
**KARNATAKA TAX ON ENTRY OF GOODS INTO A LOCAL AREA
FOR CONSUMPTION, USE OR SALE THEREIN ACT, 1980**

21 of 1980

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SCHEDULE 1 :- SCHEDULE

KARNATAKA TAX ON ENTRY OF GOODS INTO A LOCAL AREA FOR CONSUMPTION, USE OR SALE THEREIN ACT, 1980

21 of 1980

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An Act to provide for the levy of tax on entry of certain goods into a local area for consumption, use or sale therein. Whereas, the Karnataka Tax on Entry of Goods into Local Areas 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 resulted by the abolition of the levy of octroi with effect from 1st day of April, 1979; And whereas, 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 and the appeal filed by the State Government against the said decision is pending in the Supreme Court; And whereas, as a result of the striking down of the said Act the State is deprived of an expected income of about two lakhs of rupees per day and it has become impossible for the Government to make any grants to the local authorities which are finding it difficult to carry out their obligatory and other functions; And whereas, pending decision of the Supreme Court it is 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 may carry out their obligatory functions and other developmental activities; And whereas, for the aforesaid purpose it is considered expedient to levy tax on the entry of certain goods into certain local areas in the State for consumption, use or sale therein and to

exempt certain small dealers from payment of the said tax; Be it enacted by the Karnataka State Legislature in the Thirty-first year of the Republic of India as follows :-

CHAPTER 1

Preliminary

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 Act, 1980.

(2) It shall be deemed to have come into force on the Eighth day of June, 1980.

2. Definitions :-

In this Act, unless the context otherwise requires,-

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

(2) "Assessing Authority" means any officer authorised by the State Government to make assessment under this Act;

(3) "Local area" means the area within the limits of-

(a) a city constituted or continued under the Karnataka Municipal Corporations Act, 1976 ; and

(b) a municipality, notified area committee, town board or sanitary board constituted or continued under the Karnataka Municipalities Act, 1964 or under any other law;

(4) "Commissioner" means the person appointed to be the Commissioner of Commercial Taxes for the State of Karnataka;

(5) "Registered dealer" means a dealer who is liable to get himself registered under sub-section (1) or under sub-section (2) of S.10 of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) provided he is also a dealer in scheduled goods;

(6) "Scheduled goods" means goods specified in the Schedule to this Act;

(7) "Tax" means a tax leviable under this Act.

(8) 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 for the purposes of this Act, a tax on the entry of the scheduled goods into a local area for consumption, use or sale therein at the rate of two per cent of the purchase price of such goods:

Provided that no such tax shall be levied and collected on the entry of any scheduled goods into a local area, if such goods are brought or caused to be brought into that area by a person other than a registered dealer;

Explanation. In this sub-section, 'purchase price' means the price at which the goods have been purchased by the registered dealer before the entry thereof into the local area and if the goods have not been purchased the market price thereof.

(2) The tax levied under this Act in respect of the entry of any scheduled goods into a local area shall be payable by the registered dealer who,-

(i) brings or causes to be brought into the local area such goods whether on his own account or on the account of his principal, or

(ii) takes delivery or is entitled to take delivery of such goods on such entry.

CHAPTER 3

Return, Assessment, Payment, Recovery and Collection of Taxes

4. Returns and assessment, etc :-

(1) Every registered dealer shall keep and maintain true and correct account relating to his business in scheduled goods in such manner and containing such particulars as may be prescribed.

(2) Notwithstanding anything contained in Section 6, every registered dealer shall, every year, submit a return in respect of his dealings in scheduled goods to the assessing authority within such period and in such manner and containing such particulars as may be prescribed.

(3) Before any registered dealer submits any return under sub-section (2) he shall in the prescribed manner pay in advance the

full amount of tax payable by him under this Act on the basis of such return as reduced by any tax already paid under Section 6 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.

(4) If the assessing authority is satisfied that any return submitted under sub-section (2) is correct and complete he shall assess the registered dealer on the basis thereof.

