

KARNATAKA TAX ON PROFESSIONS, TRADES, CALLINGS AND EMPLOYMENTS RULES, 1976

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KARNATAKA TAX ON PROFESSIONS, TRADES, CALLINGS AND EMPLOYMENTS RULES, 1976

Ordered that the karnataka Tax on Professions, Trades, Callings and Employments Rules, 1976 be published in the Karnataka Gazette for general information.

PART 1

Preliminary

1. Short title and commencement :-

- (1) These Rules may be called the Karnataka Tax on Professions, Trades, Callings and Employments Rules, 1976.
- (2) They shall be deemed to have come into force on the First day of April, 1976.

2. Definitions :-

- 1) In these Rules unless the context otherwise requires
 - (a) "Act" means the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976;
 - (b) "Form" means a form appended to these Rules;
 - (c) "Place of work" in relation to a person or employer, means the place where such person or employer ordinarily carries on his profession, trade, calling or employment;
 - (d) "Section" means a section of the Act;
 - (e) "Treasury" means the treasury of the District, the Taluk or Sub-Taluk and includes the Reserve Bank of India or any of its agency Banks in places where the cash transactions of the Government are handed by the Reserve Bank or any of its agency Banks.
- (2) The terms not defined in these rules shall have the meaning

assigned to them in the Act.

PART 2

Registration and Enrolment

3. Grant of certificate of registration :-

(1) An application for a certificate of registration under sub-section (1) of S.5 OF THE Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 shall be made in Form-1. An employer having places of work within the jurisdiction of different assessing authorities shall make an application for registration separately to each such authority in respect of his place of work within the jurisdiction of that authority:

Provided that the Commissioner may for reasons to be recorded in writing and subject to such conditions as he may stipulate, exempt an employer having places of work within the jurisdiction of different assessing authorities from making application to the assessing authorities other than the assessing authority having jurisdiction over the principal place of work of the employer in the State.

(2)

(a) On receipt of an application for a certificate of registration, the assessing authority shall grant to the applicant a certificate of registration in Form-3 if it is satisfied that the application is in order and the necessary particulars have been furnished by the applicant.

(b) If the assessing authority finds that the application is not in order or that all the particulars necessary for issue of the certificate of registration have not been furnished, it shall direct the applicant to file a revised application or furnish such additional information, as it may consider necessary. After considering the revised application or the additional information, the assessing authority shall grant a certificate of registration in Form-3.

4. Grant of certificate of enrolment :-

(1) An application for a certificate of enrolment under sub-section (2) of Section 5 shall be made in Form-2. A person having more than one place of work in the State of Karnataka, whether within the jurisdiction of the assessing authority or outside such jurisdiction, shall be granted only one certificate of enrolment.

(2) Where the person has more than one place of work within the

State of Karnataka, he shall make a single application in respect of all such places, name in such application one of such place as the principal place of work for the purposes of these rules and submit such application to the assessing authority in whose jurisdiction the said principal place of work is situated.

(3) On receipt of an application in Form-2, the assessing authority may call upon the person to furnish such additional information or evidence as may be necessary for determining the amount of tax payable by him according to the Schedule to the Act.

(4) After considering the application and such additional information or evidence as may be furnished, the assessing authority shall grant a certificate of enrolment in Form-4.

(5) Where the person has more than one place of work in the State, as many copies of the certificate shall be issued to him as there are places of work, in addition to the principal place of work.

5. Amendment of certificate of registration :-

Where the holder of a certificate of registration granted under Rule 3 desires the certificate to be amended, he shall submit an application for this purpose to the assessing authority setting out the specific matters in respect of which he desires such amendment and reasons therefor, together with the certificate of registration, and such authority may, if satisfied with the reasons given, make such amendments as it thinks necessary in the certificate of registration.

6. Amendment of certificate of enrolment :-

(1) The certificate of enrolment granted under Rule 4 shall remain valid so long as it is not cancelled under sub-rule (2) of Rule 7.

(2) An application for a revised certificate of enrolment shall be made in Form-2. On receipt of such application the assessing authority may call upon the applicant to furnish such additional information in evidence as may be necessary for determining the amount of tax payable by him according to the Schedule to the Act and after so determining the amount of tax payable by the applicant, the assessing authority shall make necessary amendments, in the certificate of enrolment under his dated signature indicating the year from which the tax at the revised rate shall be payable.

7. Cancellation of certificate :-

(1) The certificate of registration granted under Rule 3 may be cancelled by the assessing authority after it has satisfied itself that the employer to whom such a certificate was granted has ceased to be an employer.

(2) The certificate of enrolment granted under Rule 4 may be cancelled by the assessing authority after it is satisfied that the enrolled person is dead or his liability to pay tax has ceased.

