

## **KARNATAKA TAX ON ENTRY OF GOODS ACT, 1979**

**27 of 1979**

[ ]

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## **KARNATAKA TAX ON ENTRY OF GOODS ACT, 1979**

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[ ]

STATEMENT OF OBJECTS AND REASONS KARNATAKA ACT No. 27 OF 1979 Karnataka Gazette, Extraordinary, dated 27-3-1979 Octroi is being abolished in the State, as it was causing great hardship to transport operators 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.

### CHAPTER 1

#### Preliminary

#### **1. Short title [extent and commencement] :-**

(1) This Act may be called the [Karnataka Tax on Entry of Goods Act, 1979.]

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

[(3) It shall come into force on the First day of October, 1980.]

#### **2. Definitions :-**

(A)] In this Act, unless the context otherwise, requires,

[(1) "Agricultural produce or horticultural produce" shall not include tea, [beedi leaves] 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.]

(1-a)] "Appellate Tribunal" means the Appellate Tribunal constituted under the Karnataka Appellate Tribunal Act, 1976 (Karnataka Act 10 of 1976);

[(1-b) "Assessee" means a person by whom tax is payable.]

[(2) "Assessing Authority" means any officer empowered to make an assessment under the Karnataka Sales Tax Act 1957;]

[(2-a) "Assistant Commissioner" means the [Deputy Commissioner] of Commercial Taxes appointed under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957);]

[(2-b) "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

(3) "Commissioner" means the person appointed to be the Commissioner of Commercial Taxes in the State;

[(3-a) "[Joint Commissioner]" means the [Joint Commissioner] of Commercial 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.

Explanation I.-An industrial, commercial or trading undertaking of the Government of Karnataka, the Central Government or any other State Government, a local authority, company, a Hindu undivided family, an Aliyasanthana family, a firm, a society, a club or an Association which carries on such business 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.-An 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.]

[(4-a) "Goods" means all kinds of moveable property (other than newspapers, actionable claims, stocks and shares and securities) and includes livestock;

(4-b) "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.]

[[4-c)] "[Additional Commissioner]" means the [Additional Commissioner] of Commercial Taxes appointed under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957);]

[(5) "Local area" means an area within the limits of a 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 Cantonment 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) land panchayat area under the Karnataka Panchayat Raj Act, 1993 (Karnataka Act 14 of 1993)].]

[(5-a) "Occasional dealer" means any person who, in the course of

occasional transactions of business nature, whether on his own account or on 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.

(5-b) "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;]

(8) "Tax" means tax leviable under this Act;

[(8-a) "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;

(8-b) "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;]

[[[B]] 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 2

### Levy of tax

### **3. Levy of Tax :-**

(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 per cent of the value of the goods as may be specified [retrospectively or prospectively by the State Government by Notification, and different dates] and different rates may be specified in respect of different goods or

Provided further that no tax shall be payable on cast iron castings when used as raw material, component part or any other input which may be used in the manufacture of an intermediate or finished goods.

(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] 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 sub-section (2), no tax shall be levied and collected from a dealer who brings or causes to be brought into a local area any goods in respect of which tax is payable in any other local area under sub-section (1). [(3) Notwithstanding anything contained in sub-section (1) or sub-section (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 4B of the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979).]

(4) The provisions of sub-section (3) shall not apply unless the dealer who brings or causes to be brought the goods into the local area claims exemption by furnishing to the assessing authority a declaration, in the prescribed form

[(4) The provisions of sub-section (3) shall not apply unless the dealer preferring claim under the said sub-section furnishes to the assessing authority declaration in the prescribed form obtained from the prescribed authority and duly filled and signed 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.]

[(4A) Notwithstanding anything contained in sub-section (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 sub-section (3) of Section 3 unless such dealer furnishes to the assessing authority a declaration in the prescribed form obtained from the selling dealer.]

(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 sub-section (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] mentioned in the Schedule 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.]

[(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 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 less than two lakh rupees, 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 instalments, 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 :-**

(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 [x x x x x]].]

(2) No dealer shall collect any amount by way of tax or purporting to be by 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 :-**

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 :-**

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 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 :-**

(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 two and one half 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 .

