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FIRST SCHEDULE**SECOND SCHEDULE****STATEMENT OF OBJECTS AND REASONS****I**

Act 27 of 1979.- Octroi is being abolished in the State, as it was causing great hardship to transport operations 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.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 27-3-1979 as No. 260 at page 22.)

II

Amending Act 12 of 1981.- (1) Consequent upon abolition of octroi, Government took a policy decision and gave an assurance that the local bodies would be fully compensated for the loss of octroi. In order to generate additional revenue, to pay this compensation, the Karnataka Tax of Entry of Goods into Local

Areas for Consumption, Use or Sale therein, Act, 1979 was brought into force with effect from 1st June 1979. Some dealers filed writ petition challenging the validity of the Act. The High Court of Karnataka Struck down the Act as unconstitutional. The State Government preferred an appeal to the Supreme Court.

(2) In view of the stay orders from the High Court Entry Tax could not be collected and as a temporary measure to augment the revenues of the State, the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or sale therein Act, 1980 was enacted keeping in view the High Court Order. This Act came into force from 8th June 1980, but this was also challenged in about 4, 000 writ petitions. The State appeal pending before the Supreme Court, was decided by the Supreme Court and the Judgement was pronounced on 25th September 1980 upholding the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1979, as constitutionally valid.

(3) Thus, the two Acts, viz., 1979 and 1980 Acts were in force. The Government decided to repeal the 1980 Act. Accordingly an Ordinance was promulgated. The ordinance is being replaced by an Act and both the houses of Legislatures are have passed then bill repealing 1980 Act. For the past, the 1979 Act is in force. The Department of Law and Parliamentary Affairs has expressed a view that legally the dealers are liable to pay tax arrears from 1st June 1979, but administratively it has become very difficult to collect the tax as the whole trading community has been agitating to waive the payment of arrears of tax on the ground that it is unable to withstand the tax liability retrospectively as it has not collected he same after the 1979 Act was struck down by the High Court.

(4) A number of representations were received from the traders from various chambers of commerce and industry requesting to abolish the entry tax or at least levy it from 1st January 1981 and to exclude from the preview of Entry tax on khadi, handloom and silk goods, with a view to remove the uncertainties in the minds of traders who have been urging right from the beginning that they have not collected entry tax from the purchaser between 1st June 1979 and 25th September 1980, the date on which the Supreme Court Judgment was pronounced validating the 1979 Act, it was felt practicable to notify the collectability of the tax from 1st October 1980 instead of from the original date., 1st June 1979 and also to exclude kadhi, cotton handloom fabrics and silk fabrics from the purview of the entry tax. Accordingly, an (Amendment) Ordinance 1981 (Karnataka Ordinance No. 3 of 1981) was promulgated, amending the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1979.

This Bill seeks to replace the said Ordinance.

(Obtained from L.A. Bill No. 37 of 81)

III

Amending Act 13 of 1982.- In the budget speech for the year 1982–83, the Hon'ble Minister of Finance and Tourism, has indicated several proposal in order to augment the revenue of the State. This Bill seeks to give effect to the said proposals. Opportunity is taken to make some other minor amendments.

(Published in Karnataka Gazette (Extraordinary), Part IV-2A, dated 27-3-1982, as No. 223, at page 31).

IV

Amending Act 38 of 1984.- The present Bill is intended to give effect to the pronouncements made in the Budget speech for the year 1983-84. It is also intended to amend certain other provisions of the Act for a better and more effective administration.

Hence this Bill.

(Obtained from L.A. Bill No.15 of 1983).

V

Amending Act 28 of 1985.- While presenting the budget for the year 1985-86 certain concession and facilities to the dealers under the Entry Tax Act were proposes. To give effect to these concession and other facilities some of the provisions of the Entry Tax Act are to be amended. Opportunity has been taken to effect certain other changes in the Act to facilitate smooth administration of the Act.

(Obtained from L.A. Bill No. 30 of 1985)

VI

Amending Act 12 of 1986.- After enactment of the Karnataka Zilla Parishads, Taluk Panchayat amithis, Mandal Panchayats and Nyaya Panchayat Act, 1983 the area converted into a Mandal under the provisions of section 128(1) of the said Act, shall case to be a local area. Hence the definition of the Act is proposed to be amended.

Hence the Bill.

(Obtained from L.A. Bill No. 26 of 1986.)

VII

Amending Act 41 of 1986.- The proposed legislation is for the purposes of rationalising the provisions relating to levy of tax on packaging materials and industrial raw materials, components and imputes under the Act.

Hence this Bill.

(Obtained from L.A. Bill No. 32 of 1983)

VIII

Amending Act 42 of 1986.- Item 17 and 18 were inserted in the Schedule to the Karnataka Tax on Entry of Goods Into Local Area for Consumption, Use or Sale Therein Act, 1979 with effect from 1st April 1983. The entries in items 17 and 18 were capable of including a large variety of materials, though it was intended to include only certain types of materials. The intention is made clear by inserting items 16A and 16B in the said Schedule by Bill 32 of 1983. This Bill received the assent of the President on 14th January 1986 and is being published as an Act and therefore items 17 and 18 are being deleted.

