

KARNATAKA EXCISE (EXCISE DUTIES AND FEES) RULES, 1968

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KARNATAKA EXCISE (EXCISE DUTIES AND FEES) RULES, 1968

In exercise of the powers conferred by Section 71 of the Karnataka Excise Act, 1965 (Karnataka Act 21 of 1966), read with Sections 22, 23 and 66 of the said Act, the Government of Karnataka, hereby makes the following rules, the draft of the same having been previously published, as required by sub-section (1) of Section 71 of the said Act, in Notification GSR No. 506, dated the 10/14th November, 1967, in Part IV, Section 2C(i) of the Karnataka Gazette, dated the 16th November, 1967, namely:-

1. Title, extent and commencement :-

(1) These rules may be called the Karnataka Excise ¹ [(Excise Duties and Fees)] Rules, 1968.

1. Substituted for the words and brackets "(Excise Duties and Privilege Fees)" by GSR 62, dated 31-3-1993, w.e.f. 1-4-1993.

1A. Definitions :-

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[(1) In these rules unless the context otherwise requires,

(a) "London Proof Spirit" means a mixture of ethyl alcohol and water which at a temperature of 15.5 degrees centigrade has a specific gravity of 91984 and contains 49.24 per cent weight or 57.06 per cent volume of alcohol.

(b) "Rectified Spirit" means plain undenatured alcohol of a strength of not less than 52° OP. and includes absolute alcohol.

(c) "Spirit" means a mixture of ethyl alcohol and water.]

(2) They shall extend to all the areas of Karnataka State where the Karnataka Excise Act, 1965 is in force.

(3) They shall come into force at once.

1. Rule 1-A inserted by GSR 57, dated 2-3-1989, w.e.f. 3-3-1989.

2. Manner of levying Excise Duties :-

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[(1)] ²[An excise duty or litre fee or both] shall be levied on the excisable articles specified in Column 2 of the Schedules A and B hereto annexed at the rates Specified in the corresponding entries in Column 3 thereof when such excisable articles are, ³

[(a) x x x]

(b) issued from any Distillery, Warehouse or other place of storage established or licensed in the State under any of the Provisions of the Karnataka Excise Act, 1965:

Provided that no such duty shall be imposed on the excisable articles,

(i) Which have been imported into India and liable for such import duty under the Indian Tariff Act, 1934 (Central Act 32 of 1934) or the Customs Act, 1962 (Central Act 52 of 1962) or

(ii) Which have been previously imported, transported or manufactured on payment of ⁴[excise duty or litre fee or both] at rates not less than those specified in the Schedules A and B. ⁵[x x, x]

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[(2) There shall be levied a litre fee at the rate of ⁷[rupees thirty] per litre of Indian made liquor imported by a Distributor or issued from a Distillery or a Distributor to a wholesale licensee for the purpose of sale within Karnataka:

Provided that no such litre fee shall be levied in respect of Indian Liquor issued from a distillery for use or consumption by the members of the Armed Force (including Para Military Units and Border Security Force) of the Union.]

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[(3) There shall be levied a litre fee at the rate of Rs. 1.50 per bulk litre of beer imported by distributor or issued from a brewery to a wholesale licensee or to a licensee under the Karnataka Excise (Lease of Right of Retail Vend of Beer) Rules, 1976 for the purpose of sale within Karnataka:

Provided that no such litre fee shall be levied in respect of beer issued from a brewery for use or consumption by the members of the Armed Forces (including Paramilitary Units and Border Security Force) of the Union.]

1. Rule 2 renumbered as sub-rule (1) thereof by Notification No. FD 15 PES 98, dated 13-11-1998, w.e.f. 13-11-1998.
2. Substituted for the words "An excise duty or litre fee as the case may be" by GSR 279, dated 27-7-1970 and shall be and shall always be deemed to have been substituted.
3. Clause (a) of Rule 2 omitted by GSR 132, dated 30-4-1971 and shall be and shall always be deemed to have been omitted.
4. Substituted for the words "excise duty or litre fee" by GSR 279, dated 27-7-1970 and shall be and shall always be deemed to have been substituted.
5. Further proviso omitted by GSR 132, dated 30-4-1971 and shall be and shall always be deemed to have been omitted.
6. Sub-rule (2) inserted by Notification No. FD 15 PES 98, dated 13-11-1998, w.e.f. 13-11-1998.
7. Substituted for the words "rupees twenty" by Notification No. FD 4 PES 2000, dated 28-4-2000 and shall be deemed to have come into force w.e.f. 1-4-2000
8. Sub-rule (3) and the proviso inserted by Notification No. FD 4 PES 2000, dated 28-4-2000 and shall be deemed to have come into force w.e.f. 1-4-2000