(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 of any part thereof can be claimed from the State Government by the person from whom it was realised by way of tax provided an application in writing in the prescribed form is made to the Commissioner, within two years from the date of the order of forfeiture. On receipt of any such application, the Commissioner shall hold such inquiry as he deems fit and if the Commissioner is satisfied that the claim is valid and admissible and that 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. Liability to taxation of goods sold to manufacturing units**

:-

(1) Notwithstanding anything contained in Section 3 , no tax shall be payable by a dealer in respect of entry of goods specified in Entry 16-B of the schedule to the Act, if such goods are sold to a manufacturing unit whose total turn-over in a year under the Karnataka Sales Tax Act, 1957 is less than rupees ten lakhs.

(2) The provisions of sub-section (1) shall not apply unless the dealer selling the goods furnishes to the assessing authority in the prescribed manner a declaration by the manufacturing unit buying the goods in the prescribed Form obtained from the prescribed authority.

(3) If the declaration furnished by the manufacturing unit buying the goods is found to be incorrect, the assessing authority after giving such unit a reasonable opportunity of being heard, shall, by order in writing, impose upon it by way of penalty a sum which shall not be less than the amount of tax leviable under Section 3 of the entry of such goods, but which shall not exceed double the amount of such tax. 1-4-1991 to 3-2-1993 (Act 14 of 1991)

Explanation.-For the purposes of this Section and Explanation I to Serial Number 16-B of the Schedule, manufacturing unit includes a unit engaged in processing, improvement or repair of goods.

### **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 S.10 of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957)], 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 [two lakhs] 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.]

(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 of 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), 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 2A

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### **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 vehicle 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 :-**

(1) Notwithstanding anything contained in Section 3 , there shall be levied and collected a tax on the entry of any motor vehicle into a local area for use or sale therein by an importer which is liable for registration, or assignment of a new registration mark in the State under the Motor Vehicle Act, 1988.

(2) The tax shall be levied on the purchase value of the motor vehicles at such rate as may be fixed by the Government by notification but not exceeding the rates specified in respect of motor vehicles under the Karnataka Sales Tax Act, 1957:

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.

(3) The tax levied under this section shall be paid by the importer in such manner and within such time as may be prescribed.

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

The provisions of this Act insofar as they relate to tax authorities, registration, filing of returns, assessments, re-assessments, levy of penalties, collection and recovery of tax and penalties, appeals, revisions, 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.

**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] 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 3**

Return, assessment payment, recovery and collection of taxes

**5. Returns and assessment :-**

(1) Notwithstanding anything contained in Section 7 , every registered dealer [and every dealer who is liable to get himself registered under this Act] shall every year submit a return to the

assessing authority within such period and in such manner containing such particulars as may be prescribed.

(2) Before any [x x x x x] dealer submits any return under sub-section (1), he shall in the prescribed manner pay in advance the full amount of tax payable by him on the basis of such return as reduced by any tax already paid under Section 7 and shall furnish along with the return satisfactory proof of the payment of such tax. After the final assessment is made, the amount of tax so paid shall be deemed to have been paid towards the tax finally assessed.

(3) If the assessing authority is satisfied that any return submitted under sub-section (1) is correct and complete, he shall assess the dealer on the basis thereof.

(4) If no return is submitted by the dealer under sub-section (1) before the period prescribed or if the return submitted by him appears to the assessing authority to be incorrect or incomplete, he shall assess the [x x x x x] dealer to the best of his judgment recording the reasons for such assessment:

Provided that before taking action under this sub-section the [x x x x x] dealer shall be given reasonable opportunity of proving the correctness and completeness of the return submitted by him.

(5) While making any assessment under sub-section (4), the assessing authority may also direct the dealer to pay in addition to the tax assessed a penalty not exceeding one and a half times the amount of tax due that was not disclosed by the [x x x x x] dealer in his return or in the case of failure to submit a return one and a half times the tax assessed, as the case may be.

[(6) No assessment under this Section for any year shall be made after a period of [three years] from the date on which return under Section 5 for that year is submitted by a dealer.

[Provided that the assessment proceedings relating to any year pending before the commencement of the Karnataka Taxation Laws (Amendment) Act, 1997 in respect of which return under sub-section (1) [three years] from such commencement:]

Provided further that nothing contained in this sub-section limiting the time within which the assessment may be made shall apply to an assessment made on the assessee or any person in consequence of, or to give effect to any finding, direction or order made under Section 13 , Section 14 or Section 15 or any Judgement or Order

made by any Court.]

