re-assessment or an order of an appellate authority or a revisional authority other than a court or tribunal, is found to be erroneous in so far as it is prejudicial to the interest of the public revenue by a judgment or an order of any court, then notwithstanding anything contained in this Act, authority concerned may proceed to rectify such assessment or re-assessment or order and determine the tax payable by the dealer in accordance with such judgment or order at any time within a period of three years from the date of such judgment or order.(6)Where any court makes an order or gives judgment to the effect that any tax assessed under this Act or any other law should have been assessed under a provision of a law different from that under which it was assessed, then in consequence of such order or judgment or to give effect to any finding or direction contained in any such order or judgment, such turnover or part thereof, may be assessed or re-assessed to tax, as the case may be, at any time within five years from the date of such order or judgment, notwithstanding any limitation period which would otherwise be applicable under the law applicable to that assessment or re-assessment.(7)Where any proceedings for the recovery of any tax, penalty, interest or any part thereof remaining unpaid, have been commenced in a court and the amount of tax, penalty or interest is subsequently modified, enhanced or reduced in consequence of any decision made or order passed in the appeal, the prescribed authority may, in such manner and within such period as may be prescribed, inform the dealer or the person and the authority under whose order the recovery is to be made, and thereupon such proceedings may be continued with the modified, enhanced or reduced amount of tax, penalty or interest therein substituted.Provided that a rectification which has the effect of enhancing an assessment or otherwise increasing the liability of the assessee shall not be made unless the assessing authority, appellate authority or revising authority, as the case may be, has given notice to the assessee of its intention to do so and has allowed the assessee a reasonable opportunity of being heard.]



## Chapter VI

### Miscellaneous

#### **17A. [ Maintenance of accounts by dealers and issue of sale bills or cash memorandum. [Section 17A Sub-section with (1) to (3) inserted by Act 13 of 1982 w.e.f. 1.4.1982]**

(1) Every registered dealer and every dealer liable to get himself registered for the purposes of this Act shall maintain and keep true and complete accounts relating to his business as well as such other registers or records as may be prescribed in this regard. All such accounts, registers or records shall be retained by the dealer in his safe custody till his assessment or re-assessment, as the case may be, for the relevant year is completed or, in cases where any appeal, revision or other proceedings in respect of such year has been filed and is pending, the same is disposed of. (2) Every registered dealer and every dealer liable to get himself registered for the purposes of this Act shall issue, in respect of all [goods] sold by him a bill or cash memorandum signed and dated by him or his servant, manager, or agent, showing particulars of his name, address, registration number, if any, and description, quantity and value of the good sold, and shall keep the counter foil or duplicate of such bill or cash memorandum with him and retain it in his custody for the period mentioned in sub-section (1) : Provided that the selling dealer shall also obtain and record in the sale bill or cash memorandum, the name and full address of the buyer, together with his registration number, if any, where the buyer is a dealer, in cases where the sale price of goods is one thousand rupees or more ; Provided further that the provisions of this sub-section shall not apply to a dealer whose total turn over in scheduled as well as other goods in a year does not exceed [fifty thousand rupees.] [Substituted by Act 7 of 1997 w.e.f. 1.4.1997] (3) Every sale bill or cash memorandum to be issued as per sub-section (2) shall be serially machine numbered;]

#### **18. [ Powers to order production of account and powers of entry, inspection and seizure. [Section 18 Sub-section with (1) to (4) substituted by Act 9 of 1990 w.e.f. 1.4.1990]**

(1) Any Officer empowered by the State Government [or the Commissioner] in this behalf, may for the purpose of this Act, require any dealer carrying on business in any [goods] [Substituted by Act 15 of 1992 w.e.f. 1.5.1992] to produce before him the accounts and other documents, and to furnish any information relating to the stocks of the [goods] [Substituted by Act 15 of 1992 w.e.f. 1.5.1992] of or purchases, sales and deliveries of the [goods] [Substituted by Act 15 of 1992 w.e.f. 1.5.1992] by the dealer and also any other information relating to his business. (2) (i) All accounts and registers maintained by dealers in the ordinary course of their business and documents relating to the stock of the [goods] [Substituted by Act 15 of 1992 w.e.f. 1.5.1992], or purchases, sales and deliveries of [goods] [Substituted by Act 15 of 1992 w.e.f. 1.5.1992] by any dealer [computer hardware and software used for data inputting, processing and storage of all such information] [Inserted by Act 7 of 1997 w.e.f. 1.4.1997], the [goods] [Substituted by Act 15 of 1992 w.e.f. 1.5.1992] in their possession and their offices, shops, godowns, vessel, receptacles or vehicles, shall be open to inspection at all