Hence the Bill.

(Obtained from L.A. Bill No. 40 of 1986)

IX

Amending Act 43 of 1986.- In the principal Act the Commissioner of Commercial Taxes and the Joint Commissioner of Commercial Taxes have been vested with the power of revising the orders passed by their subordinates. It is now proposed to vest with them the power of staying the operation of the orders taken up for *suo moto* revision proceedings, whenever found necessary.

(Obtained from L.A. Bill No. 46 of 1986)

X

Amending Act 11 of 1987.- To give effect to the proposals made in the budget speech, it is proposed to amend the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale Therein Act, 1979.

Consequent to the amendment of the term "year" in the Karnataka Sales Tax Act, 1957, the term "year" in this Act is also amended. Insertion of section 30A is consequential. Hence the Bill.

(Obtained from L.A. Bill No. 17 of 1987.)

XI

Amending Act 8 of 1989.- It is considered necessary to amend the following Acts,—

- (1) Section 2 is proposed to be amended to exclude pepper and cardamom grown as subsidiary crops in the land used for growing non-plantation crops like arecanut and coconut.
- (2) Section 12 is proposed to be amended to exempt certain contributions made from the payment of agricultural income tax.

(3) Section 32 is proposed to be amended to provide for appeals to the Deputy Commissioner (Appeals) against certain orders passed by the Agricultural Income Tax Officers.

As the matter was urgent, the Karnataka Taxation Laws (Amendment) Ordinance, 1988 was promulgated. Hence, the Karnataka Taxation Laws (Amendment) Bill, 1988 to replace the said Ordinance.

(Obtained from LAW 43 LGN 88.)

XII

Amending Act 18 of 1989.- To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1979.

Opportunity is also taken to rationalise certain provisions of the said Act.

Hence the Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 27-3-1989 as No. 162 at page 7.)

XIII

Amending Act 9 of 1990.- To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act, 1979.

Opportunity is also taken to rationalise certain provisions of the said Act.

Hence the Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 29-3-1990 as No. 164 at page 161.)

XIV

Amending Act 14 of 1991.- It is considered necessary to amend the Karnataka Tax on entry of Goods Into Local Areas for Consumption, Use or Sale Therein Act, 1979 to give effect to the proposal made in the Budget Speech and for removing ambiguities, streamlining, administration and rationalising procedure

Hence the Bill.

(Obtained from L.A. Bill No. 14 of 1991.)

XV

Amending Act 15 of 1992.- When the Entry tax Act was brought into force in 1979 to replace the obnoxious system of Octroi, The State Government was of the opinion that levying Entry Tax on three items namely, textiles, tobacco and sugar alone will be sufficient to make up the loss of revenue on account of abolition of

Octroi. It was not the intention of the Government that the levy by way of Octroi should be given up. The intention of Government was to simplify the procedure and to make the mode of collection easy. Therefore, entry Tax was brought in place of Octroi.

Experience in these years has shown that the expected revenue was not generated from the three commodities or even five more commodities added later on. The Local Bodies namely the Corporation and Municipalities are urging that they are put into avoidable hardship and financial stringency by abolition of Octroi and not compensating them with necessary funds. Therefore, it is necessary to vest Powers with the Government to select the commodities for the purposes of levying entry tax and also to make the levy single point so that the cost of goods for common man may not increase.

Hence this Bill.

(Obtained from L.A. Bill No. 27 of 1987.)

XVI

Amending Act 5 of 1993.- Consequent to the re-designation of posts in the Commercial Tax Department, it has become necessary to make suitable amendments in the relevant Taxation Laws.

The full bench of our High Court in Shah Wallace case while overruling a Division Bench judgment of our High court in Janardhanacharya's case had held that the notifications issued under section 8A of the Karnataka Sales Tax Act, 1957 become inoperative when the relevant provisions of the Act are subsequently amended by way of insertion of any entry relating to the class of goods to which exemptions were given by the notifications. Therefore, it was considered necessary to suitably amend the said Act, to save the notifications already issued.

As the matter was urgent and both the Houses were not in session, the amendments were carried-out by promulgation of the Karnataka Taxation Laws (Amendment) Ordinance, 1992.

This Bill seeks to replace the above Ordinance, Hence the Bill.

(Obtained from LA Bill No. 29 of 1992.)

XVII

Amending Act 8 of 1993.- Consequent to the adding of several commodities to the net of Entry tax by the Karnataka Act 15 of 1992 and the Karnataka Ordinance 10 of 1992, the trading commodity went on a state-wide agitating demanding

abolition of entry tax on the ground that it has caused cascading effect and has caused additional burden of the maintenance of books of accounts. As these demands were detrimental to the Government revenue, after discussion with the trading community, it was considered necessary to provide for payment of entry tax of composition.

Opportunity is also taken to make certain consequential amendments.

As the matter was urgent and both Houses of the State Legislature were not in Session, the amendments were carried out by promulgation of the Karnataka Tax on Entry of Goods (Second Amendment) Ordinance, 1992.

This Bill seeks to replace the above Ordinance.