(7) In computing the period of limitation for assessment under this Section,-

(a) the time during which the proceedings for assessment in question have been deferred on account of any stay order granted by any Court or any other authority shall be excluded;

(b) the time during which the assessment has been deferred in any case or classes of cases by the [Joint Commissioner] for reasons to be recorded in writing shall be excluded: [x x x x x.]

[(8) Where an assessment under this Section is not concluded within the time specified under sub-section (6), the [turnover or the value of taxable goods, as the case may be] declared by a dealer in his annual return shall be deemed to have been assessed for that year on the basis of the said return and the provisions of the Act relating to assessment of the [such escaped turnover or purchase value of taxable goods, as the case may be], payment and recovery, appeal and revision shall mutatis mutandis apply to such deemed assessment.]]

#### **5A. Security deposit :-**

(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

#### **5B. Summary assessments :-**

(1) Notwithstanding anything contained in sub-sections (3) and (4)



of Section 5 , in the case of a dealer who is eligible for self-assessment under S.12C of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), the Assessing Authority shall subject to the same conditions and exceptions specified therein, assess such dealer on the basis of return filed without requiring the presence of the dealer or the production of books of account

(2) Notwithstanding anything contained in sub-section (1), the Assessing Authority shall assess under sub-section (4) of Section 5 in such cases as notified by the Commissioner under S.12C of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957).

(3) If on scrutiny assessment in cases falling under sub-section (2), it is found that the amount of tax paid by any dealer for any year was less than the tax payable for that year as assessed by more than fifteen per cent/ the Assessing Authority shall direct such dealer to pay, in addition to the tax, a penalty equivalent to three times the amount of the tax so paid in short.

(4) Every assessment completed under sub-section (1) shall be subject to the provisions of Section 6 , Section 15 and Section 17 .]

**5B. Self-assessment in the case of certain dealers :-**

(1) Notwithstanding anything contained in sub-sections (3) and (4) of Section 5 , in the case of a dealer who is eligible for self-assessment under S.12C of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), the Assessing Authority shall subject to the same conditions and exceptions specified therein, assess such dealer on the basis of return filed without requiring the presence of the dealer or the production of books of account

(2) Notwithstanding anything contained in sub-section (1), the Assessing Authority shall assess under sub-section (4) of Section 5 in such cases as notified by the Commissioner under S.12C of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957).

(3) If on scrutiny assessment in cases falling under sub-section (2), it is found that the amount of tax paid by any dealer for any year was less than the tax payable for that year as assessed by more than fifteen per cent/ the Assessing Authority shall direct such dealer to pay, in addition to the tax, a penalty equivalent to three times the amount of the tax so paid in short.

(4) Every assessment completed under sub-section (1) shall be subject to the provisions of Section 6 , Section 15 and Section 17 .]

### **5C. Composition of tax :-**

(1) Where an assessee within one month from the service of a notice of demand makes an application and satisfies the assessing authority that he was prevented by sufficient cause from appearing as required under Section 5 , or that he did not receive the notice issued under that section or that he had not a reasonable opportunity of being heard, the assessing authority shall cancel the assessment and proceed to make a fresh assessment in accordance with the provisions or Section 5 :

Provided that no application under this sub-section shall be entertained by the assessing authority if tax admitted in the return is not paid.

(2) Nothing contained in sub-section (1) shall apply to an assessment which has been made the subject-matter of an appeal under Section 13 .

(3) No appeal shall lie under Section 13 against an order passed under this section.

(4) Every order passed under this section shall, subject to the provisions of Section 14 , Section 15A , Section 16 and Section 17 , be final.]

### **5C. Cancellation of assessments in certain cases :-**

(1) Where an assessee within one month from the service of a notice of demand makes an application and satisfies the assessing authority that he was prevented by sufficient cause from appearing as required under Section 5 , or that he did not receive the notice issued under that section or that he had not a reasonable opportunity of being heard, the assessing authority shall cancel the assessment and proceed to make a fresh assessment in accordance with the provisions or Section 5 :

Provided that no application under this sub-section shall be entertained by the assessing authority if tax admitted in the return is not paid.

(2) Nothing contained in sub-section (1) shall apply to an assessment which has been made the subject-matter of an appeal under Section 13 .

(3) No appeal shall lie under Section 13 against an order passed under this section.

(4) Every order passed under this section shall, subject to the provisions of Section 14 , Section 15A , Section 16 and Section 17 , be final.]