(5) If no return is submitted by a registered dealer under sub-section (2) before the period prescribed or if the return submitted by him appears to the assessing authority to be incorrect or incomplete, he shall assess such registered dealer to the best of his judgment recording the reasons for such assessment:

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

(6) While making any assessment under sub-section (5), the assessing authority may also direct the registered 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 registered 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.

5. Payment of tax for entry of goods escaping assessment :-

(1) Where for any reason all or any of the scheduled goods brought or caused to be brought by a registered dealer into a local area has escaped assessment to tax, the assessing authority may subject to the provisions of sub-section (3) at any time within a period of five years from the expiry of the year to which the tax relates proceed to assess to the best of its judgment the tax payable on the entry of such goods after issuing a notice to the registered dealer and after making such enquiry as it considers 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 willful non-disclosure of the entry of such goods by the registered dealer direct him to pay in addition to 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 registered 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.

6. Payment of tax in advance :-

(1) Subject to such rules as may be prescribed, every registered dealer 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 under this Act in respect of his business in the scheduled goods during the preceding month and the amount so payable shall for the purposes of sub-section (4) of Section 7 be deemed to be an amount due under this Act from such dealer.

(2) If at the end of the year it is found that the amount of tax paid in advance by any registered 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 registered dealer to pay, in addition to the tax, by way of penalty, a sum not exceeding one and a half times the amount of tax so paid falls short of the tax payable for the month or for the whole year, as the case may be:

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

7. Payment and recovery of tax :-

(1) The tax under this Act shall be paid in such manner and in such instalments if any, and within such time, as may be prescribed.

(2) If default is made in making payment in accordance with sub-section

(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 the tax under this Act;

(ii) the person or persons liable to pay the tax under this Act shall pay a penalty equal to.-

(a) one per cent of the amount of tax remaining unpaid for each month for the first three months after the expiry of the time prescribed under sub-section (1), and

(b) two and a half per cent of such amount for each month subsequent to the first three months as aforesaid.

Explanation.-For the purposes of clause (ii) the penalty payable for a part of a month shall be proportionally determined.

(3) Notwithstanding anything contained in sub-section (2) the State Government may subject to such conditions as may be prescribed remit the whole or any part of the penalty 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 registered 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 registered 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 registered 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.

8. 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 registered 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 registered dealer or any person who holds or may subsequently hold money for or on account of the registered dealer to pay to the assessing authority either forthwith upon the money becoming due or being held at or within the time specified in the notice (not being before the money becomes due or is held) so much of the money as is sufficient to pay the amount due by the registered 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 registered 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 registered 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 registered 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 registered dealer or that he does not hold any money for or on account of the registered dealer, then, nothing contained in this section shall be deemed to require such person to pay the sum demanded or any part thereof, to the assessing authority.

(6) Any amount which a person is required to pay to the assessing authority or for which he is personally liable to the assessing authority under this section shall, if it remains unpaid, be a charge on the properties of the said person and may be recovered as if it were an arrear of land revenue.

Explanation.-For the purposes of this section, the amount due to a registered dealer or money held for or on account of a registered dealer shall be computed after taking into account such claim, if any, as may have fallen due for payment by such registered dealer

to such person and as may I be lawfully subsisting.

9. 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 I 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 tax, or other amount due up to the date of retirement, though unassessed.

10. Tax payable on transfer of business, etc :-

(1) When the ownership of the business of a registered dealer liable to pay any tax or penalty, or any other amount under the provisions of this Act, is transferred, the transferor and the transferee shall jointly and severally be liable to pay any tax or penalty or any other amount payable but remaining unpaid at the time of transfer, and for the purpose of recovery from the transferee such transferee shall be deemed to be the registered 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 registered dealer dies, his executor, administrator or other legal representative shall be deemed to be the registered 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

registered dealer:

Provided that, in respect of any tax or penalty assessed as payable by any such dealer or any tax or penalty which would have been payable by him under this Act, if, he had not died, the executor, administrator or other legal representative shall be liable only to the extent of the assets of the deceased in his hands.

CHAPTER 4

Tax Authorities

11. Tax Authorities :-

(1) There shall be such classes and such number of tax authorities as may be specified by the State Government for the purposes of this Act.