reasonable times by such officers as may be authorized by State Government in this behalf.(ii)For the purposes of inspection referred to in clause (i), any such officer shall have power to enter and search any office, shop, godown, vessel, receptacle, vehicle or any other place of business or any building or place where such officer has reason to believe that the dealer keeps or is for the time being keeping, any accounts, registers or documents of his business:Provided that no residential accommodation (not being a place of business-cum-residence) shall be entered into and searched by such officer except on the authority of a search warrant issued by a Magistrate having jurisdiction over the area, and all searches under this sub-section shall so far, as may be, made in accordance with the provisions of the Code of Criminal Procedure, 1973 (Central Act 2 of 1974).(3)If any such officer has reason to suspect that any dealer is attempting to evade the payment of any tax, fee or other amounts due from him under this Act, he may, for reasons to be recorded in writing, seize such accounts, registers, records [and computer hardware and software] [Inserted by Act 7 of 1997 w.e.f 1.4.1997] , 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 [and computer hardware and software] [Inserted by Act 7 of 1997 w.e.f 1.4.1997] and documents so seized shall be retained by such officer only for so long as may be necessary for their examination and for any inquiry or proceeding under this Act:Provided that accounts, registers, records [and computer hardware and software] [Inserted by Act 7 of 1997 w.e.f 1.4.1997] and other documents so seized shall not be retained by such officer for a period exceeding one hundred and eighty days from the date of seizure, unless the reasons for retaining the same beyond the said period are recorded by him, in writing and the approval of the next higher authority is obtained and such approval in any case shall not be for more than sixty days at time.(4)It shall be open to the State Government to authorize different classes of officer for the purpose of taking action under clause (i) of sub-section (2).]

### **18A. [ Recognition of sales tax check posts or barriers for the purposes of the Act. [Section 18A inserted by Act 38 of 1984 w.e.f. 1.4.1983]**

(1)With a view to prevent or check evasion of tax under this Act, check posts or barriers or both, as the case may be established or erected under the provisions of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) (hereinafter referred to as the "Sales Tax Act") [or the Karnataka Value Added Tax Act, 2004 (Karnataka Act 32 of 2003) (hereinafter referred to as the "Value Added Tax Act")] shall be recognised for the purposes of this Act.(2)The owner or person in charge of a goods vehicle carrying any of the [goods] [Substituted by Act 15 of 1992 w.e.f. 1.5.1992] shall carry with him the documents prescribed for the purpose of sub-section (2) of section 28A of the Sales Tax Act [or subsection (2) of section 53 of the Value Added Tax Act] [Inserted by Act 11 of 2005 w.e.f 1.4.2005] and produce and give a copy of the same in the manner and to the officer prescribed in the said section.(2A)[ Where the owner or persons incharge of the goods vehicle carrying any goods is not required to carry the documents prescribed for the purpose of sub-section (2) of section 28A of the Karnataka Sales Tax Act, 1957, [or sub-section (2) of section 53 of the Value Added Tax Act] [Inserted by Act 15 of 1992 w.e.f. 1.5.1992] he shall give a declaration in the prescribed form to the officer prescribed in the said section.](3)The officer referred to in sub-section (4) of section 28A of the Sales Tax Act [or sub-section (12) of section 53 of the Value Added Tax Act] [Inserted by Act 11 of 2005 w.e.f 1.4.2005] may, in cases of the type and in the circumstances mentioned in the said sub-section levy [a penalty, which,-(a)shall not be less than the amount of tax leviable but shall not

exceed one and half of the amount of tax leviable in respect of the goods under transport in contravention of clause (e) of sub-section (2) of Section 28-A of the Sales Tax Act, or clause (d) of sub-section (2) of section 53 of the Value Added Tax Act if a dealer registered under this Act accepts that he is the consignor or consignee of the goods, (b) in cases other than those falling under clause (a), shall not be less than double the amount of tax leviable but shall not exceed two and half times the amount of tax leviable in respect of the goods under transport] (3A) [Where goods are delivered to a carrier or other bailee for transmission, the movement of the goods shall be deemed to commence at the time of such delivery and terminate at the time when delivery is taken from such carrier or bailee. Where before delivery is taken from him a carrier or bailee to whom goods are delivered for transmission, keeps the said goods in any office, shop, godown, vessel, receptacle, vehicle or any other place of business or any building or place, any officer empowered to exercise the powers under this section shall have power to enter into and search such office, shop, godown, vessel, receptacle, vehicle or other place of business or building or place, and to examine the goods and inspect all records relating to such goods. The carrier or bailee or the person-in-charge of the goods and records shall give all facilities for such examination or inspection and shall, if so required, produce the bill of sale or delivery note or other documents referred to in sub-section (2) and give a declaration containing such particulars as may be prescribed regarding the goods and give his name and address and the name and address of the carrier or the bailee and the consignee. (3B) If any officer empowered to enter into and search any office, shop, godown, vessel, receptacle, vehicle or any other place of business or any building or place where a carrier or bailee keeps the goods delivered to him for transmission, has reason to suspect that such carrier or bailee has colluded with the owner of the goods in evading payment of any tax, he may for reasons to be recorded in writing, seize accounts, registers, records or other documents of the bailee or carrier as he may consider necessary and shall give a receipt for the same. The accounts, registers, records and other documents seized shall be retained by such officer only for so long as may be necessary for their examination and for any inquiry or proceeding under this Act: Provided that all searches and seizures under sub-section (3A) or (3B) shall, so far as may be, made in accordance with the provisions of the Code of Criminal Procedure, 1973 (Central Act 2 of 1974): Provided further that accounts, registers, records and other documents so seized shall not be retained by such officer for a period exceeding one hundred eighty days from the date of seizure, unless the reasons for retaining the same beyond the said period are recorded by him in writing and the approval of the next higher authority is obtained and such approval in any case shall not be for more than sixty days at a time. (3C) Where the officer-in-charge of the check-post or barrier, or the officer empowered as aforesaid on interception of the goods vehicle or inspection of any godown, is of the opinion that further verification is necessary with respect to either accuracy of the particulars furnished in the documents accompanying the goods under transport or in transit, or as to the sufficiency and the cause adduced in respect of any contravention of sub-section (2), he may verify the particulars himself or if it is necessary cause it to be verified by referring the matter to any other officer and if such verification is not likely to be completed within a reasonable time, he may direct in writing the carrier or the person-in-charge of the goods vehicle or the godown not to deliver the goods until permitted to do so by him or such other officer to whom the matter is referred for verification and allow the intercepted vehicle, if any, to pass through. (3D) The verification under sub-section (3C) shall be completed within a period of fifteen days from the date of the direction issued under that sub-section and where such verification cannot be completed within the aforesaid period the officer