**6. Payment of tax for entry of goods escaping assessment :-**

(1) If the assessing authority has reasons 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 period has escaped assessment to tax or has been under assessed or has been assessed at a rate lower than the rate at which it is assessable under this Act or any deduction or exemption 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 original assessment or re-assessment, but subject to the provisions of sub-section (3) at any time within a period of eight years from the expiry of the year to which the tax relates, proceed to assess or re-assess to the best of its judgment the tax payable by a dealer in respect of such turnover or purchase value of such goods, as the case may be, after issuing a notice to the dealer and after making such enquiry as it may consider necessary.]

(2) In making an assessment under sub-section (1) the assessing authority may, if it is satisfied that the escape from assessment is due to wilful non-disclosure of the entry of such goods by the [x x x x x] dealer direct him to pay in addition to the tax assessed under sub-section (1) a penalty not exceeding one and a half times the tax so assessed:

Provided that no penalty under this sub-section shall be directed to be paid unless the dealer affected has had a reasonable opportunity of showing cause against such imposition.

(3) In computing the period of limitation for assessment under this Section the time during which an assessment has been deferred on account of any stay order granted by any Court or other authority or by reason of the fact that an appeal or other proceeding is pending, shall be excluded.

[Provided that nothing contained in this section limiting the time within which any action may be taken or any order, assessment or re-assessment may be made, shall apply to an assessment or re-assessment made on the assessee or any person in consequence of, or to give effect to, any finding direction or order made under Section 13 , Section 14 , Section 15 , Section 15A or Section 16 or any judgment or order made by the Supreme Court, the High Court, or any other court.]

## **7. Payment of tax in advance :-**

(1) Subject to such Rules as may be prescribed, every registered dealer and every dealer liable to get himself registered under this Act] shall send every month to the assessing authority a statement containing such particulars as may be prescribed and shall pay in advance the full amount of tax payable by him on the basis of the [goods] brought by him during the preceding month into the local area [within twenty days after the close of the preceding month to which such tax relates] and the amount so payable shall for the purposes of sub-section (4) of Section 8 be deemed to be an amount due under this Act from such dealer. Act 5 of 2000 (From 1-4-2000)

[Provided that in the case of a dealer whose total turnover in any year under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) is not

[If default is committed in the payment of tax in accordance with sub-section (1) beyond ten days after the expiry of the period specified in the said sub-section, the dealer shall pay by way of penalty, a sum equal to two per cent of the tax payable for every such month or part thereof during which such default is continued.]

[(2) If default is committed in the payment of tax for any month or quarter, as the case may be, beyond ten days, whether or not a statement as required under sub-section (1) is filed; or if the amount of tax paid is less than the amount of tax payable for any month or quarter, as the case may be, the dealer defaulting payment of tax or making short payment of tax shall, in addition to the tax, pay interest calculated at the rate of two per cent per month from the date of such default or short payment to the date of payment of such tax.]

[(3)] If at the end of the year it is found that the amount of tax paid in advance by any [x x x x x] dealer for any month or for the whole year in the aggregate was less than the tax payable for that

month or the tax for the whole year as finally assessed, as the case may be, by more than fifteen per cent the assessing authority may direct such dealer to pay, in addition to the tax, by way of penalty, a sum [calculated at the rate of two per cent per month of the tax paid in short from the date of expiry of thirty days after the close of the month or the quarter or the year, as the case may be, to which such tax relates]:

Provided that no penalty under this sub-section shall be imposed unless the dealer affected has had a reasonable opportunity of showing cause against such imposition.

[[ (4) ] If no such statement is submitted by a dealer under sub-section (1) before the date prescribed or if the statement submitted by him appears to the assessing authority to be incorrect or incomplete, the assessing authority may assess the dealer provisionally for that month to the best of his judgment, recording the reasons for such assessment, and proceed to demand and collect the tax on the basis of such assessment:

Provided that before taking action under this sub-section the dealer shall be given a reasonable opportunity of being heard.]

## **8. Payment and recovery of tax :-**

(1) The tax under this Act shall be paid in such manner and in such instalments, if any, [and subject to such conditions and payment of such interest] and within such time, as may be prescribed.

(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; Act No. 5 of 2000 (From 1-4-2000)

[(ii) the person or persons liable to pay the tax or any other amount due under this Act shall pay a [interest] equal to two per cent 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.-For the purposes of clause (ii), the [interest] payable for a part of a month shall be proportionately determined.

(3) Notwithstanding anything contained in sub-section (2), [where

the amount of penalty 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] 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 x x] 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 x x] 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.