(Obtained from L.A. Bill No. 33 of 1992.)

XVIII

Amending Act 14 of 1994.- It is considered necessary to amend the Karnataka Tax on Entry of Goods Act, 1979,-

(i) to expand the definition of "local area" so as to include "panchayat area" declared under the Karnataka Panchayat Raj Act, 1993 in that definition;

(ii) to abolish tax on entry of goods used in the manufacture, repair or research and development of defence and defence related goods;

(iii) to enable the officers exercising the powers discharging the duties and performing the functions under the Karnataka Sales Tax Act, 1957 also to exercise the powers, discharge the duties and perform the functions under this Act.

(iv) to provide for continuation of the proceedings by succeeding authority of officer from the stage at which it was left by its or his predecessor;

(v) to omit section 5C and to provide for collection of tax from dealer who was permitted to pay tax under that section prior to such omission;

(vi) to validate levy and collection of tax in respect of textiles and tobacco;

(vii) to provide for exemption of tax in respect of entry of goods specified in Sl. No. 1 and 2 of the schedule to the Act as they stood prior to the 1st day of May, 1992.

Hence the Bill.

(Obtained from L.A. Bill No. 32 of 1993.)

XIX

Amending Act 18 of 1994.- It is considered necessary to amend the Karnataka Sales Tax Act, 1957, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, the Karnataka Tax on Entry of Goods Act, 1979, the

Karnataka Entertainments Tax Act, 1958, the Mysore Betting Tax Act, 1932 and the Karnataka Agricultural Income Tax Act, 1957 to give effect to the proposals made in the Budget speech and matters connected therewith.

Hence the Bill.

(Obtained from LA Bill No. 12 of 1994.)

XX

Amending Act 45 of 1994.- It is considered necessary to amend the Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposals made in the budget speech and matters connected therewith.

Hence the Bill.

(Obtained from L.A. Bill No 11 of 1994.)

XXI

Amending Act 3 of 1995.- The Karnataka Tax on entry of Goods Into Local Areas for Consumptions, Use or Sale Therein (second Amendment) Bill, 1987 was sent to the President for his assent. The Government of India requested to amend the said Bill incorporating a Schedule specifying the items on which entry Tax is leviable and also requested to send a draft ordinance incorporating those amendments. Accordingly, a draft Ordinance was sent. The Government of India while conveying the asset of the President to the said Bill also sent the previous instructions of the President for promulgation of the ordinance and requested the State Government to publish both the Amendment Act and the Ordinance simultaneously. Accordingly, the Karnataka Tax on entry of Goods Into Local Areas for Consumption, Use or Sale therein (Amendment) Ordinance, 1992 was promulgated incorporating Schedule I consisting of 103 items on which the Entry Tax may be levied.

This Bill seeks to replace the said Ordinance. Hence the Bill.

(Obtained from L.A. Bill No. 23 of 1992.)

XXII

Amending Act 6 of 1995.- It is considered necessary to amend the Karnataka Sales Tax Act, 1957, the Karnataka Agricultural Income Tax Act, 1957, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, the Karnataka Entertainment Tax Act, 1958, the Karnataka Tax on Entry of Goods Act, 1979, Karnataka Tax on Luxuries, (Hotels and Lodging House) Act, 1979, the

Mysore Betting Tax Act, 1932 and to give effect to the proposals made in the Budget speech and matters connected therewith.

Hence the Bill.

(Obtained from LA Bill No. 4 of 1995.)

XXIII

Amending Act 1 of 1996.- It is considered necessary to amend the Karnataka Agricultural Income Tax Act, 1957 to enhance the exemption limit for the purpose of composition from the existing ten acres to fifteen acres and to rearrange the slabs.

2) It is considered necessary to amend the Karnataka Sales Tax, 1957,—
(i) to exclude firms from the definition of “dealer” in clause (k) of sub-section (1) of section 2;

(ii) by inserting an explanation after the first proviso to sub-section (1A) of section 5 to clarify that the expression “turnover of goods on which tax has been levied” means “taxable turnover and shall not include tax”.

(iii) by inserting sub-section (1C) in section 5 and modifying Section 17, to provide for composition in the case of dealers in silks fabrics.

(iv) by inserting Section 25B and omitting Section 6BB with effect from the 13th day of October, 1995, to charge the system of levy of purchase tax and road cess on sugarcane from advalorem to tonnage basis.

3) It is considered necessary to omit Section 28 of the Karnataka Tax on Entry of Goods Act, 1979 providing for exemption to a person other than a dealer in goods in view of the judgement of the High Court in W.P. No. 27023/95 and other connected matters wherein the High Court has held that the exemption under Section 28 was equally available to an importer of motor vehicle under Chapter IIA.

Certain consequential amendments are also made.

Hence the Bill.

(Obtained from L.A. Bill No. 8 of 1996.)

XXIV

Amending Act 15 of 1996.- It is considered necessary to make amendments to the following enactments.

1. It is proposed to amend sub-section (7) of section 5 of the Karnataka Tax on Entry of Goods Act, 1979 to empower the Joint Commissioner instead of the Commissioner to defer the assessment.