2A. Countervailing Duty :-

¹ [Countervailing duty shall be levied on every kind of excisable article specified in Column 2 of the Schedules A and B manufactured or produced in India outside the State of Karnataka

and imported into the State of Karnataka,

(i) If no excise duty has been paid on the said excisable article before its import into the State of Karnataka, at the same rate as excise duty is levied on that kind of excisable article under Rule 2;

(ii) If any excise duty has been paid on the said excisable article before its import into the State of Karnataka and such duty is less than the rate of excise duty levied on that kind of excisable article under Rule 2, at such rate as to make the total excise duty and countervailing duty on the said excisable article equal to the rate of excise duty levied on that kind of excisable article under Rule 2; When the said excisable article is imported into the State of Karnataka.]

1. Rule 2-A inserted by GSR 132, dated 30-4-1971 and shall be and shall always be deemed to have been inserted.

2AA. Levy of Import Fee :-

¹[The fee shall be levied on brandy, whisky, gin, rum, vodka, milk punch beer and wine manufactured outside the State but within India and imported into the State of Karnataka at the rate specified below.

(a) ²[rupees ten] for bulk litre on brandy, whisky, gin, rum, vodka, milk punch and wine; and

(b) ³[rupee six] for bulk litre of beer]. ⁴[x x x] ⁵

[Provided further that nothing contained in this rule shall apply to the 'Sacramental Wine' imported for use at Holy Sacrifice of Mass in a Christian Church or by any other person in charge of Church including a Bishop.]

1. Rule 2-AA inserted by GSR 117, dated 8-6-1989, w.e.f. 1-7-1989.

2. Substituted for the words "rupees five" by Notification No. FD 4 PES 2000, dated 28-4-2000 and shall be deemed to have come into force w.e.f. 1-4-2000.

3. Substituted for the words "rupees three" by Notification No. FD 4 PES 2000, dated 28-4-2000 and shall be deemed to have come into force w.e.f. 1-4-2000.

4. Proviso to Rule 2-AA shall be deemed to have been inserted w.e.f. 1-7-1989 and shall be deemed to have been omitted w.e.f. 20-6-1992 by Notification No. FD 15 PES 94(1), dated 18-1-1995.

5. Further proviso to Rule 2-AA inserted by GSR 114, dated 29-8-1996, w.e.f. 29-8-1996.

2B. Rebate of Fee on rectified spirit used for certain purposes :-

¹ [When a Rectified Spirit is used for manufacture of denatured spirit in any distillery or warehouse, on proof of it having been so used, a rebate of an amount equal to the amount paid by such distillery or warehouse shall be allowed on the fee levied under Rule 2 on such rectified spirit.]

1. Rule 2-B substituted by GSR 64, dated 23-5-1995 and shall be deemed to have come into force w.e.f. 1-4-1995.

2C. . :-

¹[²[Fee] on Rectified Spirit or Denatured Spirit.

(a) ³[No licensee who produces rectified spirit out of molasses or manufactures denatured spirit shall issue rectified spirit or denatured spirit so produced or manufactured unless he pays the fee specified in Schedule 'C', on such rectified spirit or denatured spirit.]

Explanation "Issue" for the purpose of these rules means any transfer or release of rectified spirit for any use or for manufacture of potable or non-potable products within or outside the premises of a distillery and includes internal transfer through pipes or otherwise within the premises of a distillery for any use or manufacture of potable or non-potable products.

(b) No licensee shall import rectified spirit or denatured spirit unless he pays the ⁴[fee] specified in Schedule C.

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[(c) No licensee shall export,

(i) rectified spirit for use other than the manufacture of liquor; or

(ii) denatured spirit; Unless he pays the fees specified in Schedule 'C on such rectified spirit or denatured spirit.]]