who has issued such direction, or, as the case may be, the officer to whom the matter is referred for verification shall obtain the permission in writing of the next higher authority to extend such period for completion of the verification, so however such extension shall not be permitted for the period exceeding fifteen days at a time.(3E)Where such officer or other officer to whom the matter is referred, upon such verification is of the opinion that there is a noncompliance with sub-section (2), punishable under sub-section (3), he may, proceed against such goods in the custody of the carrier, or the person-in-charge of vehicle or the godown in accordance with sub-sections (3) and (4) of this section.(3F)Where the officer-in-charge of the check-post 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.] [Sub-sections (3A) to (3F) inserted by Act 4 of 1999 w.e.f. 1.4.1999](4)The provisions of section 28A of the Sales Tax Act [or section 53 of the Value Added Tax Act] [Inserted by Act 11 of 2005 w.e.f. 1.4.2005] relating to the recovery or penalty and appeals shall mutatis mutandis apply to the penalty leviable under subsection (3) of this section.] [Substituted by Act 5 of 2002 w.e.f. 1.4.2002]

## **18B. [ Transit of goods by road through the State and issue of Transit pass. [Section 18B inserted by Act 15 of 1992 w.e.f. 1.5.1992]**

- [(1) Where a vehicle is carrying goods taxable under this Act,-(a)from any place outside the State and bound for any place outside the State and through this State; or(b)and which goods are imported into the State from any place outside the country and such goods are being carried to any place outside the State,the driver or any other person-in-charge of such vehicle shall furnish the necessary information and obtain a transit pass in duplicate containing such particulars as may be prescribed, from the officer-in-charge of the first check post or barrier after his entry into the State or after movement has commenced from the State as the case may be, or from the officer empowered for the purposes of sub-section (3) of [Section 28-A of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) or sub-section (3) of Section 53 of the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)] upon interception of the goods vehicle after its entry into the State or after movement has commenced as the case may be;](2)The driver or the person in-charge of the vehicle shall deliver within the stipulated time a copy of transit pass obtained under sub-section (1) to the officer-in-charge at last check-post 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 [or after commencement of movement, as the case may be] [Inserted by Act 5 of 2000 w.e.f. 1.4.2000] not moved out of the State within the time stipulated in the transit pass, the owner of the goods vehicle shall furnish to the officer empowered in this behalf the reasons for such delay and other particulars if any thereof and such officer shall after due enquiry extend the time of exit by suitably amending the transit pass :Provided that where the goods carried by a vehicle are, after their entry into the State, [or after commencement of movement, as the case may be] [Inserted by Act 5 of 2000 w.e.f. 1.4.2000] transported outside the State by any other vehicle or conveyances, the onus of proving that the goods have actually moved out of the State shall be on the owner of the vehicle who originally brought the goods into the State.(4)If the driver or any other person incharge of the vehicle does not comply with sub-section (2), it shall be presumed that the goods carried thereby

have been sold within the State by the owner of the vehicle and shall, notwithstanding anything contained in this Act, be assessed to tax by the officer empowered in this behalf in the prescribed manner.(5)If the owner of the vehicle fails to obtain the transit pass as provided under sub-section (1), or fails to deliver the same as provided under sub-section (2), he shall be liable to pay by way of penalty a sum not exceeding double the amount of tax leviable on the goods transported.(6)The amount of tax and the penalty levied under this section shall be recovered in the prescribed manner.[Explanation. [Substituted by Act 15 of 2011 w.e.f. 1.4.2011] - 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.]]

## **19. Forwarding agency, etc., to submit returns.**

- Every clearing of forwarding house or agency, transporting agency, shipping agency, shipping out-agency or steamer agency in the State shall submit to the assessing authority of the area such return as may be prescribed of all [goods] [Substituted by Act 15 of 1992 w.e.f. 1.5.1992] cleared, forwarded, transported or shipped by it into the concerned local area. The assessing authority concerned shall have the power to call for and examine the books of accounts or other documents in the possession of such agency with a view to verify the correctness of the return submitted.

## **20. Submission of certain records, by owners, etc., of vehicles and boats.**

- The owner or other person in charge of a [goods] [Substituted by Act 15 of 1992 w.e.f. 1.5.1992] vehicle or boat shall in respect of the goods transported by him in such vehicle or boat submit to the assessing authority having jurisdiction over the local area in which the [goods] [Substituted by Act 15 of 1992 w.e.f. 1.5.1992] are delivered, such particulars thereof and within such time and manner as may be prescribed.