(2) The authorities, specified under sub-section (1) shall be appointed by the State Government and shall exercise, discharge and perform such powers, duties and functions and in respect of such areas and such classes of persons as may be specified by the State Government.

(3) All officers and persons employed for the purposes of this Act shall observe and follow the orders, instructions and directions of the State Government and the Commissioner:

Provided that any such order, instruction or direction shall not be given so as to interfere with the direction of any Appellate Authority in the exercise of its appellate functions.

CHAPTER 5

Appeal and Revision

12. Appeals :-

(1) Any person objecting to an order affecting him passed under the provisions of this Act may appeal to such authority as may be prescribed (hereinafter referred to as the Appellate Authority).

(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 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 payable under clause (b) if the appellant furnishes sufficient security to its satisfaction in such form and in such manner as may be prescribed.

(4) The appeal shall be in the prescribed form and shall be verified in the prescribed manner.

(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 13 , Section 14 , Section 15 , and Section 16 , be final.

13. 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 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), if it is satisfied that the appellant had sufficient cause for not preferring the appeal within the period.

(3) Subject to the provisions of the Karnataka Appellate Tribunal Act, 1976, the Appellate Tribunal shall dispose of the appeal in the prescribed manner.

14. Revision by the Commissioner of orders prejudicial to revenue :-

(1) The Commissioner or any other officer specially empowered by him in this behalf may call for and examine the record of any proceeding under this Act, and if he considers that any order passed therein by an officer is erroneous insofar as it is prejudicial to the interests of the 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 and directing a fresh assessment.

(2) The power under sub-section (1) shall be exercisable only within a period of four years from the date the order sought to be revised was passed.

Explanation.-In computing the period of limitation for the purposes of sub-section (2), any period during which any proceeding under this section is stayed by an order or injunction of any Court shall be excluded.

15. Appeal to High Court :-

(1) Any assessee objecting to an order passed under Section 14 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 one 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.

16. 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 proceedings by way of appeal or revision relating to an order referred to in sub-section (1), the authority passing such order may, notwithstanding anything contained in any law for the time being in force, amend the order under that sub-section in relation to any matter other than the matter which has been so considered and decided.

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

CHAPTER 6

Miscellaneous

17. Powers to order production of Accounts and powers of entry, inspection and seizure :-

(1) Any officer empowered by the State Government in this behalf, may, for the purpose of this Act, require any registered dealer to produce before him the accounts and any other documents, and to furnish any information relating to the stocks, purchases, sales and deliveries of scheduled goods by the registered dealer and also any

other information relating to his business.

(2)

(i) All accounts and registers maintained by registered dealers in the ordinary course of their business and documents relating to the stock of goods of, or purchases, sales and deliveries of goods by any registered dealers, 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 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, receptacle, vehicle, or any other place of business or any building or place where such officer has reason to believe that the registered 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).

(iii) If any such officer has reason to suspect that any registered dealer is attempting to evade the payment of any tax, fee or other amount due from him under this Act he may, for reasons to be recorded in writing, seize such accounts, registers, records or other documents of the registered dealer as he may consider necessary, and shall give the registered dealer a receipt for the same. The accounts, registers, records 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 such accounts, registers, records and documents shall not be retained for more than sixty days at a time except with the permission of the next higher authority.

(3) It shall be open to the State Government to authorise different classes of officers for the purpose of taking action under sub-section (1) or sub-section (2).

18. 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 scheduled 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.

19. 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 scheduled goods transported by him in such vehicle or boat or steamer, submit to the Assessing Authority having jurisdiction over the local area in which the scheduled goods are delivered, such particulars thereof and within such time and manner as may be prescribed.

20. Offences and penalties :-

(1) Any person who,-

(a) being a registered dealer fails to submit a return as required by the provisions of this Act or the rules made thereunder; or

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

(c) fails to keep true and complete accounts; or

(d) fails to comply with a notice issued under Section 5 ; or

(e) fails to submit a statement as required by Section 6 ; or

(f) fails to comply with the requisition under sub-section (1) of Section 17 ; or

(g) fails to submit a return as required by Section 18 ; or

(h) fails to submit the particulars as required by Section 19 ; shall on conviction by a Magistrate, be liable to a fine which may extend to two thousand rupees.