2. x x x

3. x x x
4. x x x
5. Certain consequential amendments are also made.
(Obtained from LA Bill No. 23 of 1996.)

XXV

Amending Act 7 of 1997.- It is considered necessary to amend the Karnataka Tax on Luxuries (Hotels, Lodging Houses and Marriage Halls) Act, 1979 (Karnataka Act 22 of 1979), the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979), the Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976 (Karnataka Act 35 of 1976), the Karnataka Excise Act 1966 (Karnataka Act 21 of 1966), the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958), the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957), the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), the Mysore Betting Tax Act 1932 (Mysore Act IX of 1932), and to give effect to the proposals made in the Budget Speech and matters connected therewith. Certain consequential amendments are also made.

Hence, the Bill.

(Obtained from LA Bill No. 12 of 1997.)

XXVI

Amending Act 3 of 1998.- It is considered necessary to amend the Karnataka taxation Laws Amendment Act, 1997 (Karnataka Act 7 of 1997), the Karnataka Tax on Entry of Goods Act 1979 (Karnataka Act 27 of 1979), the Karnataka Tax on Luxuries (Hotel, Lodging Housed and Marriage Halls) Act, 1979 (Karnataka Act 22 of 1979), the Karnataka Entertainment Tax Act, 1958 (Karnataka Act 30 of 1958), the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) and to give effect to the proposals made in the Budget Speech and matters connected therewith. Certain consequential amendments are also made.

Hence, the Bill.

(Obtained from L.A. Bill No. 6 of 1998.)

XXVII

Amending Act 4 of 1999.- It is considered necessary to amend the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957), the Karnataka Tax on entry of goods Act 1979 (Karnataka Act 27 of 1979) the Karnataka Tax on Luxuries (Hotel, Lodging Housed and Marriage Halls) Act, 1979 (Karnataka Act 22 of 1979) and the

Karnataka Entertainment Tax Act, 1958 (Karnataka Act 30 of 1958) to give effect to the proposals made in the Budget Speech and matters connected therewith. Certain consequential amendments are also made.

Hence, the Bill.

(Obtained from L.A. Bill No. 6 of 1999.)

XXVIII

Amending Act 18 of 1999.- It is considered necessary to amend the Karnataka Sales tax Act, 1957 (Karnataka Act 25 of 1957), the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957) and to give effect to the proposals made to the Budget Speech and matters connected therewith. Certain consequential amendments are also made.

Further it is considered necessary to amend the Karnataka Tax on Entry of Goods Act, 1979 to clarify that the term "agricultural produce" does not include beedi leaves.

Hence the Bill.

(Obtained from L.A. Bill No. 20 of 1999.)

XXIX

Amending Act 5 of 2000.- It is considered necessary to amend the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 25 of 1957), the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979) and the Karnataka Entertainment Tax Act, 1958 (Karnataka Act 30 of 1958) to give effect to the proposals made in the Budget Speech and matters connected therewith. Certain consequential amendments are also made.

Hence, the Bill.

(Obtained from L.A. Bill. No. 6 of 2000.)

XXX

Amending Act 22 of 2000.- Note.- By this Act certain obsolete and spent Acts were repealed and some minor amendments were made to certain laws including Act 4 of 1999 amending Act 27 of 1979.

XXXI

Amending Act 5 of 2001.- To give effect to the proposals made in the Budget speech, it is considered necessary to amend the Karnataka State Tax Act, 1957 (Karnataka Act 25 of 1957), the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979), the Karnataka Tax on Luxuries Act, 1979 (Karnatak Act 22 of 1979), the Karnataka Entertainment Tax Act, 1958 (Karnatak Act 30 of 1958),

the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976) and the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957). Certain consequential amendments are also made.

Hence the Bill.

(Vide L.A. Bill No. 7 of 2001 File No. SAMVYASHAE 9 SHASANA 2001)

XXXII

Amending Act 5 of 2002.- It is considered necessary to amend the Karnataka Agriculture Income Tax, 1957, the Karnataka Sales Tax Act, 1957, the Karnataka Taxes on Luxuries Act, 1979, the Karnataka Taxes on Entry of Goods Act, 1979 and the Karnataka Entertainment Tax Act, 1958 to give effect to the proposal made in the Budget speech and matters connected therewith.

Certain consequential and incidental amendments are also made.

Hence the Bill.

(Vide L.A. Bill No. 12 of 2002 File No. SAMVYASHAE 18 SHASANA 2002)

XXXIII

Amending Act 7 of 2003.-To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Agricultural Income Tax Act, 1957, the Karnataka Sales Tax Act, 1957, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976, the Karnataka Tax on Luxuries Act, 1979, the Karnataka Tax on Entry of Goods Act, 1979 and the Karnataka Electricity (Taxation on Consumption) Act, 1959.

XXXIV

Amending Act 3 of 2003.- Section 4B of the Karnataka Tax on Entry of Goods Act, 1979 provides for levy of tax on causing entry by an importer, of any motor vehicle in to a local area for use or sale therein from outside the State. Constitutional validity of this section was questioned in the Karnataka High Court in writ petition No. 25590/97-98 and other connected matters on the ground that the section is violative of Article 301 and 304(a) of the constitution.