#### **8A. Power to withhold refund in certain cases :-**

(1) Where an order giving rise to refund is the subject-matter of an appeal or further proceeding or where any other proceeding under this Act is pending, and the authority competent to grant such refund is of the opinion that the grant of refund is likely to adversely affect the revenue, such authority may, with the previous approval of the Commissioner, withhold the refund till such time as the Commissioner may determine.

(2) Where a refund is withheld under sub-section (1) the State Government shall pay interest at the rate of [twelve 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.]

## **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 x] 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 x] dealer or any person who holds or may subsequently hold money for or on account of the [x x x x] dealer to pay the assessing authority either forthwith upon the money becoming due or being held at or within the 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 x] 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 x] 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 x] 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 x] 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 x] dealer or that he does not hold any money for or on account of the [x x x x] 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 [x x x x] dealer or money held for or on account of [x x x x] dealer shall be computed after taking into account such claims, if any, as may have fallen due for payment by such [x x x x] dealer to such person and as may be lawfully subsisting. Act 7 of 1997 (1-4-97 to 31-3-2000)

**9A. Sugar Factories, etc., to collect and pay tax :-**

x x x x x

**9A. Sugar Factories, etc., to collect and pay tax :-**

x x 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, though unassessed.

**10A. Assessment of legal representative :-**

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,

**11. Tax payable on transfer of business, etc :-**

(1) When the ownership of the business of a [x x x x] dealer liable to pay any tax or penalty, or any other amount under the provisions of this Act, is transferred, the transferrer 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 x] 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 x x] dealer thies, his executor, administrator or other legal representative shall be deemed to be the [x x x x x] 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 x x] 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 thied, 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 :-**

[(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] 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 this sub-section the dealer shall be given a reasonable opportunity of being heard.

#### CHAPTER 4

#### Tax authorities

### **12. The Authorities :-**

[(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) x x x x x.

(3) x x x x x.]

(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 its 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 expethent 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 doubt, as the case may be and all officers and persons employed in the execution of this Act shall observe and follow such clarification.

[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.]

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 Impending 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.]

#### **12A. State Representative :-**

(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 purpose of this Act.

(2) In proceedings before the Appellate Tribunal, the State Representative shall be competent.-

(i) to prepare and sign applications, appeals and other documents;

(ii) to appear, represent, act and plead;

(iii) to receive notices and other process; 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 :-**

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.]

## CHAPTER 5

### 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.]

(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] if it is satisfied that the appellant had 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 penalty 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, give such directions as it thinks fit in regard to the payment of tax or other amount

(4) The appeal shall be in the prescribed form and shall be verified in the prescribed manner. Act No. 5 of 2000 (From 1-4-2000)

[(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 appeal shall be disposed off by him in accordance with this section.]

(5) In disposing of an 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) set aside the assessment and direct the assessing authority to make a fresh assessment after such further enquiry as may be directed; or

(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.

(6) Every order passed on appeal under this, Section shall, subject to the provisions of Section 14 Section 15 , Section 16 , and Section 17 , be final.

#### **14. Appeal to the Appellate Tribunal :-**

(1) Any officer empowered by the State Government 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 sub-section (3)1 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 if it is satisfied that

the appellant had sufficient cause for not preferring the appeal within that period.

(2-A) The officer authorised under sub-section (1) or the person against whom an appeal has been preferred, as the case may be, on receipt of notice that an appeal against the order of the [Deputy Commissioner] [Joint Commissioner] 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,] a memorandum of cross objections, verified in the prescribed manner, against any part of the order of the [Deputy Commissioner] or the [Joint Commissioner], 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 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.

(4) Notwithstanding that an appeal has been preferred under sub-section (1), the payment of tax or penalty or any other amount, payable in accordance with any order passed by the Deputy Commissioner or the Joint Commissioner under Section 13 shall not, pending disposal of the appeal be stayed by the appellate tribunal;

(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 authorise 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) Notwithstanding that an appeal has been preferred under sub-section (1) tax shall be paid in accordance with the assessment made in the case:

Provided that the appellate tribunal may except in case of an appeal against an order passed by the Deputy Commissioner or Joint Commissioner under Section 13 , in its discretion, give such directions as it thinks fit, in regard to the payment of tax, if the appellant furnishes sufficient security to its satisfaction in such form and manner as may be prescribed.

