
Karnataka Taxation Laws (Amendment) Act, 2006

5 of 2006

[31 March 2006]

CONTENTS

1. Short Title And Commencement
2. Amendment Of Mysore Act Ix Of 1932
3. Amendment Of Karnataka Act 22 Of 1957
4. Amendment Of Karnataka Act 25 Of 1957
5. Amendment Of Karnataka Act 30 Of 1958
6. Amendment Of Act 35 Of 1976
7. Amendment Of Karnataka Act 22 Of 1979
8. Amendment Of Karnataka Act 27 Of 1979

Karnataka Taxation Laws (Amendment) Act, 2006

5 of 2006

[31 March 2006]

An Act further to amend certain taxation laws in force in the State of Karnataka. Whereas it is expedient further to amend certain taxation laws for the purposes hereinafter appearing; Be it enacted by the Karnataka State Legislature in the fifty-seventh year of the Republic of India, as follows:-

1. Short Title And Commencement :-

- (1) This Act may be called the Karnataka Taxation Laws (Amendment) Act, 2006.
- (2) It shall come into force with effect from the first day of April, 2006.

2. Amendment Of Mysore Act Ix Of 1932 :-

In the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), for section 3-A, the following shall be substituted, namely,-"

3-A. Payment of talisator tax by way of composition.-- Notwithstanding anything contained in section 3, but subject to such conditions as may be prescribed, the State Government may,

if a licensee so elects, accept in lieu of the totalisator tax payable under section 3 during any year, by way of composition, in respect of a licensee in Bangalore City at the rate of four percent of the total amount of moneys paid into the totalisator and in respect of a licensee in Mysore City at the rate of two percent of the total amount of moneys paid into the totalisator."

3. Amendment Of Karnataka Act 22 Of 1957 :-

In the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957),-

(1) in section 34, in sub-section (1), after the words "State Government", the words "or the Commissioner" shall be inserted;

(2) in section 42, the explanation to sub-section (1), shall be renumbered as Explanation-I and after the Explanation-I as so renumbered, the following explanations shall be and shall be deemed always to have been inserted, namely:-

"Explanation II .- For the purpose of this sub-section non-payment of tax or other amount during any period during which recovery of any tax or other amount due under the Act is stayed by an order of any authority or Court in any appeal or other proceedings disputing such tax or amount, shall be deemed to be a default.";

(3) in section 66, for the words and brackets " any person (other than a company) does not exceed one hundred and fifty acres such person", the words and comma "a firm does not exceed one hundred and fifty acres, such firm" shall be substituted;

(4) in the Schedule,-

(i) Part I shall be omitted.

(ii) in Part II, for the words "forty per cent", the words "thirty per cent" shall be substituted.

(iii) for Part III, the following shall be substituted, namely:-

"PART III

In the case of Company

On whole of the total agricultural income thirty five per cent".

4. Amendment Of Karnataka Act 25 Of 1957 :-

In the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957),-

(1) in section 5-A,-

(i) after Explanation II, the following explanation shall be deemed to have been inserted with effect from the first day of April, 1983, and shall be deemed to have been omitted with effect from the first day of April, 2001, namely:-

"Explanation III.- For the purpose of this section, the expression "manufacture" shall include the process of obtaining student note books and exercise books from paper.";

(ii) after Explanation I, the following explanation shall be deemed to have been inserted with effect from the first day of April, 2001 and shall be deemed to have been omitted with effect from the first day of April, 2002, namely:-

"Explanation II.- For the purpose of this section, the expression "manufacture" shall include the process of obtaining student note books and exercise books from paper.";

(iii) in the explanation, after clause (4), the following clause shall be deemed to have been inserted with effect from the first day of April, 2002, and shall be deemed to have been omitted with effect from the sixteenth day of November, 2004, namely:-

"(5) For the purpose of this section, the expression "manufacture" shall include the process of obtaining student note books and exercise books from paper.";

(2) in section 12, after sub-section (1), the following proviso shall be and shall be deemed to have been inserted with effect from the first day of April, 2005, namely:-

"Provided that nothing contained in this sub-section shall apply to a dealer who is registered under the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004) and who is not a dealer in petrol, diesel, aviation turbine fuel, lottery tickets and sugarcane.";

(3) in section 12-B, in sub-section (1), after the third proviso, the following shall be and shall be deemed to have been inserted with effect from the first day of April, 2005, namely:-

"Provided also that nothing contained in this sub-section shall apply to a dealer who is registered under the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004) and who is not a dealer in petrol, diesel, aviation turbine fuel, lottery tickets and sugarcane.";

(4) in section 22, for the words "empowered by the State Government " wherever they occur, the words "empowered by the State Government or the Commissioner" shall be substituted.