1. Rule 2-C inserted by GSR 57, dated 2-3-1989, w.e.f. 3-3-1989.

2. Substituted for the words "Privilege fee" by GSR 62, dated 31-3-1993, w.e.f. 1-4-1993.

3. Clause (a) substituted by GSR 64, dated 23-5-1995 and shall be deemed to have come into force w.e.f. 1-4-1995.

4. Substituted for the words "Privilege fee" by GSR 62, dated 31-3-1993, w.e.f. 1-4-1993.

5. Clause (c) substituted by GSR 64, dated 23-5-1995 and shall be deemed to have come into force w.e.f. 1-4-1995

2D. Fee on rectified spirit exported for the manufacture of potable Liquors :-

¹[Notwithstanding anything contained in Rule 2-C, no rectified spirit manufactured in the State of Karnataka or manufactured outside the State of Karnataka but imported into Karnataka and stored underbond, shall be exported outside the State of Karnataka for the purpose of manufacture of potable liquors unless a fee of ²[rupees two] per bulk litre is paid on such rectified spirit.]

1. Rule 2-D inserted by GSR 64, dated 23-5-1995 and shall be deemed to have come into force w.e.f. 1-4-1995.

2. Substituted for the words "rupees three" by Notification No. FD 3 PES 99(P), dated 5-4-1999 and shall be deemed to have come into force w.e.f. 1-4-1999.

3. Duty on liquors exported :-

¹[In respect of Beer, Brandy, Whisky, Gin, Rum, Milk Punch, ²[xxx], Bottled Toddy, Fenny ³[and Wine] manufactured or produced in the State of Karnataka or manufactured outside the State in India and imported into the state and stored under bond, and sent by the manufacturer or producer or from a private bonded warehouse outside the state, a rebate in respect of the amount paid by him in the state of Karnataka shall, on proof of the liquor having been sent.

(1) Outside the State of Karnataka to any place within India, be allowed subject to the condition that such rebate.

(i) in the case of Beer, shall be an amount in excess of ⁴⁵[fifty paise] per bulk litre;]

(ii) in the case of Brandy, Whisky, Gin, Rum or Milk punch shall be an amount in excess of ⁶[⁷[rupees two and fifty paise] per bulk litre;]

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[(iii) xxx]

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[(iiia) xxx]

(iv) in the case of bottled toddy shall be an amount in excess of ¹⁰[fifteen paise] per bulk litre;

(v) in the case of fenny shall be an amount in excess of ¹¹[thirty

five paise] per bulk litre; and

(vi) in the case of wine of the strength of.

(a) 65° U.P. or less, shall be an amount in excess of ¹²[fifteen paise] per bulk litre; and

(b) More than 65° U.P. shall be an amount in excess of ¹³[ten paise] per bulk litre.

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[(2) Outside the State of Karnataka to any place outside India, be allowed subject to the condition that such rebate, ¹⁵

[(i) xxx]

(ii) in the case of beer of an amount in excess of ¹⁶[fifteen paise] per bulk litre.]

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[(iii) in the case of Wine an amount in excess of ten paise per bulk Litre.

(iv) in the case of Brandy, Whisky, Gin and Rum of an amount in excess of forty paise per bulk Litre.]

1. Rule 3 substituted by GSR 182, dated 5-7-1975, w.e.f. 17-7-1975.

2. The words "rectified spirit" omitted by GSR 57, dated 2-3-1989, w.e.f. 3-3-1989.

3. Substituted for the words "wine and alcohol of the strength of London Proof by GSR 57, dated 2-3-1989, w.e.f. 3-3-1989.

4. Substituted for the words "ten paise per bulk litre" by GSR 196, dated 1-7-1980, w.e.f. 1-7-1980.

5. Substituted for the words "rupee one" by Notification No. FD 4 PES 2000, dated 28-4-2000 and shall be deemed to have come into force w.e.f. 1-4-2000.

6. Substituted for the words "sixty two paise per bulk litre" by GSR 196, dated 1-7-1980, w.e.f. 1-7-1980.

7. Substituted for the words "rupees three and fifty paise" by Notification No. FD 3 PES 99(P), dated 5-4-1999 and shall be deemed to have come into force w.e.f. 1-4-1999.

8. Clause (iii) of sub-rule (I) omitted by GSR 57, dated 2-3-1989, w.e.f. 3-3-1989.

9. Clause (iiia) of sub-rule (I) omitted by GSR 57, dated 2-3-1989, w.e.f. 3-3-1989.

10. Substituted for the words "ten paise" by GSR 150, dated 24-6-1983, w.e.f. 24-6-1983.

11. Substituted for the words "twenty five paise" by GSR 150, dated 24-6-1983, w.e.f. 24-6-1983.
12. Substituted for the words "ten paise" by GSR 150, dated 24-6-1983, w.e.f. 24-6-1983.
13. Substituted for the words "Five paise" by GSR 150, dated 24-6-1983, w.e.f. 24-6-1983.
14. Sub-rule (2) of Rule 3 substituted by GSR 241, dated 16-8-1979, w.e.f. 23-8-1979.
15. Clause (i) of sub-rule (2) omitted by GSR 57, dated 2-3-1989, w.e.f. 3-3-1989.
16. Substituted for the words "ten paise" by GSR 150, dated 24-6-1983, w.e.f. 24-6-1983.
17. Clauses (iii) and (iv) of sub-rule (2) inserted by GSR 217, dated 31-8-1984, w.e.f. 31-8-1984.