The High court in its judgement dated 26th July 1999 has held that while a person who causes entry of motor vehicle into a local area from any place outside the State for use or sale therein is liable to tax under section 4B, a motor vehicle manufactured within the State and moved from one local area to another within the State is not liable to entry tax and as such it is hit by Articles 301 and 304(a) of the Constitution. The State Government preferred a writ appeal against the aforesaid

judgement and the writ appeal has been dismissed by the High Court on 24th November, 1999. A special leave petition is filed before the Supreme Court and it is pending.

The High Court in its judgement dated 26th July 1999 has observed that there could be a provision by which no discrimination between imported goods and locally manufactured goods is made and the amount of entry tax is given adjustment in the total liability of sale tax or the amount of the sale tax could be given adjustment under the provision of Entry Tax Act. In the meantime the provision prevailing in the Maharashtra Tax on Entry of Motor Vehicles in the local areas Act, 1987 have been examined. The relevant provisions of the said Act, have been upheld by the Supreme Court and it is considered appropriate to modify the relevant provisions of the Karnataka Tax on Entry of Goods Act, 1979 on the lines of the provisions of the Maharashtra Act.

On account of the judgement of the High court, the Stae Government is unable to levy tax on entry of motor vehicles into the stae from outside the State. It is not certain whether Government will be able to obtain an early decision in the Apex Court. Therefore, it is considered necessary to amend the Karnataka Tax on Entry of Goods Act, 1979 to cure the anomalies pointed out by the High Court.

Hence the Bill.

(LA Bill No. 21 of 2000)

(Entry 52 of List –II of the Seventh Schedule to the Constitution of India)

(Vide file No. SAMVYASHAEE 26 SHASANA 2000)

XXXV

Amending Act 26 of 2004.- To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Mysore Betting Tax Act, 1932(Mysore Act IX of 1932), the Karnataka Sales Tax Act, 1957(Karnataka Act 25 of 1957), the Karnataka Entertainments Tax Act, 1958(Karnataka Act 30 of 1958), the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976(Karnataka Act 35 of 1976), the Karnataka Tax on Luxuries Act, 1979) and the Karnataka Tax on Entry of Goods Act, 1979(Karnataka Act 27 of 1979).

Opportunity is also taken to rationalize certain provisions of the said Acts and also to codify and make certain consequential amendments to implement reliefs already announced.

Hence the Bill.

[L.A. BILL No. 18 OF 2004]

(Entries 52, 54, 62, 60 of list II of Seventh Schedule to the Constitution of India)

XXXVI

Amending Act 11 of 2005.- To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), the Karnataka Sales Tax Act, 1957(Karnataka Act 25 of 1957), the Karnataka Entertainments Tax Act, 1958(Karnataka Act 30 of 1958), the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976(Karnataka Act 35 of 1976), the Karnataka Tax on Entry of Goods Act, 1979(Karnataka Act 27 of 1979), the Karnataka Tax on Lotteries Act, 2004 (Karnataka Act 3 of 2004), the Karnataka Special Tax on Entry of Certain Goods Act, 2004 (Karnataka Act 29 of 2004) and the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004).

Opportunity is also taken to rationalize certain provisions of the said Acts.

Hence the Bill.

XXXVII

Amending Act 5 of 2006.- It is considered necessary to amend the Karnataka Agriculture Income Tax Act, 1957, the Karnataka Sales Tax Act, 1957, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions Trades, Callings and Employments Act, 1976, the Karnataka Tax on Luxuries Act, 1979 and the Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposal made in the Budget and matters connected therewith.

Certain consequential and incidental amendments are also made.

Hence the Bill.

[L.A. Bill No. 6 of 2006]

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KARNATAKA ACT No 27 OF 1979

(First published in the Karnataka Gazette Extraordinary on the First day of June 1979)

THE KARNATAKA TAX ON ENTRY OF GOODS ACT, 1979.

(Received the assent of the President on the Seventeenth day of May, 1979)

(As Amended by Acts 12 of 1981, 13 of 1982, 38 of 1984, 28 of 1985, 12 of 1986, 41 of 1986, 42 of 1986, 43 of 1986, 11 of 1987, 8 of 1989, 18 of 1989, 9 of 1990, 14 of 1991, 15 of 1992, 5 of 1993, 8 of 1993, 14 of 1994, 18 of 1994, 45 of 1994, 3 of 1995, 6 of 1995, 1 of 1996, 15 of 1996, 7 of 1997, 3 of 1998, 4 of 1999, 18 of 1999, 5 of 2000 and 22 of 2000, 5 of 2001, 5 of 2002, 3 of 2003, 7 of 2003, 26 of 2004, 11 of 2005 and 5 of 2006)

An Act to provide for the levy of tax on entry of goods into local areas for consumption, use or sale therein.