## **20A. [ Penalties relating to registration. [Inserted by Act 14 of 2014 w.e.f.1.04.2014.]**

(1)A dealer who, without reasonable cause, fails to apply for registration within the time prescribed in section 4 shall be liable to a penalty of two thousand rupees in addition to the interest chargeable on the tax payable at the rate provided under section 5-C.(2)The power to levy the penalties shall be vested in the registering authority as prescribed.

## **20B. Penalties relating to returns and assessment.**

(1)A dealer who fails to furnish a return or who fails to pay the tax due on any return furnished as required under the Act shall be liable to pay together with any tax or interest due,(a) a penalty of fifty rupees for each day of default and where such default is for more than five days, such penalty.-(i)shall not exceed two hundred and fifty rupees if the tax due is less than the said

amount;(ii)shall be calculated at fifty rupees per day not exceeding the amount of tax due, if the tax due is more than two hundred and fifty rupees; and(b)a further penalty equal to.-(i)five percent of the amount of tax due or fifty rupees whichever is higher, if the default is not for more than ten days, and(ii)ten percent of the tax due, if the default is for more than ten days.(2)A dealer who for any prescribed tax period furnishes particulars for preparation of a return or furnishes a return which understates his liability to tax or overstates his entitlement to a tax deduction by more than five per cent of his actual liability to tax, of his actual tax deduction, as the case may be shall after being given the opportunity of showing cause in writing against the imposition of a penalty, be liable to a penalty equal to ten per cent of the amount of such tax understated or overstated.(3)A dealer who furnishes a return which is incomplete or incorrect in any material particular as informed in a notice issued to him, shall be liable to a penalty of fifty rupees for each day the return remains incomplete or incorrect.(4)In any case where a dealer who has failed to furnish a return has been issued with an assessment showing less than his actual liability to tax and he pays such tax as assessed, such dealer, after being given the opportunity of showing cause in writing against the imposition of a penalty, shall be liable to a penalty of ten percent of the amount of the tax under assessed.(5)A dealer who fails, within the time specified, to get registered though liable to do so, after being given an opportunity of showing cause in writing against the imposition of a penalty, shall be liable to pay penalty of thirty percent of the amount of tax payable by him as assessed under section 5-D or re-assessed under section 6.(6)The power to levy the above penalties shall be vested in the prescribed authority to which returns are required to be furnished or the prescribed authority making an assessment or re-assessment.(7)Any dealer who fails to submit returns as required by the provisions of the Act continuously for three months or two quarters, as the case may be, shall on conviction, in addition to recovery of any tax or penalty or interest or other amount that may be due from him or levied on him, be punishable with simple imprisonment which may extend to six months or with a fine which shall not be less than five thousand rupees but which may extend to twenty five thousand rupees or with both and when the offence is a continuing one, with a daily fine not exceeding two hundred rupees during the period of continuance of the offence]

## 21. Offences and penalties.

(1)Any person who-[[XXX] [Omitted by Act 14 of 2014 w.e.f.1.04.2014]](g)fails to issue a sale bill or cash memorandum in accordance with the provisions of sub-sections (2) and (3) of section 17-A; or(h)fails to keep true and complete accounts.] shall , on conviction by a Magistrate, [be liable to a fine which shall not be less than [five hundred rupees] [Substituted by Act 13 of 1982 w.e.f. 1.4.1982] but which may extend to two thousand rupees.](2)Any person who,-[XXX] [Omitted by Act 14 of 2014 w.e.f.1.04.2014]](c)fraudulently evades the payments of any tax assessed on him, or other amount due from him under this Act, or(d)willfully acts in contravention of any of the provisions of this Act or the rules made thereunder,shall on conviction in addition to the recovery of any tax that may be due from him, be punishable with simple imprisonment [which may extend to twelve months or with fine which shall not be less than [five thousand rupees but which may extend to twenty-five thousand rupees] [Substituted by Act 13 of 1982 w.e.f. 1.4.1982] or with both and when the offence is a continuing one, with a daily fine not exceeding two hundred rupees] during the period of the continuance of the offence.

## **22. Cognizance of offences.**

(1) No court shall take cognizance of any offence punishable under sub-section (2) of section 21 except with the previous sanction of the [Joint Commissioner.] [Substituted by Act 26 of 2004 w.e.f. 1.8.2004] (2) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (Central Act 2 of 1974) all offences punishable under subsection (2) of section 21 shall be cognizable and bailable.

## **23. Composition of offences.**

- The prescribed authority may accept from any person who has committed or is reasonably suspected of having committed an offence punishable under this Act, by way of composition of such offence-(a) where the offence consists of the failure to pay or the evasion of, any tax or other amount recoverable under this Act in addition to the tax or amount so recoverable, a sum of money not exceeding [five thousand rupees] [Substituted by Act 7 of 1997 w.e.f. 1.4.1997] or double the amount of the tax or amount recoverable, whichever is greater, and (b) in other cases, a sum of money not exceeding [two thousand rupees but not less than five hundred rupees] [Substituted by Act 7 of 1997 w.e.f. 1.4.1997].