8. Exhibition of certificate :-

The holder of the certificate of registration or the certificate of enrolment as the case may be, shall display conspicuously at his places of work the certificate of registration or the certificate of enrolment or a copy thereof.

9. Issue of duplicate copy of certificate :-

If a certificate of registration or a certificate of enrolment granted under these rules is lost, destroyed or defaced or becomes illegible, the holder of the certificate may apply along with a Court-fee stamp of rupee one to the assessing authority for the grant of a duplicate copy of such certificate. The said authority shall, after such verification as may be necessary, issue to the holder of the certificate a copy of the original certificate, after stamping thereon the words "duplicate copy".

PART 3

Returns, Notices and payment of tax

10. Commissioner to give a public notice :-

The Commissioner shall in the month of April every year give a publication in the news papers directing all persons liable to pay tax under the Act to get themselves registered or enrolled as the case may be (unless they are already registered or enrolled), and to furnish returns and pay the tax according to the provisions of the Act and these rules.

11. Return and assessment :-

(1) The return under sub-section (1) of S.6 OF THE Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 shall be furnished in Form-5.

(2) Before an order of assessment is made under clause (c) of sub-section (2) or under sub-section (3) of S.7 OF THE Karnataka Tax

on Professions, Trades, Callings and Employments Act, 1976, the assessee shall be afforded a reasonable opportunity of showing cause against such assessment and for this purpose he shall be served with a notice in Form-12.

11A. Payment of tax in advance :-

1 The statement under sub-section (1) of S.6A OF THE Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 shall be in Form, 5-A and shall be sent in duplication to the assessing authority, within the time specified in S.6A OF THE Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976.]

1. Rule 16-A inserted by Notification No. FD 8CPT 95, dated 7-8-1995, w.e.f. 8-8-1995 (GSR 102).

12. Notice under Sections 5(6), 6(3) and 7(2)(a) or (3). :-

The notice under sub-section (6) of S.5 OF THE Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, under sub-section (3) of S.6 OF THE Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 or under clause (a) of sub-section (2) or sub-section (3) of S.7 OF THE Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, shall be issued by the assessing authority in Form-6.

13. Notice under Sections 5(5) and 12. :-

The notice under sub-section (5) of S.5 OF THE Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 or under S.12 OF THE Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 shall be issued by the assessing authority in Form-7.

14. Notice of demand under Section 7(4) etc. :-

The notice of demand under sub-section (4) of S.7 OF THE Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 and other demands, including any penalty or interest imposed under the Act, shall be issued by the assessing authority in Form-8.

15. Payment of tax by employers :-

An employer shall make payment of tax and interest and penalty (if any) by deposit of the requisite amount in the treasury by Challan in Form-9 in quadruplicate. The copies marked 'Original' and 'Duplicate' shall be returned to the employer duly receipted, of which the copy marked 'Duplicate' shall be submitted by the

employer other than an officer referred to in Rule 16 to the assessing authority along with the return prescribed by Rule 11. An officer referred to in Rule 16 shall forward such receipted copies of challans marked 'Duplicate' to the assessing authority along with the statement prescribed in the said Rule.

16. Deduction of tax amount from the salary or wages of employees :-

(1) The drawing and disbursing officer in the case of non-gazetted Government servants and the treasury officer or the pay and accounts officer, as the case may be, in the case of gazetted Government servants, shall be responsible for the deduction of due amount of tax from the pay bill of the employees. The deduction shall be made every month, and the pay or wages of such an employee for the month of February shall not be permitted to be drawn unless the tax due for the period March to February or part thereof or from the month in which the employee has attracted liability to pay the tax to February, as the case may be, has been fully deducted and a statement showing such deduction has been enclosed with the pay bill. The drawing and disbursing officer or the treasury officer, as the case may be, shall furnish to the assessing authority not later than the 30th April, a statement relating to the payment of salary made to the Government servants along with a certificate that the tax payable in respect of the employees for whom they drew or passed pay bill during the year immediately preceding has been deducted in accordance with the provisions of the Schedule to the Act. Such statement shall show the name of the employee, the details of salary drawn, the amount of tax deducted there from and the period to which the tax relates.

(2) Notwithstanding the provisions contained in Rule 15 and sub-rule (1), the liability of an employee to pay tax shall not cease until the due amount of tax in respect of his has been fully paid to the Government account, and without prejudice to the aforesaid provisions, the said amount may be recovered from him if the employer or the assessing authority is satisfied that the amount has not been deducted from his salary or wages.