5. Amendment Of Karnataka Act 30 Of 1958 :-

In the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958),-

(1) in section 2,-

(i) for clause (ba), the following shall be substituted, namely:-

"(ba) "Amusement" means any amusement and includes playing a

game or skill on a machine or riding on a machine or any other carriage or contraption or boat or other vessel or playing in an enclosure or water body or any other specially designed or developed or demarcated surface or area or participating in any contest or game of chance or skill or talent, held or organized or provided in any amusement arcade or amusement park or any other place for which persons are required to make payment for admission or participation; ";

(ii) in clause (bb), after the words "called headend", the words "or a tuner or a similar device which enables Direct To Home transmission of television signals" shall be inserted;

(iii) in clause (e),-

(a) in sub-clause (ii), after the words "attached to it", the words "or without a cable network attached under the Direct To Home scheme" shall be inserted;

(b) in the explanation, for the words "Recognised game", the word "game" shall be substituted;

(2) in Section 3, for sub-section (1-A) including the table and proviso, the following shall be substituted, namely:-

"(1-A) In respect of entertainments referred to in sub-clause (iii) of clause (e) of Section 2, other than an entertainment on which tax is levied under section 4-E or 4-F, there shall be levied and paid to the State Government on each payment for admission excluding the amount of tax, to such entertainment, entertainments tax at the rate of ten per cent, if such payment for admission, excluding the amount of tax, is not less than fifty rupees.

Provided that no tax shall be levied in the case of admission to a circus or magic show or game or sport, where it involves no participation.";

(3) in section 4-C,-

(i) for the word, figure and letter "or 4-B", the figures, letters and word "4-B or 4-G" shall be substituted;

(ii) after the proviso the following provisos shall be inserted, namely:-

"Provided further that no tax shall be payable under this section, if the proprietor is providing television signals under the Direct To Home scheme:

Provided also that subject to such conditions as may be prescribed, no tax shall be payable under this section, if the proprietor is receiving television signals from a Multi System Operator paying tax under section 4-G.";

(iii) after the provisos so inserted, the following explanation shall

be inserted, namely:-

"Explanation.- (1)A Multi System Operator providing entertainment through antennae or Cable Television directly to subscribers apart from providing satellite television signals to another proprietor, shall be liable to pay tax under this section in addition to his liability to pay tax under section 4-G.

Explanation.- (2)A proprietor being a Direct To Home service provider providing entertainment through antennae or Cable Television directly to subscribers apart from providing satellite television signals under the Direct To Home scheme, shall be liable to pay tax under this section in addition to payment of any tax liability under section 4-G.";

(4) in section 4-D, for the words "the proprietor may", the words and comma "any proprietor other than a Multi System Operator or a Direct To Home service provider, may" shall be substituted;

(5) in section 4-E, for the proviso, the following proviso shall be substituted, namely:-

"Provided that no tax shall be levied where the payment for admission excluding the amount of tax, is less than fifty rupees.";

(6) in section 4-F, for the proviso, the following proviso shall be substituted, namely:-

"Provided that no tax shall be levied where the payment for admission excluding the amount of tax, is less than fifty rupees.";

(7) in section 4-G,-

(i) in the heading, after the word "Operator", the words "and Direct To Home service provider" shall be inserted;

(ii) after the words "and packages", the words "and by a Direct To Home service provider towards providing television signals under the Direct To Home scheme" shall be inserted;

(iii) the following proviso shall be and shall be deemed to have been inserted with effect from the first day of April, 2002, namely:-

"Provided that no tax shall be levied under this section for the period from the 1st day of April, 2002 to 31st day of March, 2006.";

(8) in section 7, in sub-section (1) in the proviso, the word "recognized" shall be omitted;