## **24. Offences by Companies.**

(1) If the person committing an offence under this Act is a company, the company as well as every person in charge of, and responsible, to the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly: Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence. (2) Notwithstanding anything contained in sub-section (1) where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or that the commission of the offence is attributable to any neglect on the part of any director, manager, managing agent or any other officer of the company, such director, manager, managing agent or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly. Explanation. - For the purposes of this section, -(a) "company" means any body corporate and includes a firm or other association of individuals ; and (b) "director" in relation to a firm means a partner in the firm.

## **25. Assessment, etc., not to be questioned in prosecution.**

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

## **26. Bar of certain proceedings.**

(1) No suit, prosecution or other proceeding shall lie against any officer or servant of the State Government, for any act done or purporting to be done under this Act without the previous sanction of the State Government. (2) No officer or servant of the State Government shall be liable in respect of any such act in any civil or criminal proceeding if the act was done in good faith in the course of the execution of duties or the discharge of the functions imposed by or under this Act.

## **27. Courts not to set aside or modify assessment except as provided in this Act.**

- No suit or other proceedings shall except as expressly provided in this Act, be instituted in any court to set aside or modify any assessment made under this Act.

## **28. [ x x x ] [Omitted by Act 1 of 1996 w.e.f. 1.4.1995]**

[[28A. Burden of proof. [Section 28A and 28B inserted by Act 13 of 1982 w.e.f. 1.4.1982] (1) For purposes of assessment of tax under this Act, the burden of proving that goods brought into or caused to be brought into a local area or taken delivery of by a dealer, is not liable to tax under this Act shall be on the such dealer. (2) [ Notwithstanding anything contained in this Act or any other law, where any dealer or person prefers claim under sub-section (3) of section 3 that he is not liable to pay tax under this Act in respect of any goods on which tax is leviable, such dealer or person shall be deemed to be the dealer or person liable to tax under this Act, unless he proves that in respect of such goods tax under this Act has already been paid or has become payable or that tax under the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979) has already been paid or has become payable, as the case may be. ] (3) [ [Re-numbered by Act 7 of 1997 w.e.f. 1.4.1997] Where a dealer furnishes, issues or produces bill of sale, voucher, the declaration, certificate or any other document which he knows or has reason to believe to be false with a view to support or make any claim that he or any other dealer is not liable to be taxed under this Act, the assessing authority shall on detecting such furnishing or issue or production direct the dealer furnishing, issuing or producing such a bill of sale, voucher, the declaration, the certificate or other documents to pay as penalty, - (i) in the case of first detection, three times the tax levied or leviable in respect of such goods; and (ii) in the case of second or subsequent detection, five times the tax levied or leviable in respect of such goods: Provided that before issuing any direction for payment of penalty under this sub-section, the assessing authority shall give to the dealer an opportunity of being heard against the levy of such penalty. ]

## **28B. Refund of tax in certain cases.**

- The tax paid by a registered dealer in respect of any [goods] [Substituted by Act 15 of 1992 w.e.f. 1.5.1992] shall be refunded to him, where such goods are sold by him in the course of export out of the territory of India. Explanation. - (1) For the purposes of this section, the expression "export out of the territory of India "shall have the meaning assigned to it under the provisions of sub-section (1)



of section 5 of the Central Sales Tax Act, 1956 (Central Act 74 of 1956.) (2) The burden of proving that any [goods] [Substituted by Act 15 of 1992 w.e.f. 1.5.1992] were sold in the course of export out of the territory of India shall be on the registered dealer.]

## 29. Assignment of proceeds of the tax.

- Subject to such conditions as may be prescribed there shall be paid to each local authority every year such sum as may be determined by the Government from out of the tax collected under this Act.

## 30. Power to make rules.

(1) The State Government may, subject to the condition of previous publication, make rules, by notification, to carry out the purpose of this Act : Provided that previous publication shall not be necessary where the rules are made for the first time after the commencement of this Act. (2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for, - (a) all matters expressly required or allowed by this Act to be prescribed; (b) the assessment to tax in respect of a business which is discontinued or the ownership of which has changed ; (b1) [ the procedure for assesment of Central and State Government Departments, statutory bodies and local authorities; ] [Inserted by Act 7 of 1997 w.e.f. 1.4.1997] (c) the assessment to tax in respect of a business owned by minors and other incapacitated persons or by persons residing outside the State of Karnataka ; (d) the assessment of tax under this Act of any [goods] [Substituted Act 15 of 1992 w.e.f. 1.5.1992] which have escaped assessment. (e) procedure for registration of dealers under section 4 ; (f) refund of tax collected if the [goods] [Substituted Act 15 of 1992 w.e.f. 1.5.1992] has not been consumed, sold or used within the local area ; (g) compelling the submission of returns and the production of documents and enforcing the attendance of persons and examining them on oath or affirmation ; (g1) [ specifying the class of dealers who need not furnish statement under section 7; ] [Inserted by Act 28 of 1985 w.e.f. 10.9.1985] (h) the duties and powers of officers appointed for the purpose of enforcing the provisions of this Act ; (i) generally regulating the procedure to be followed, and the forms to be adopted in proceedings under this Act; (j) any other matter including levy of fees for which there is no provision or no sufficient provision in this Act and for which provisions is, in the opinion of the State Government, necessary for giving effect to the purposes of this Act. (3) In making a rule under sub-section (1) or sub-section (2), the Government may provide that a person guilty of a breach thereof shall, on conviction be punishable with fine which may extend to [five thousand] [Substituted by Act 7 of 1997 w.e.f. 1.4.1997] rupees and, where the breach is a continuing one, with further fine which may extend to one hundred rupees for every day after the first day during which the breach continues. (4) Any rule under this Act may be made to have effect retrospectively and when any such rule is made a statement specifying the reasons for making such a rule shall be laid before both Houses of the State Legislature along with the rule, under sub-section (5). All rules made under this Act, shall, subject to any modification made under sub-section (5), have effect as if enacted in this Act (5) [ x x x ] [Omitted by Act 15 of 1992 w.e.f. 1.5.1992]