16A. Rounded off of tax, etc. :-

¹ The amount of tax including tax payable in advance, penalty or any other amount payable and the amount of refund due under the Act shall be rounded off to the nearest rupee and for this purpose, where such amount contains a part of a rupee consisting of a paise,

then, if such part is fifty paise or more it shall be increased to one rupee and if such part is less than fifty paise it shall be ignored.

1. Rule 16-A inserted by Notification No. FD 8CPT 95, dated 7-8-1995, w.e.f. 8-8-1995 (GSR 102).

17. Collecting Agents to maintain an account of collection of tax, etc. :-

Every Collecting Agent shall maintain proper accounts of the tax and other amounts collected by him under the Act. He shall also maintain a register in Form-22 in which he shall enter the tax and other amounts as and when collected.

18. Employer to keep account of deduction of tax from salary of the employees. :-

Every employer liable to pay tax shall maintain a register in which shall be entered the amount of salary and wages paid to each of the persons in his employment and the said register shall contain a column in which shall be shown the amount deducted from the salary and wages of the employee on account of the tax.

19. Payment of tax by enrolled persons :-

(1) A person enrolled under sub-section (2) of S.5 OF THE Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 and liable to pay tax shall make payment of tax within the period specified in sub-section (2) of S.10 OF THE Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 by paying the requisite amount into the treasury by challan in Form-9 in quadruplicate. The copies marked 'Original' and 'Duplicate' shall be returned to the person duly receipted of which the copy of marked 'Duplicate' shall be submitted by him to the assessing authority as proof of payment of tax:

1 [Provided that the payment of tax may also be made in cash to the assessing authority or where the amount does not exceed rupees five hundred, to the Commercial Tax Inspector attached to the jurisdictional assessing authority. The receipts for such payments shall be issued in Form-23.]

(2) Where payment of tax, interest and penalty (if any) is required to be made to a Collecting Agent appointed under S.15 of the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 such payment shall be made within such time as may be notified by means of a paying-in-slip duly filled, in Form-10 in

duplicate.

(3) The Collecting Agent shall credit to the treasury by challan in Form-9 in quadruplicate on or before the 10th of each month the amount of tax, interest and penalty collected by him during the preceding month under sub-rule (2) and forward the receipted copy of the challan marked 'Duplicate' to such authority as may be specified by the Commissioner along with a statement of collection in Form-14 signed and verified by him.

1. Inserted by GSR 5, dated 5-1-1982, w.e.f. 14-1-1982.

PART 4

Appeals

20. Appeal to the Joint Commissioner :-

(1) Every appeal under S.16 of the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 to the Joint Commissioner shall be in Form-18 and shall be verified in the manner specified therein.

(2) The appeal may be sent to the appellate authority by registered post or may be presented to the authority or to such other officer as the appellate authority may appoint in this behalf, by the appellant or by his authorised agent or a legal practitioner or an accountant or sales tax practitioner duly authorised by the appellant in writing.

21. Appeal to Appellate Tribunal. :-

An appeal under S.17 of the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 to the Tribunal shall be in Form-19 and shall be verified in the manner specified therein.

22. Appeal to the High Court :-

An appeal to the High Court under sub-section (4) of Section 18 shall be in Form-20 and shall be verified in the manner specified therein.

22A. Revision petition to the High Court :-

1

(1)

(a) Every petition under sub-section (1) of S.18A of the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 to the High Court shall be in Form-20-A and shall be verified in the manner specified therein;

(b) The petition shall be accompanied by a certified copy of the order of the Appellate Tribunal.

(2) Every application for review under sub-section (7) of S.18A of the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 to the High Court shall be in Form-20-B and shall be verified in the manner specified therein.]

1. Rule 22-A inserted by GSR 216, dated 12-9-1985, w.e.f. 12-9-1985.

PART 5

Miscellaneous

23. Action for default by an enrolled person :-

(1) If it comes to the notice of the assessing authority that a person enrolled under sub-section (2) of S.5 of the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 has failed to pay the amount of tax due from him, in the manner laid down in Rule 19, he shall serve on that person a notice in Form-13 requiring him on a date specified in the notice, to attend in person or through an authorised representative for showing cause regarding non-payment of tax. After giving such a person a reasonable opportunity of being heard and after holding such inquiry as may be deemed fit, or otherwise, if the assessing authority is satisfied that the tax is payable but it has not been paid, that authority shall serve a notice of demand in Form-16 on that person or his representative to pay the amount within fifteen days of the receipt of the notice.

(2) If a person, liable to pay tax has wilfully failed to get himself enrolled, then without prejudice to the action that may be taken against him under sub-section (5) of S.5 of the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, the assessing authority shall after giving that person a reasonable opportunity of being heard and after such inquiry, as may be deemed fit, or otherwise, assess the tax due to the best of its Judgment and serve on him a notice of demand in Form-17 to pay the tax within fifteen days of the receipt of the notice. Notice of hearing in such case shall be issued by the assessing authority in Form-11. The notice under sub-section (6) of S.5 of the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 in respect of persons liable for enrolment shall also be in Form-11.