(9) in section 8-E, for the words "empowered by the State Government " wherever they occur, the words "empowered by the State Government or the Commissioner" shall be substituted;

(10) in section 10, in sub-section (1),-

(i) after clause (aaa), the following clause shall be inserted, namely:-

"(aaaa) Such officer shall also have the power,-

(i) to seal any box or receptacle, building or any part of the building in which accounts are suspected to be kept, where the proprietor of any entertainment or the owner or person in charge of the place of entertainment either leaves the premises or is not available or fails or refuses to open any box or receptacle or building or any part of the building when called upon to do so;

(ii) to break open the box or receptacle, building or part of the building where the proprietor or person in charge or the person in occupation leaves the premises or, after any opportunity having been given to him to do so, fails to open the box or receptacle, building or part of the building, and to prepare a list of the goods and documents found therein.";

(ii) after clause (b), the following clause shall be inserted, namely:-

"(c) All searches and seizures under this section shall be made in accordance with the provisions of Code of Criminal Procedure, 1973 (Central Act 2 of 1974).";

(11) in section 13, in clause (b),-

(i) for the words, "ten thousand", the words "two thousand" shall be substituted;

(ii) for the words, "fifteen thousand", the words "five thousand" shall be substituted.

6. Amendment Of Act 35 Of 1976 :-

In the Karnataka Tax on Professions Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976),-

(1) in section 10,-

(i) in the heading, after the words "enrolled persons", the words "and deduction of tax in the case of certain enrolled persons" shall be inserted;

(ii) after sub-section (2), the following shall be inserted, namely:-

"(3) Notwithstanding anything contained in sub-sections (1) and (2), the tax payable under this Act by any agent or any other person by whatever name called earning income by way of commission or other remuneration as specified in item 4 of the Schedule, shall be deducted by the insurance company or bank or other financial institution before such commission or other remuneration is paid to him, and such insurance company or bank or other financial institution shall, irrespective of whether such deduction has been made or not when the commission or other remuneration is paid to such person shall be liable to pay tax on

behalf of all such persons.

(4) The deduction under sub-section (3) shall be made in the month in which the commission or other remuneration payable for any year exceeds thirty six thousand rupees.

(5) The insurance company or bank or other financial institution making deduction under sub-section (3) shall send every month to the jurisdictional assessing authority a statement in the prescribed form containing particulars of tax deducted during the preceding month and pay full amount of the tax so deducted by it within twenty days after the close of the preceding month in which such deduction was made and the amount so payable shall for the purposes of section 13 be deemed to be an amount due under this Act.

(6) If default is committed in the payment of tax deducted beyond ten days after the period specified under sub-section (5), the insurance company or bank or other financial institution shall be liable to pay interest at 2% of the amount of tax due for each month or part thereof for a period for which the tax remains unpaid.

(7) The insurance company, or bank or other financial institution making deduction under sub-section (3), shall furnish to the enrolled person or person liable to be enrolled from whom such deduction is made, a certificate obtained from the jurisdictional assessing authority containing such particulars as may be prescribed.

(8) Payment by way of deduction in accordance with sub-section (5), shall be without prejudice to any mode of recovery of tax due under this Act from the enrolled person or person liable to be enrolled and the burden of proving that the tax payable by him has already been deducted and remitted under sub-section (5) shall be on such person.";

(2) for section 13, the following shall be substituted, namely:-

"13. Recovery of tax and other amounts and period of limitation for recovery of tax:

(1) Any tax due or assessed, or any other amount due under this Act from an employer or any other person 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 employer or any other person by the prescribed authority or the prescribed officer in the prescribed manner, and any prescribed certificate issued towards such sale shall be deemed

to be a decree of a Civil Court and shall be executed in the same manner as a decree of such Court; or

(c) on application to any Magistrate, by such Magistrate as if it were a fine imposed by him.

(2) Notwithstanding anything contained in any law for the time being in force, no proceedings for the recovery of any amount under this Act shall be initiated after the expiry of five years from the end of the relevant year or from the date of the relevant assessment:

Provided that when an appeal or application for revision has been filed, the period of limitation shall run from the date on which the amount due is finally determined.