3A. Fee for Export of Denatured Spirit :-

¹ xxx]

1. Rule 3-A omitted by GSR 64, dated 23-5-1995 and shall be deemed to have been omitted w.e.f. 1-4-1995.

3B. [Rebate of Fee on rectified spirit] :-

¹²³In respect of rectified spirit ⁴[xxx] manufactured or produced within the State based industrial concerns located in the State of Karnataka for use for bona fide industrial purposes, there shall be allowed on proof of such rectified spirit having been supplied to such industrial concerns for use for bona fide industrial purposes a rebate of an amount ⁵ [as the State Government may by notification specify].

1. Rule 3-B inserted by GSR 189, dated 11-7-1978, w.e.f. 20-7-1978.
2. Substituted for the words "duty on rectified spirit" by GSR 57, dated 2-3-1989, w.e.f. 3-3-1989.
3. Substituted for the words "Privilege fee" by GSR 62, dated 31 - 3-1993, w.e.f. 1 -4-1993.
4. The words "of the strength of London proof deleted by GSR 224, dated 24-7-1978.
5. Substituted for the words "in excess of fifty paise per bulk litre" by GSR 57, dated 2-3-1989, w.e.f. 3-3-1989.

4. Repeal and Savings :-

All the rules corresponding to the foregoing rules made under any enactment repealed by Section 72 of the Act are hereby repealed:

Provided that such repeal shall not affect the previous operation of the said rules.

SCHEDULE A

(See Rule 2)

RATES OF EXCISE DUTY

Sl. No.	Name of the Article	Rate of Duty
1	2	3
1.	Molasses Arrack of the strength of 35 under proof	Rs. 20.00 per bulk litre

1-	Molasses	Rs.
A.	Arrack of the Strength of 35 under proof (spiced)	6.50 per bulk litre
2.	Brandy, whisky, Gin, Milk Punch and such other liquors not including Wine, Toddy, Fenny specified in serial number 3, 4 and 5	

	<p>manufactured at several Distilleries of Karnataka State or manufactured in other places in India and imported to Karnataka State.</p>	
	<p>(a) of the strength of London proof</p>	<p>Rs. 60.00 per Proof</p>

		litre
	(b) xxx	
	(c) of the strength of 25 under proof	Rs. 45.00 per bulk litre
	(d) xxx	
2-A	xxx	xxx
3.	Wine of the strength,	
	(a) Upto and inclusive of 1 4 % v/v alcohol	Rs. 2.00 per bulk

	(b) above 14% but not exceeding 24% alcohol	Rs. 5.00 per bulk litre
4.	Bottled Toddy	Rs. 0.40 per proof litre
5.	Fenny of the Strength of 2 5 under proof	Rs. 45.00 per bulk litre

6	XXX	
7.	Beer	Rs. 4.00 per bulk litre

SCHEDULE B
SCHEDULE

SCHEDULE B		
<i>(See Rule 2)</i>		
RATES OF LITRE FEE		
SI. No.	Name of the Article	Rate
1	2	3

1	Imported foreign Liquors, (a) Spirits liquors, sparkling wines and wines containing 42 per cent and over of proof spirit	Rs. 5.85 per bulk litre	
	(b) Wines containing less than 42 pei cent of	Rs. 1.45 per bulk	

	proof spirit	litre Rs.
	(c) Foreign beer, cider and other fermented liquors.	1.00 per bulk litre
2	XXX	XXX.

SCHEDULE C
SCHEDULE

SCHEDULE C

(See Rule 2-C)

RATE OF FEE

SI. No.	Name of the liquor	Fee
1.	Rectified Spirit	
	(a) for the purpose of clause (a) of Rule 2-C	rupees two per bulk litre
	(b) for the purpose of clause (b) of Rule 2-C	rupees three per bulk litre

	(c) for the purpose of clause (c) of Rule 2-C	rupees two per bulk litre
2.	Denatured Spirit	Rs. 1.00 per bulk litre