WHEREAS it is expedient to provide for the levy by the State Government of a tax on the entry of goods into local areas for consumption, use or sale therein;

BE it enacted by the Karnataka State Legislature in the Thirtieth Year of the Republic of India as follows:-

CHAPTER I**PRELIMINARY**

1. Short title ¹[extent and commencement]¹.- (1) This Act may be called the ²[Karnataka Tax on Entry of Goods Act, 1979.]²

1.Substituted by Act 12 of 1981 w.e.f. 1-10-1980

2.Substituted by Act 15 of 1992 w.e.f.1-5-1992

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

¹[(3) It shall come into force on the first day of October, 1980.]¹

1.Substituted by Act 12 of 1981 w.e.f. 1-10-1980

2. Definitions.- ¹[A]¹ In this Act, unless the context otherwise requires,-

²[(1) agricultural produce or horticultural produce shall not include tea³[beedi leaves]³, 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]²;

1. Re-numbered by Act 28 of 1985 w.e.f.10.9.1985

2. Inserted by Act 15 of 1992 w.e.f.1.5.1992

3. Inserted by Act 18 of 1999 w.e.f.1-5-1992.

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

1. Renumbered by Act 15 of 1992 w.e.f.1-5-1992

¹[(1b) "assessee" means a person by whom tax is payable;]¹

1. Inserted by Act 15 of 1992 w.e.f.1-5-1992

¹[(2) "Assessing Authority" means any officer empowered to make an assessment under the Karnataka Sales Tax Act 1957;]¹ ²[or this Act by the Government or the Commissioner]²

1. Substituted by Act 14 of 1994 w.e.f.1-4-1994

2. Inserted by Act 11 of 2005 w.e.f.1-4-2005

¹[(2a) ²[Deputy Commissioner]² and the ²[Deputy Commissioner]² of Commercial Taxes appointed under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957)]¹

1. Inserted by Act 28 of 1985 w.e.f.10-9-1985

2. Substituted by Act 5 of 1993 w.e.f.9-11-1992

¹[(2b) 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 to make gain or profit and whether or not any profit accrues from such trade, commerce, manufacture, adventure or concern and any transaction in connection with or incidental or ancillary to such trade, commerce, manufacture, adventure or concern.]¹

1. Inserted by Act 15 of 1992 w.e.f.1-5-1992

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

¹[(3a) "²[Joint Commissioner]²" means the ²[Joint Commissioner]² of Commercial Taxes appointed under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) ;]¹

1. Inserted by Act 28 of 1985 w.e.f.10-9-1985

2. Substituted by Act 5 of 1993 w.e.f.9.11.1992

¹[(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, a 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 out side 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.- Any 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.]¹

1. Substituted by Act 15 of 1992 w.e.f.1-5-1992

¹[(4a) goods means all kinds of moveable property (other than newspapers, actionable claims, stocks and shares and securities) and includes livestock;

(4b) '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.]¹

1. Inserted by Act 15 of 1992 w.e.f.1-5-1992

¹[(4c)]² “³[Additional Commissioner]³” means the ³[Additional Commissioner]³ of Commercial Taxes appointed under the Karnataka Sales Tax Act, 1957 (Karnataka Act of 1957);]¹

1. Inserted by Act 28 of 1985 w.e.f.10-9-1985

2. Re-numbered by Act 15 of 1992 w.e.f.1-5-1992

3. Substituted by Act 5 of 1993 w.e.f.1-5-1992

¹[(5) ‘local area’ means an area within the limits of the 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 Contonment 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) ²[and panchayat area under the Karnataka Panchayat Raj Act, 1993 (Karnataka Act 14 of 1993)]².]¹

1. Substituted by Act 15 of 1992 w.e.f.1-5-1992

2. Inserted by Act 14 of 1994 w.e.f. 10.5.1993

¹[(5a) ‘occasional dealer’ means any person who, in the course of occasional transactions of business nature whether on his own account or an 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.

(5b) ‘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;]¹

1. Inserted by Act 15 of 1992 w.e.f.1-5-1992

(6)“registered dealer” means a dealer registered under this Act;

¹[(7) “Schedule” means a schedule appended to this Act;]¹

1. Substituted by Act 15 of 1992 w.e.f.1-5-1992

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

¹[(8a) '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.

(8b) "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.]¹

1. Substituted by Act 15 of 1992 w.e.f.1-5-1992

¹[(9) 'year' means the year commencing on the first day of April]¹

1. Substituted by Act 15 of 1992 w.e.f.1-5-1992

¹[²(B)]² 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.)¹

1. Inserted by Act 13 of 1982 w.e.f.1-4-1982

2. Re Numbered by Act 28 of 1985 w.e.f. 10.9.1985

CHAPTER II

levy of tax

¹[**3. Levy of tax.-** (1) There shall be levied and collected a tax on ²[entry of any goods specified in the FIRST SCHEDULE]² into a local area for consumption, use or sale therein, at such rates not exceeding five percent of the value of the goods as may be specified ³[retrospectively or prospectively by the State Government by notification and different dates]³ and different rates may be specified in respect of different goods or different classes of goods or different local areas.

1. Section 3 Substituted by Act 15 of 1992 w.e.f.1-5-1992

2. Substituted by Act 3 of 1995 w.e.f.1-5-1992

3. Substituted by Act 8 of 1993 w.e.f.30-9-1992.

(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 ¹[or the Central Government or a State Government other than the State Government of Karnataka]¹ 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.