(3) The period of limitation specified under sub-section (2) shall not apply to any case in which, during the course of recovery proceedings initiated under any clause of subsection (1) or under section 20, any other fresh proceedings are initiated or the employer has deducted any amount by way of tax or purporting to be by way of tax.";

(3) in the Schedule,-

(i) in the entries relating to serial number 20, in column (2), for the words and brackets "Holders of permits of transport vehicles(other than autorickshaws) granted", the words and brackets "Owners of transport vehicles(other than auto rickshaws) run on their own or through others under permits granted" shall be substituted;

(ii) the entries relating to serial number 65 shall be omitted.

7. Amendment Of Karnataka Act 22 Of 1979 :-

In the Karnataka Tax on Luxuries Act, 1979(Karnataka Act 22 of 1979),-

(1) in section 2,-

(i) in clause (4-B), for the words "commodity or services specified in the Schedule", the word "services" shall be substituted;

(ii) in clause (5-A), for the words "means an", the words and comma "means a Commercial Tax Officer or an" shall be substituted;

(iii) clause (6-A) shall be omitted;

(iv) clause (6-B) along with the exception shall be omitted;

(v) clause (6-C) shall be omitted;

(vi) clause (8) shall be omitted;

(vii) clause (9) shall be omitted;

(2) in section 4-A,-

- (i) in the heading, the words "and stockists" shall be omitted;
- (ii) the words "or a stockist" wherever they occur shall be omitted;
- (iii) in sub-section (10), the words "or the stockist" shall be omitted;
- (3) chapter III and the sections 4-B and 4-C shall be omitted;
- (4) in section 5, the words "or stockist" occurring in two places shall be omitted;
- (5) in section 5-A, the words "or stockist" wherever they occur shall be omitted;
- (6) in section 6, the words "or stockist" wherever they occur shall be omitted;
- (7) in section 6-A,-
 - (i) in the heading, the words "or stockist" shall be omitted;
 - (ii) in sub-section (1),-
 - (a) the words "or a stockist" shall be omitted;
 - (b) the words " or a registered stockist" shall be omitted;
 - (iii) in sub-section (2), the words "or stockist" occurring in two places shall be omitted;
- (8) in section 7,-
 - (i) the words "or stockist" occurring in two places shall be omitted;
 - (ii) the proviso shall be omitted;
- (9) in section 7-A,-
 - (i) in sub-section (1),-
 - (a) the words "or turnover of stock of luxuries" shall be omitted;
 - (b) the words "or stockist" shall be omitted;
 - (ii) in sub-section (2),-
 - (a) the words "or turnover of stock of luxuries by the stockist" shall be omitted;
 - (b) the words "or the stockist, as the case may be" shall be omitted;
- (10) in section 8, the words "or stockist" wherever they occur shall be omitted;
- (11) in section 8-A, the words "or stockist" wherever they occur shall be omitted;
- (12) in section 8-C, the words "or stockist" wherever they occur shall be omitted.
- (13) in section 9, in sub-section (1), the words "or stockist" shall be omitted;
- (14) in section 10-A, the words "or stockist" wherever they occur shall be omitted;
- (15) in section 12-A, the words "or class of stockists" shall be omitted;

(16) in section 12-B,-

(i) in sub-section (1), for the words "stockists and every proprietor or stockist", the words "and every proprietor" shall be substituted;

(ii) sub-section (3), shall be omitted;

(17) in section 13, the words "or stockist" occurring in two places shall be omitted;

(18) in section 17,-

(i) in sub-section (1), the words "or stockist" shall be omitted;

(ii) in sub-section (2),-

(a) for the words "the business of any stockist", the words "management of hospital" shall be substituted;

(b) the words "or the value of stock of luxuries" shall be omitted;

(iii) in sub-section (3), the words "or stockist" occurring in two places shall be omitted;

(iv) in sub-section (4), the words "or stockist" shall be omitted;

(19) section 17-A shall be omitted;

(20) section 18 shall be omitted;

(21) the Schedule shall be omitted.

8. Amendment Of Karnataka Act 27 Of 1979 :-

In the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979),-

(1) in section 4BB, in sub-section (3), the words " in that State" shall be and shall always be deemed to have been omitted;

(2) in section 14, in sub-section (1), for the words "empowered by t h e State Government" wherever they occur, the words "empowered by the State Government or the Commissioner" shall be substituted.