**30A. [ Assessment of tax in certain cases. [Inserted by Act 11 of 1987 w.e.f. 1.4.1987]**

- [(1)] Notwithstanding anything contained in this Act, every registered dealer and every dealer liable to get himself registered under this Act whose assessment year commenced on a date after the first day of April, 1986 shall complete his accounts and close them on thirty-first day of March, 1987. He shall be assessed to the period ending thirty-first March, 1987 in accordance with the procedure laid down in section 5 of this Act.](2)[ Notwithstanding anything contained in this Act, where a dealer who is permitted to pay tax under section 5C has caused entry of goods into local area for use, sale or consumption therein and has not paid tax on such goods under that section up to the date of commencement of the Karnataka Tax on Entry of Goods (Third Amendment) Act, 1993 shall pay tax under section 3 at the rates prevailing on the date immediately prior to the date of such commencement.] [Inserted by Act 14 of 1994 w.e.f. 1.4.1994]

**31. [ Laying of Rules and Notifications before the State Legislature. [Inserted by Act 15 of 1992 w.e.f. 1.5.1992]**

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

**32. [] [Re-numbered by Act 15 of 1992 w.e.f. 1.5.1992] Power to remove difficulties.**

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

**33. [ Savings. [Inserted by Act 14 of 2014 w.e.f.1.04.2014] - The amendments made to the provisions of this Act by Karnataka Taxation Laws (Amendment) Act, 2014 shall not affect the previous operation of the said provisions before commencement of the said Act and payment of tax in advance, submission of statement and return, assessment including self-assessment and cancellation of assessment, reassessment, levy of penalty, liability for payment of interest, period of limitation for assessment or re-assessment**

**and all other similar matters and obligations imposed in respect of any year prior to the commencement of the said Act shall be governed by the relevant provisions as if the said Act had not passed]**

[First Schedule [First Schedule with Serial Number 1 to 103 inserted by Act 3 of 1995 w.e.f. 1.5.1992](See Section 3 (1))

- 1. Air-conditioning plants, air coolers and air-conditioners and parts thereof.**
- 2. Arms of all kinds including guns, rifles, revolvers, pistols and ammunition for the same.**
- 3. Batteries and parts thereof including dry cells and dry cell batteries.**
- 4. Brass, bronze and copper articles including sheets circles, rods, rounds, squares, and flats made of brass, bronze and copper but excluding those specified elsewhere.**
- 5. Bricks and tiles other than those specified elsewhere.**
- 6. Bullion and specie and articles made of gold and silver other than those specified elsewhere.**
- 7. Butter, ghee and chees.**
- 8. Cassette tape recorders and players (audio and video) including audio and video cassettes.**
- 9. Cement and water and weather proofing compounds.**
- 10. Chemicals of all kinds.**
- 11. Chinaware, porcelain ware and stoneware (articles) other than those specified elsewhere.**
- 12. Chicory powder.**

- 13. Cigar and cigarette cases, holder and lighters, and tobacco pipes.**
- 14. Cinematographic, photographic and other cameras, projectors, enlargers, lenses and parts and accessories thereof.**
- 15. Clocks, time pieces and watches (all kinds) and parts thereof including watch straps and chains (made of base metals.)**
- 16. Coir products including rubberized coir products**
- 17. Confectionery, biscuits and cakes.**
- 18. Coppersulphate.**
- 19. Cotton yarn waste and cotton waste.**
- 20. Crockery and cutlery.**
- 21. Deodorants, disinfectants, germicides other than those falling under any other entry.**
- 22. Dictaphones and other similar apparatus for recording sound and parts and accessories thereof.**
- 23. Diesel engines and parts thereof.**
- 24. Dry fruits including almonds, walnuts and pista**
- 25. Druggets and durries.**
- 26. Dyes.**
- 27. Edible oils including hydrogenated oil and cooking medium.**
- 28. Electrical and electronic goods, appliances, instruments and apparatus and parts and accessories thereof but excluding those specified elsewhere.**

**29. Fiberglass sheets and article made of fiberglass.**

**30. Films (all kinds) including X-ray films.**

**31. Fire fighting equipments and devices.**

**32. Fire works and colour matches.**

**33. Foamed rubber, plastic foam or any other synthetic foam articles such as sheets cushions, pillows mattresses and the like.**

**34. Food and non-alcoholic drinks that is to say :-**

(i)Ready to serve foods, processed foods, semi cooked or semi processed food stuffs, fruits (other than dry fruits including almonds, walnuts and pista) and dried vegetables products (whether cooked or not), fruits and vegetables products when sold in tins, cans, bottles or in any kind of sealed containers.(ii)Instant mix, such as jamoon mix, idli mix, ice cream mix, jelly mix and the like ; sambar and rasam powders and pastes, curry powder and pastes, and the like ; soft drink concentrates (other than fruit and vegetable concentrates) whether in liquid or powder or crystal form.(iii)Aerated water including ready to drink soft drinks whether or not flavoured or sweetened and whether or not containing vegetable or fruit juice or fruit pulp when sold in bottles, tins, cans or in any kind of sealed containers but excluding soft drinks concentrates.