1. Inserted by Act 5 of 2000 w.e.f. 1.4.2000

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.

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) ²[other than Gutkha]² in respect of which tax has been paid or has become payable under section 4-B of the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979)]¹.

1. Substituted by Act 7 of 1997 w.e.f.1-4-1997

2. Inserted by Act 5 of 2001 w.e.f.1.4.2000

¹[(4) The provisions of sub-sections (3) shall not apply unless the dealer preferring claim under the said sub-section furnishes to the assessing authority declaration in the prescribed form ²[issued]² 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.]¹

1. Substituted by Act 7 of 1997 w.e.f.1-4-1997

2. Inserted by Act 7 of 2003 w.e.f.1-4-2003

¹[(4A) Notwithstanding anything contained in sub-sections (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.]¹

1. Inserted by Act 4 of 1999 w.e.f.1-4-1999

(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 ¹[specified in the SECOND SCHEDULE]¹ on its entry into a local area for consumption, use or sale therein.

1. Substituted by Act 3 of 1995 w.e.f.1-5-1992

¹[(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.]¹

1. Inserted by Act 14 of 1994 w.e.f.1-5-1992

¹[(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 not 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 not less than two lakh rupees, shall not be liable to pay tax for that year:]¹

1. Substituted by Act 6 of 1995 w.e.f. 1.4.1995

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 installments 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.]¹

¹[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 ²[section 3 ³[x x x]³]².

1. Section 3A and 3B Substituted by Act 38 of 1984 w.e.f.1.4.1983

2. Substituted by Act 8 of 1993 w.e.f. 1.5.1992

3. Omitted by Act 14 of 1994 w.e.f.1-4-1994

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

¹[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.]¹

1. Inserted by Act 18 of 1989 w.e.f.1-4-1989

¹[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 of 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.]¹

1. Substituted by Act 18 of 1994 w.e.f.1-4-1994

¹[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.

1. Inserted by Act 18 of 1994 w.e.f. 1.4.1994

(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 ¹[one and a quarter per cent]¹ of such amount for each month of default; and

1. Substituted by Act 11 of 2005 w.e.f.1-4-2005

(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.

¹[**Explanation.-** For the purpose of this sub-section, non-payment during any period during which recovery of any amount due under this Section is stayed by an order of any authority or Court in any appeal or other proceedings disputing such amount, shall be deemed to be a 'default', unless the appeal or other proceeding is allowed by such Authority.]¹

1. Inserted by Act 11 of 2005 w.e.f.1-4-1994

(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 or 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.]¹

¹[**3C.** x x x]¹

1. Inserted by Act 18 of 1989 and omitted by Act 5 of 1993 w.e.f.9.11.1992

¹[**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 ²[is registered or is liable for registration under section 10 of the Karnataka Sales Tax Act, 1957

(Karnataka Act 25 of 1957) ³[or section 22 of the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)]³² or

1. Section 4 Substituted by Act 15 of 1992 w.e.f.1.5.1992
2. Substituted by Act 5 of 1993 w.e.f. 11.9.1992
3. Inserted by Act 11 of 2005 w.e.f.1-4-2005

- (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 ¹[two lakhs]¹ 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.

1. Substituted by Act 6 of 1995 w.e.f. 1.4.1995

¹[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.]¹

1. Inserted by Act 6 of 1995 w.e.f.1-4-1995

(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 or 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) ¹[or the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)]¹, shall be required to pay registration or renewal fee under this Act.

1. Inserted by Act 11 of 2005 w.e.f.1-4-2005

(4) Nothing contained in this section shall apply to any State Government or the Central Government.]¹

¹[CHAPTER IIA**1. Chapter IIA Sections 4A to 4E inserted by Act 45 of 1994 w.e.f.1-4-1995**

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 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 incidently 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.

¹[4B. Levy of Tax.- (1) Notwithstanding anything contained in Section 3, there shall be levied and collected a tax on the purchase value of a motor vehicle an entry of which is effected into a local area for use or sale therein and which is liable for registration or assignment of a new registration mark in the State under the Motor Vehicles Act, 1988, at such rate as may be fixed retrospectively or prospectively by the State Government by notification but not exceeding the rates specified in respect of motor vehicles

under the Karnataka Sales Tax Act, 1957: ¹[or the Karnataka Value Added Tax Act, 2003]¹

1. Inserted by Act 11 of 2005 w.e.f.1-4-2005

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.

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

4-BB. Reduction of tax liability.- (1) Where a person liable to pay tax under this Act becomes liable to pay tax under the Karnataka Sales Tax Act, 1957 ¹[or the Karnataka Value Added Tax Act, 2003]¹ on the sale or purchase of such motor vehicles, then his liability under the Karnataka Sales Tax Act, 1957 ¹[or the Karnataka Value Added Tax Act, 2003]¹ shall be reduced to the extent of the tax paid under this Act on such motor vehicle.