(7)

(a) The appellate tribunal may, on the application either of the appellant or of the respondent, review any order passed by it under sub-section (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 any 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 the 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 15A , 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

(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] 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 order thereon 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 cancelling 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 :-**

(1) Within sixty 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 sixty days 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 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 sub-section (1), the tax shall be paid in accordance with the assessment made in the case:

Provided that if as a result of the petition, any change becomes necessary in such assessment, the High Court may authorise the assessing authority, to amend the assessment and the assessing authority shall amend the assessment accordingly and thereupon the amount overpaid by the assessee shall be refunded to him without interest or the additional amount of tax due from him shall be collected in accordance with the provisions of this Act, as the case may be.

(7) 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 :-**

(1) Notwithstanding anything contained in Section 6 and Section 15 , where any proceeding 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] 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 ] 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.]

(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 mistakes :-**

(1) With a view to rectifying any mistake apparent from the record, the assessing authority, appellate authority or revising authority may, at any time, within five years from the date of an order passed by it, amend such order:

Provided that an amendment which has the effect of enhancing an assessment or otherwise increasing the liability of the assessee shall not be made unless the assessing authority, appellate authority or revising authority, as the case may be, has given notice to the assessee of its intention to do so and has allowed the assessee a reasonable opportunity of being heard.

(2) Where an order has been considered and decided in any proceeding by way of appeal or revision relating to an order referred to in sub-section (1), the authority passing such order may,

notwithstanding anything

(3) An order passed under sub-section (1), shall be deemed to be an order passed under the same provision of law under which the original order the mistake in which was rectified had been passed.

## CHAPTER 6

### Miscellaneous

#### **17A. Maintenance of accounts by dealers and issue of sale bills or cash memorandum :-**

(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 goods sold, and shall keep the counterfoil 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.]

(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 accounts and powers of entry, inspection and seizure :-**

(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] to produce before him the accounts and other documents, and to furnish [goods] of or purchases, sales and deliveries of the [goods] 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], or purchases, sales and deliveries of the [goods] by any dealer, [computer hardware and software used for data inputting, processing and storage of all such information] the [goods] in their possession and their offices, shops, godowns, vessels, receptacles or vehicles, shall be open to inspection at all reasonable times by such officers as may be authorised by State Government in this behalf.

(ii) For the purpose of inspection referred to in clause (i), any such officer shall have power to enter and search any office, shop, godown, vessel, receptacle, vehicle or any other place of business or any building or place where such officer has reason to believe that the dealer keeps or is for the time being keeping, any accounts, registers or documents of his business:

Provided that no residential accommodation (not being a place of business-cum-residence) shall be entered into and searched by such officer except on the authority of a search warrant issued by a Magistrate having jurisdiction over the area, and all searches under this sub-section shall, so far as may be, 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] 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] 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] 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

(4) It shall be open to the State Government to authorise different classes of officers for the purpose of taking action under clause (i) of sub-section (2).]

**18A. Recognition of sales tax checkpoints or barriers for the purposes of the Act :-**

(1) With a view to prevent or check evasion of tax under this Act checkpoints or barriers or both, as the case may be, established or erected under the provisions of the (Karnataka Act 25 of 1957) (hereinafter referred to as the "Sales 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] shall carry with him the documents prescribed for the purpose of sub-section (2) of S.28A of the Sales Tax Act and produce and give a copy of the same in the manner and to the officer prescribed in the said Section. [(2-A) Where the owner or person in-charge of the goods vehicle carrying any goods is not required to carry the documents prescribed for the purpose of sub-section (2) of S.28A of the Karnataka Sales Tax Act, 1957, 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 S.28A of the Sales Tax Act may, in cases of the type arid in the circumstances mentioned in the said sub-section levy penalty not exceeding double the amount of tax leviable under this Act in respect of the [goods] under transport.

(3-A)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

(3-B) 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 (3-A) or (3-B) 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.

(3-C) Where the officer-in-charge of the checkpoint 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.

(3-D) The verification under sub-section (3-C) 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.

(3-E) Where such officer or other officer to whom the matter is referred, upon such verification is of the opinion that there is a non-compliance 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.

(3-F) Where the officer-in-charge of the checkpoint or any empowered officer has issued a notice for contravention of any of the provisions of this Section, further proceedings in pursuance to such notice may, subject to such conditions and in such manner as may be prescribed, be continued by any other officer empowered by the Commissioner in this behalf, from the stage at which it is pending.]