**35. Food preservatives, food colours and food flavours.**

**36. Footwear and polishes.**

**37. Furniture of all kinds, including treasure chest, safes and lockers and parts and accessories thereof.**

**38. Furs and skins and articles made therefrom including hides and skins.**

**39. Glass sheets and all articles made of glass.**

**40. Gramophones of every description and accessories and parts thereof.**

**41. Gramophone records and needles.**

**42. Hardware, that is to say :-**

(i) fittings of doors, windows and furniture (made of base metal and alloy thereof). (ii) bolts, nuts and rivets, screws of base metal or alloy thereof including bolt ends, screw studding, self tapped screw, screw hooks, screw rings, wire nails, measuring tapes and scales. (iii) Metallic barbed wire, metallic wire, metallic wire mesh and metallic wire nettings.

**43. Industrial gas, such as oxygen, acetylene, nitrogen and the like.**

**44. Insecticides, pesticides, weedicides, fungicides and plant nutrients and plant regulators.**

**45. Ivory and sandal wood articles including sandal wood oil.**

**46. Jaggery.**

**47. Kitchen ware (all kinds) used for cooking as well as serving.**

**48. Laminated, impregnated or coated matting materials such as linoleum generally used for floor covering (other than floor tiles).**

**49. Leather goods other than footwear and those specified elsewhere.**

**50. Lifts, elevators and escalators whether operated by electrically or hydraulic power.**

**51. Liquor including arrack and toddy.**

**52. Machinery (all kinds) and parts and accessories thereof but excluding agricultural machinery.**

**53. Man made or synthetic staple fibres, fibre-yarn, or filament yarn (all kinds)**

**54. Marble slabs and articles made therefrom.**

**55. Medicinal and Pharmaceutical preparations.**

**56. Mill yarn (all kinds) excluding cotton yarn and those specified elsewhere.**

**57. Mineral water sold in container.**

**58. Motor vehicles (all kinds) and parts and accessories thereof including chassis of Motor Vehicles.**

**59. Non-edible oils (other than petroleum products and those specified elsewhere)**

**60. [ x x x ]**

**61. Oil cake.**

**62. Opium, Ganja and Bhang.**

**63. Optical goods (all kinds) including spectacles, sunglasses, goggles, lenses and frames including attachment parts and accessories thereof.**

**64. Paints, colours, varnishes, pigments, polishes, indigo, enamel, bale oil, white oil, turpentine (all kinds), thinners, primers and paint brushes.**

**65. Paper (all kinds) including carbon paper, blotting paper, water proof paper, PVC coated paper, ferro paper, ammonia paper, stencil paper, but excluding photographic paper; pulp boards, art boards, duplex boards, triplex boards, cardboards, corrugated boards and the like ; cellophane.**

**66. Packing materials namely :-**

(i)fiber board cases, paper boxes, folding cartons, paper bags, carrier bags and card board boxes, corrugated board boxes and the like.(ii)tin plate containers (cans, tins and boxes) tin sheets, aluminium foil, aluminium tubes, collapsible tubes, aluminium or steel drums, barrels and crates and the like ;(iii)plastic, poly-vinyl chloride and polyethylene films bottles, pots, jars, boxes, crates, cans, carboys, drums, bags and cushion materials and the like ;(iv)wooden boxes, crates, casks and containers and the like;(v)gunny bags, bardan (including batars), hessian cloth, and the like;(vi)glass bottles, jars and carboys and the like ;(vii)laminated packing materials such as bitumanised paper and hessian based paper and the like ;

**67. Petroleum products, that is to say, petrol, diesel, crude oil, lubricating oil, transformer oil, brake or clutch fluid, bitumen (asphalt), tar and others, but excluding aviation fuel, liquid petroleum gas (LPG), kerosene and naptha for use in the manufacture of fertilizers.**

**68. Photographic paper and photo albums**

**69. Pipes, tubes and fittings of iron and steel other than those specified in section 14 of the Central Sales Tax Act, 1956), cement and asbestos.**

**70. Plastic sheets, granules and articles made from all kinds and all forms of plastic including articles made of polypropylene, polystyrene and like materials**

**71. Playing cards of every description.**

**72. Precious stones namely diamonds, emeralds, rubies, real pearls and sapphires and articles in which such precious stones are set, semi-precious stones and articles in which such semi-precious stones are set..**

**73. Pressure cookers and parts and accessories thereof**

**74. Raw-wool, woolen yarn and woolen blended yarn**

**75. Readymade garments including caps, neck ties and bows**

**76. Refrigerators, including deep freezers, bottle coolers, water coolers, cold storage equipments and the like and parts thereof**