24. Notice under Section 8 or 9 :-

Notice under S.8 of the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 or s.9 of the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 shall be issued in Form-14.

25. Treasury Officer to forward quadruplicate copies of Challans to the Government Computer Centre. :-

The receipted copies of challans in Form 9 marked 'Quadruplicate' in respect of each month shall be forwarded by the officer-in-charge of the Treasury to the Government Computer Centre, Bangalore within the 15th of the succeeding month.

26. Shifting of place of work :-

(1) If the holder of a certificate of registration or a certificate of enrolment in one area shifts his place of work to

(2) With effect from the commencement of the month immediately succeeding that in which the notice is given/ the assessing authority having jurisdiction over the area to which the place of work has been shifted shall exercise all powers and discharge all functions pertaining to the determination and recovery of tax, and matters ancillary thereto, in respect of the sender of such notice.

27. Service of notices :-

(1) Notices under the Act or the rules made thereunder may be served by any of the following methods, namely:

(i) by delivering or tendering a copy of the notice to the addressee or any adult member of his family residing with him or to a person regularly employed by him; or

(ii) by Registered post:

Provided that, if upon an attempt having been made to serve any such notice by any of the above mentioned methods the authority under whose orders the notice was issued is satisfied that the addressee is keeping out of the way for the purpose of avoiding service or that, for any other reasons, the notice cannot be served by any of the above mentioned methods, the said authority shall order the service of the notice to be effected by affixing a copy thereof on some conspicuous part of the addressee's place of work or residence last notified by him and such service shall be deemed to have been made on the addressee personally.

(2) When the serving officer delivers or tenders a copy of the notice to the addressee personally or to any of the persons referred to in clause (i) of sub-rule (1), he shall require the signature of the person to whom the copy is so delivered or tendered to an acknowledgment of service endorsed on the original notice.

(3) When the notice is served by affixing a copy thereof in accordance with the proviso to sub-rule (1), the serving officer shall return the original to the authority which issued the notice with a report endorsed thereon or annexed thereto stating that he so affixed the copy, the circumstances under which he did so and the name and address of the person, if any, by whom the addressee's place of work or residence is or was located was identified and in whose presence the copy was affixed. The serving officer shall also obtain the signature or thumb impression of the person identifying the addressee's place of work or residence to his report.

(4) The authority under whose orders the notice was issued shall, on being satisfied from the report of the messenger or the postal acknowledgment or by taking such evidence as he deems proper that the notice has been served in accordance with this rule, record the fact and make an order to that effect.

(5) If the authority is not satisfied that the notice has been properly served, he may after recording an order to that effect, direct the issue of a fresh notice.

28. Grant of copies :-

(1) If any assessee wants to have a certified copy of a document filed by him or of an order concerning him passed by any authority, he shall make to the authority concerned an application bearing adhesive Court-fee stamp of the value of twenty-five paise for an ordinary copy or such stamp of the value of rupee one and twenty-five paise for a copy which he desires to be supplied within two days of his applying for the same.

(2) On receipt of the application, the said authority shall inform the applicant of the amount of Court-fee stamps required, under the provisions of sub-rule (3) for supply of the copy. After the requisite amount of Court-fee stamp is furnished by the applicant, the said authority shall cause a certified copy of the document or order to be prepared and granted to the applicant.

(3) Additional fee in the shape of Court-fee stamp shall be payable

for the grant of copies at the rates given below:

(a) Copying fee for the first 200 words or less of the documents-
Seventy-five paise

(b) For every additional 100 words or fraction thereof.- Forty paise.

28A. Fee for clarification of rate of tax :-

1

(1) The fee payable for seeking clarifications under sub-section (2) of S.14A of the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 shall be one hundred rupees.

(2) The fee specified in sub-rule (1) shall be paid by way of Crossed Demand Draft drawn in favour of Commissioner of Profession Tax in Karnataka, Bangalore.

1. Rule 28-A inserted by GSR 48, dated 30-3-1996, w.e.f. 1-4-1996

29. Refund of tax :-

Where the assessing authority receives an application for refund of tax under S.22 of the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 he shall, if he is satisfied that a refund is due to the applicant in terms of the provisions of the said Section, record an order showing the amount of refund due and shall issue to the applicant a refund payment order in Form-21.

30. Composition of offences :-

The assessing authority shall exercise the powers specified in S.26 of the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 subject to the control and direction of the Joint Commissioner and the Commissioner.