(4) The provisions of S.28A of the Sales Tax Act relating to the recovery of penalty and appeals shall mutatis mutandis apply to the penalty leviable under sub-section (3) of this Section.] Act 15 of 1992 (1-5-1992 to 31-3-2000)

**18B. Transit of goods by road through the State and issue of Transit pass :-**

(1) When a vehicle coming from any place outside the State and bound for any other place outside the State and carrying goods taxable under this Act, passes through 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 checkpoint or barrier after his entry into the State. Act 5 of 2000 (From 1-4-2000)

**18C. Transit of goods by road through the State and issue of Transit pass :-**

[(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 passes through this State; or

(b) and which goods are imported into the State from any place outside the country and such goods are being carried to any place outside the State, the driver or any other person-in-charge of such vehicle shall furnish the necessary information and obtain a transit pass in duplicate containing such particulars as may be prescribed, from the officer-in-charge of the first 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, 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

(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] 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] 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 in-charge of the vehicle does not comply with sub-section (2), it shall be presumed that the

goods carried thereby have been sold within the State by the owner of the vehicle and shall, notwithstanding anything contained in 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.-In case where a vehicle owned by a person is hired for transportation of goods by some other person, the hirer of the vehicle shall for the purposes of this section be deemed to be the owner of the vehicle.]

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

Every clearing or 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] 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] 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] are delivered, such particulars thereof and within such time and manner as may be prescribed.

#### **21. Offences and penalties :-**

(1) Any person who

[(a) being a person obliged to get himself registered under this Act does not get himself so registered; or

(b) being a dealer in goods fails to submit a return as required by

the provisions of this Act or the Rules made thereunder; or

(c) fails to comply with a notice issued under Section 6 ; or

(d) fails to submit a statement as required by Section 7 ; or

(e) fails to pay within the time allowed any tax assessed on him or any penalty levied on him under this Act; or

(f) being a sugar factory including a khandasari sugar factory fails to collect tax as required by sub-section (1) or having collected the tax fails to pay the tax so collected as required by sub-section (2) of Section 9A ; or

(g) fails to issue a sale bill or cash memorandum in accordance with the provisions of sub-sections (2) and (3) of Section 17A ; 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] but which may extend to two thousand rupees;]

(2) Any person who.-

(a) wilfully submits an untrue return, or not being already an assessee under this Act, fails to submit a return as required by the provisions of this Act or the Rules made thereunder, or

(b) wilfully submits an untrue statement under Section 7 ;

(c) fraudulently evades the payments of any tax assessed on him or other amount due from him under this Act; or

(d) wilfully acts in contravention of any of the provisions of this Act or the Rules made thereunder, shall, on conviction, in addition to the recovery of any tax 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 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 Commissioner.

(2) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (Central Act 2 of 1974) all offences punishable under sub-section (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] 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.]

### **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 proceedings 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 proceeding shall, except as expressly provided in this Act, be instituted in any Court to set aside or modify any assessment made under this Act.

**28. Exemptions :-**

x x x x x

**28A. Burden of proof :-**

(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 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)] 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

(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] 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] 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 conditions 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;

[(b-1) the procedure for assessment of Central and State Government Departments, Statutory bodies and local authorities;]

(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] which have escaped assessment;

(e) procedure for registration of dealers under Section 4 ;

(f) refund of tax collected if the [goods] have 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;

[(g-1) specifying the class of dealers who need not furnish statement under Section 7 ;]

(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 provision is in the opinion of the State Government necessary for giving effect to the purposes of this Act.

(3) In making a Rule under sub-section (1) or sub-section (2), the Government may provide that a person guilty of a breach thereof shall on conviction be punishable with fine which may extend to [five thousand 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)xxxxx.]

### **30A. Assessment to tax in certain cases :-**

[(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 Thirtieth day of March, 1987. He shall be deemed to have complied with the provisions of 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.]

### **31. Laying of Rules and Notifications before the State Legislature :-**

Every rule made under this Act and every Notification issued under the provisions 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 two or more successive sessions, and if before the expiry of the session in which it is so laid or the sessions immediately following, both Houses agree in making any modification in the Rule or Notification or both Houses agree that the Rule or Notification should not be made, the Rule or Notification shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that Rule or Notification.]

### **32. 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 expethent for removing the difficulty

## SCHEDULE 1

### SCHWDULE

#### FIRST SCHEDULE

**[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 speciefed elsewhere.
7. Butter, ghee and cheese.
8. Cassettee tape recorders and players (audio and video) including audio and videc cassettes.
9. Cement and water and weather proofing compounds.