**77. Rolling shutters and collapsible gates whether operated manually, mechanically or electrically and their parts.**

**78. Roofing , light roofing and false roofing materials including cement and asbestos sheets, asphalt sheets, straw boards hard and soft boards, plywood, veneered boards and panels and laminated sheets.**

**79. Rubber, that is to say :-**

(i)Rubber plates, sheets and strips unhardened whether vulcanized or not and whether combined with any textile material or otherwise.(ii)Piping and tubing of unhardened vulcanized rubber.(iii)Transmission, conveyor or elevator belts or belting of vulcanized rubber whether combined with any textile material or otherwise.(iv)Synthetic rubber including butadiene rubber and butyls rubber, synthetic rubber latex including prevulcanized synthetic rubber latex.(v)Rubber articles, that is, articles made wholly of rubber (other than those specified elsewhere).



**80. [ Raw materials component parts and inputs which are used in the manufacture of an intermediate or finished product] [Substituted by Act 5 of 2001 w.e.f. 1.4.2001]**

**81. Rubber and other tyres, tubes and flaps other than those specified in Section 14 of the Central Sales Tax Act, 1956.**

**82. Sanitary fittings of every description excluding pipes and fittings of stoneware, cement, iron and steel.**

**83. Slotted angles and ready to assemble parts of steel racks.**

**84. Soaps, Soap flakes, soap powders, detergent powders and liquids and laundry brighteners.**

**85. Sound transmitting equipments including loudspeakers and Parts thereof excluding telephones and its parts.**

**86. Spirits and alcohol, that is to say,-**

(i)denatured spirit :(ii)rectified spirit :(iii)ethyl-alcohol :

**87. Stationery articles namely :-**

(i)Account books, paper envelopes, dairies, calenders, race cards, catalogues, greetings cards, invitation cards, humour post cards, picture post cards, cards for special occasion and stamps albums.(ii)office desk materials.

**88. Stones, that is to say:-**

(i)Granite stones, slabs and chips(ii)Cuddapah stones and slabs(iii)Shahabad stones and slabs

**89. Stoves and parts and accessories thereof.**

**90. Sugar other than confectionery and the like.**

**91. Suit cases, brief cases, attache cases and dispatch cases including those made of leather but excluding steel trunks.**

**92. Silk yarn that is to say, twisted or thrown silk yarn, spun silk yarn and noil silk yarn.**

**93. Telephones of every description and parts thereof.**

**94. Textiles namely cotton, woolen or silk or artificial silk including rayon or nylon and other man-made or synthetic fabrics manufactured in mills or powerlooms and hosiery cloth in length, and including fabrics coated with or impregnated with P.V.C. or cellulose derivatives (whether or not manufactured in mills or powerlooms.)**

**95. Tiles (all kinds) used for floors and walls other than those specified elsewhere.**

**96. Tobacco products of all description including beedies, cigarettes, cigars, churuts, snuff, zarda-quimam etc.**

**97. Toilet articles (whether medicated or not) except toilet soaps but including razors and razor blades and cartidges.**

**98. Typewriters and parts and accessories thereof and typewriter ribbon.**

**99. Vacuum flasks and refills.**

**100. Weights and measures.**

**101. Wireless reception instruments and apparatus including televisions and components thereof ; amplifiers and synthesizers.**

**102. X-ray apparatus.**

**103. Goods other than those specified in any of entries in this schedule, but excluding those specified in the second schedule.]**

[[Second Schedule] [Serial Number 1 to 35 substituted by Act 15 of 1992 w.e.f. 1.5.1992](See section 3 (6))

SI. No. Description of goods

- 1. Agricultural implements.**
- 2. Agricultural produce including Tea, Coffee and cotton (whether ginned or unginned) [x x x] [Omitted by Act 3 of 1995 w.e.f. 1.5.1992]**
- 3. Agricultural machinery.**
- 4. Aviation fuel.**
- 5. Books meant for reading.**
- 6. Bread.**
- 7. Ballot boxes.**
- 8. Contraceptives.**
- 9. Coal including coke.**
- 10. Cotton yarn.**
- 11. Charakas and its parts and accessories.**
- 12. Country bullock carts and spare parts thereof.**
- 13. Compost manure.**
- 14. Dinner leaves including plantain leaves.**
- 15. Electrical energy.**
- 16. Earthen pots.**
- 17. Fishmeal, poultry feed and processed animal feed .**
- 18. Fodder.**

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

**34. Vegetables and fruits except when sold in sealed containers.**

**35. Water other than mineral or aerated water.]**

NotificationsBangalore, dated 31st March, 1995. [No. FD. 43 CET, 95 (1)]. - In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Tax on Entry of Goods (Amendment) Act, 1994 (Karnataka Act 45 of 1994) the Government of Karnataka, hereby appoints the First day of April, 1995, as the date on which all provisions of the Act shall come into force.Bangalore, dated 31st August, 1999. [No. FD. 211 CSL, 99)]. - In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Taxation Laws (Third Amendment) Act, 1999 (Karnataka Act 18 of 1999) the Government of Karnataka, hereby appoints the First day of September, 1999, as the date on which all the provisions of the said Act shall come into force.