

**KARNATAKA TAX ON ENTRY OF GOODS INTO A LOCAL AREA  
FOR CONSUMPTION, USE OR SALE THEREIN (REPEAL) ACT,  
1981**

**10 of 1981**

**[April 4, 1981]**

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STATEMENT OF OBJECTS AND REASONS KARNATAKA ACT No. 10 OF 1981 Karnataka Gazette, Extraordinary, dated 3-2-1981 The Government of Karnataka abolished levy and collection of octroi in the State with effect from 1st April, 1979. Octroi was the main source of income for the local bodies. The Karnataka Tax on Entry of Goods into a Local Area for Consumption, Use or Sale therein Act, 1979 was enacted to levy a tax on entry of certain goods into a local area mainly with a view to compensate the loss of income of the local authorities which resulted by the abolition of the levy of octroi with effect from 1st day of April, 1979. The High Court struck down the said Act on the ground that it did not provide for granting exemption from payment of tax to petty dealers. The State Government preferred an appeal to the Supreme Court against the orders of High Court. As a result of the High Court order there was heavy loss of revenue to Government and local bodies. Pending decision of the Supreme Court it was necessary to make provision to augment the revenues of the State to enable it to make the intended grants to the local authorities in the State so that they could carry out their obligatory functions and other developmental

activities. Accordingly, the Karnataka Tax on Entry of Goods into a Local Area for Consumption, Use or Sale therein Act, 1980 was enacted as a temporary measure. The Supreme Court while deciding Civil Appeal No. 3094 of 1979, dated 25th September, 1980 has set aside the High Court order and has declared that the 1979 Act is constitutionally valid. Therefore it is necessary to repeal the Karnataka Tax on Entry of Goods into a Local Area for Consumption, Use or Sale therein Act, 1980. Hence the Bill.

**1. Short title and commencement :-**

(1) This Act may be called the Karnataka Tax on Entry-of Goods into a Local Area for Consumption, Use or Sale therein (Repeal) Act, 1981.

(2) This section and Section 2 shall be deemed to have come into force on the Eighth day of June, 1980 and the other provision, shall come into force at once.

**2. Repeal of Karnataka Act 21 of 1980 :-**

The Karnataka Tax on Entry of Goods into a Local Area for Consumption, Use or Sale therein Act, 1980 (Karnataka Act 21 of 1980) is hereby repealed.

**3. Savings etc. :-**

The Karnataka Tax on Entry of Goods into a Local Area for Consumption, Use or Sale therein Act, 1980 (Karnataka Act 21 of 1980) shall be deemed never to have been enacted and the Karnataka Tax on Entry of Goods into a Local Area for Consumption, Use or Sale therein Act, 1979 (Karnataka Act 27 of 1979), shall notwithstanding anything contained in any judgment, decree or order of any Court be deemed always to have been valid and in force and shall continue to be in force and any tax levied and collected by the authorities from or paid by, any person under the Act repealed under Section 2 shall be adjusted towards the tax payable by such person under the Karnataka Tax on Entry of Goods into a Local Area for Consumption, Use or Sale therein Act, 1979 (Karnataka Act 27 of 1979).