10. Chemicals of all kinds.
11. Chinaware, porcelainware and stoneware (articles) other than those specified elsewhere.
12. Chicory powder.
13. Cigar and cigarette cases, holders and lighters and tobacco pipes,
14. Cinematographic, photographic and other cameras, projectors, enlargers, lenses and parts and accessories thereof.
15. Clocks, timepieces and watches (all kinds) and parts thereof including watch straps and chains (made of base metals).
16. Coir products including rubberised coir products.
17. Confectionery, biscuits and cakes.
18. Copper sulphate.
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. these engines and parts thereof.
24. Dry fruits including almonds, walnuts and pista.
25. Edible oils including hydrogenated oils and cooking medium.
26. Druggets and durries.
27. Dyes.
28. Electrical and electronic goods, appliances, instruments and apparatus and parts and accessories thereof but  
excluding those specified elsewhere.
29. Fibreglass sheets and articles made of fibreglass.
30. Films (all kinds) including X-ray film.
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-stuffe, fruits (other man dry fruits including almonds, walnuts and pista), dried vegetables (whether cooked or not),

fruits and vegetable 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, samber 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 drink concentrates.

35. Food preservatives, food colours and food flavours.
36. Footwear and polishes.
37. Furniture of all kinds including treasure chests, 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, rivets, screws of base metal or alloy thereof including bolt ends, screw studdings, self tapped screws, screw hooks, screw rings, wire nails, measuring tapes and scales;
  - (iii) Metallic barbed 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 electricity 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 containers.
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.

Act 3 of 1995 (1-5-92 to 31-3-95)

60. Non-ferrous castings and ingots and scrap base metals (other than iron and steel scrap) and alloys thereof.

60. xxx x x x x.

61. Oil cake.

62. Opium, Ganja and Bhang.

63. Optical goods (all kinds) including spectacles, sunglasses, goggles, lenses and frames including attachments, 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, waterproof paper, PVC coated paper, ferropaper, ammonia

paper, stencil paper but excluding photographic paper, pulp boards, art boards, duplex boards, triplex boards,

card boards, corrugated boards and the like; cellophane.

66. Packing materials namely:

(i) fibre 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, hessian (including batars), hessian cloth, and the like;

(vi) Glass bottles, jars and carboys and the like;

(vii) Laminated packing materials, such as bituminized paper and hessian based paper and the like.

**67. Petroleum products;  
that is to say; petrol,**

these, crude oil,  
lubricating oil,  
transformer oil, brake or  
dutch fluid,  
bitumen (asphalt), tar  
and others, but excluding  
aviation fuel, liquid  
petroleum gas (LPG),  
kerosene and naphtha 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, polyesterene and the like materials.

71. 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.

72. Playing cards of every description.
73. Pressure cookers and parts and accessories thereof.
74. Raw-wool/ woollen yarn and woollen 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, namely, that is to say.
- (i) Rubber plates, sheets and strips un-hardened whether vulcanised or not and whether combined with any textile material or otherwise;
  - (ii) Piping and tubing of un-hardened vulcanised rubber;
  - (iit) Transmission, conveyor or elevator belts or belting of vulcanised rubber whether combined with any textile material or otherwise;
  - (iv) Synthetic rubber including butathene rubber and butyl rubber, synthetic rubber latex including pre-vulcanised 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**

# other than those specified in the Second Schedule.

Act 5 of 2001 (From 1-4-2001)

80. Raw materials, component parts and inputs which are used in the manufacture of an intermediate or a finished product.

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 and iron and steel.

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

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

85. Sound transmitting equipments including loud-speakers and parts thereof but 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, diaries, calenders, race cards, catalogues, greeting cards, invitation cards, humour post cards,



picture post cards, cards for special occasions and stamp 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 despatch 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, woollen 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 PVC 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 beethes, cigarettes, cigars, churuts,

snuff, zarda, quimam/ etc.

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

98. Typewriters, parts and accessories thereof and typewriter ribbons.

99. Vacuum flasks and refills.

100. Weights and measures.

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

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.

## SCHEDULE 2

### SCHEDULE

#### SECOND SCHEDULE

**[See Section 3(6)]**

<b>SI No.</b>	<b>Description of goods</b>
1.	Agricultural implements
2.	Agricultural produce including Tea, Coffee and Cotton (whether ginned or unginned) [xxxxx]
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