(2) Any person who

(a) willfully 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) willfully submits an untrue statement under Section 6 ; or

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

(d) prevents or obstructs inspection, entry, search or seizure by an officer empowered by or under this Act; or

(e) willfully acts in contravention of any of the provisions of this Act, or the rules made thereunder, shall on conviction, in addition to the recovery of any tax that may be due from him, be punishable with simple imprisonment which may extend to six months or with fine not exceeding four thousand rupees or with both and when the offence is a continuing one, with a daily fine not exceeding one hundred rupees, during the period of the continuance of the offence.

21. Cognizance of offences :-

(1) No Court shall take cognizance of any offence punishable under sub-section (2) of Section 20 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 20 shall be cognizable and bailable.

22. 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 one 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 one thousand rupees.

23. 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 firm means a partner in the firm.

24. 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.

25. Bar of certain proceedings :-

(1) No suit, prosecution or other proceeding shall lie against any officer or servant of the State Government, For any act done or purporting to be done under this Act without the previous sanction of the State Government.

(2) No officer or servant of the State Government shall be liable in respect of any such act in any civil or criminal proceeding if the act was done in good faith in the course of the execution of duties or the discharge of the functions imposed by or under this Act.

26. 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

27. Assignment of proceeds of the tax :-

Subject to such rules and conditions as may be prescribed there shall be paid to a local authority which was levying octroi immediately before 1st April, 1979, every year such sum as may be determined by the Government from out of the tax collected under this Act.

28. Power to make rules :-

(1) The State Government may, subject to the condition of previous publication, make rules, by notification, to carry out the purpose of this Act:

Provided that previous publication shall not be necessary where the rules are made for the first time after the commencement of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for,-

(a) all matters expressly required or allowed by this Act to be prescribed;

(b) the assessment to tax in respect of a business which is discontinued or the ownership of which has changed;

(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 to tax under this Act of any scheduled goods which have escaped assessment;

(e) refund of tax collected if the scheduled goods has not been consumed, sold or used within the local area;

(f) compelling the submission of returns and the production of documents and enforcing the attendance of persons and examining them on oath or affirmation;

(g) the duties and powers of officers appointed for the purpose of

enforcing the provisions of this Act;

(h) generally regulating the procedure to be followed, and the forms to be adopted in proceedings under this Act;

(i) 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 State Government may provide that a person guilty of a breach thereof shall, on conviction be punishable with fine which may extend to one thousand rupees and, where the breach is a continuing one with further fine which may extend to fifty 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 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) Every rule made under this Act shall be laid as soon as may be after it is made, before each House of the State Legislature while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if before the expiry of the session in which it is laid or the sessions immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

29. Power to remove difficulties :-

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

30. Repeal of Karnataka Ordinance No. 5 of 1980 :-

(1) The Karnataka Tax on Entry of Goods into a Local Area for Consumption, Use or Sale therein Ordinance, 1980 (Karnataka Ordinance No. 5 of 1980) is hereby repealed.

(2) Notwithstanding such repeal any action taken to any appointment, notification, order, scheme, rules, form or bye-law made or issued under the said Ordinance shall be deemed to have been taken, made or issued under this Act and any reference therein to the said Ordinance shall be deemed to be a reference to this Act and shall continue in force accordingly unless and until superseded by any action taken or any appointment, notification, order, scheme, rule, form or bye-law made or issued under this Act.

SCHEDULE 1

SCHEDULE

SCHEDULE

[See Section 2(6)]

1. All varieties of textiles, namely, cotton, woollen, silk or artificial silk including rayon or nylon whether manufactured in mills, power-looms or handlooms and hosiery cloth in lengths but excluding khadi, cotton and silk handloom fabrics.
2. Tobacco and all its products.
3. Sugar other than sugar-candy, confectionery and the like.