1. Inserted by Act 11 of 2005 w.e.f.1-4-2005

(2) Where the liability to pay tax under this Act is in respect of motor vehicle subjected to tax under the Karnataka Sales Tax Act, 1957, then, the tax payable under this Act shall be reduced by an amount of tax already paid under the Karnataka Sales Tax Act, 1957 on such motor vehicle subject to production of proof.

(3) The amount of tax leviable under this Act shall, subject to such conditions as may be prescribed, be reduced to the extent of the amount of tax paid, if any, under the law relating to General Sales Tax or Central Sales Tax as may be in force in any other State or Union Territory by an importer who not being a dealer in motor vehicles had purchased the motor vehicle for his own use ²[x x x]²¹

1. Section 4B and 4BB deemed to have been inserted by Act 11 of 2005 w.e.f.1-4-1995

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2005

4C. Levy and collection of tax and penalties.- The provisions of this Act in so far they relate to tax authorities registration, filing of returns, assessments, re-assessments, levy of penalties, collection and recovery of tax and penalties, appeals, revision, 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.

¹[Provided further that in the case of a dealer in motor vehicles, he shall pay tax under this Act at the time when the tax under the Karnataka Sales Tax Act, 1957 is payable on the sale of such motor vehicle]¹

1. Inserted by Act 3 of 2003 w.e.f. 1.4.1995

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 ¹[Joint Commissioner]¹ may exempt such person from payment of entry tax on entry of such vehicle subject to production of proof in this regard by him.

1. Substituted by Act 3 of 1998 w.e.f. 1-4-1998

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.]¹

CHAPTER III

return, assesment, payment, recovery and collection of taxes

5. Returns and assesment.- (1) Notwithstanding anything contained in section 7, every registered dealer ¹[and every dealer who is liable to get himself registered under this Act]¹ shall every year submit a return to the assessing authority within such period and in such manner containing such particulars as may be prescribed.

1. Inserted by Act 13 of 1982 w.e.f. 1-4-1982

(2) Before any ¹[x x x]¹ 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.

1. Omitted by Act 13 of 1982 w.e.f.1-4-1982

(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 ¹[x x x]¹ dealer to the best of his judgement recording the reasons for such assessment:

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

1.Omitted by Act 13 of 1982 w.e.f.1-4-1982

(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 half times the amount of tax due that was not disclosed by the ³[x x x]³ 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.

1.Omitted by Act 13 of 1982 w.e.f.1-4-1982

¹[(6) No assessment under this section for any year shall be made after a period of ²[three years]² from the date on which return under section 5 for that year is submitted by a dealer:

1.Sub-Sections (6) to (8) inserted by Act 28 of 1985 w.e.f. 10.9.1985

2. Substituted by Act 4 of 1999 w.e.f. 1.4.1997

¹²[Provided that the assessment proceeding relating to any year pending before the commencement of the Karnataka Taxation Laws (Amendment) Act, 1997 in respect of which a return under sub-section (1) has been submitted before such commencement, shall be completed within a period of ³[three years]³ from such commencement:]²

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, 14, or 15 or any judgement or order made by any court;]¹

1. Substituted by Act 8 of 1989 w.e.f. 10.9.1985

2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

3. Substituted by Act 4 of 1999 as amended by item 21 of Second Schedule to Act 22 of 2000 w.e.f. 1.4.1997

(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 ¹[Joint Commissioner]¹ for reasons to be recorded in writing shall be excluded:

1. Substituted by Act 15 of 1996 w.e.f. 5.9.1996

¹[Proviso x x x]¹

1.Omitted by Act 8 of 1989 w.e.f.10-9-1985

¹[(8) Where an assessment under this section is not concluded within the time specified under sub-section (6), the ²[turnover or value of taxable goods, as the case may be]² 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 ²[such escaped turnover or purchase value of taxable goods as the case may be]², payment and recovery, appeal and revision shall mutatis mutandis apply to such deemed assessment.]¹

1.Substituted by Act 8 of 1989 w.e.f.9-9-1985

2. Substituted by Act 18 of 1994 w.e.f. 1.4.1994

¹[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 being satisfied that the reason for its demand no longer exists or until the registration certificate is cancelled, whichever is earlier.]¹

1. Inserted by Act 13 of 1982 w.e.f. 1.4.1982

¹[5-B. 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 section - 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 section 12-C 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 sections 6, 15 and 17]¹

²[(5) Notwithstanding anything contained in this Section or Section 5, the Government may notify, subject to such conditions as may be specified, that assessment of any specified class of dealers for any year shall be deemed to have been made on the basis of the return submitted in accordance with sub-section (1) of Section 5 without requiring the presence of the dealer or production of books of account by the dealer.]²

1. Substituted by Act 5 of 2001 w.e.f. 1.4.2001

2. Inserted by Act 26 of 2004 w.e.f. 1.8.2004

¹[5C. Cancellation of assesment 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 of 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 the sections 14, 15-A, 16 and 17, be final.]¹

1. Omitted by Act 14 of 1994 and inserted by Act 7 of 1997 w.e.f. 1.4.1997

6. Payment of tax for entry of goods escaping assessment.- ¹[(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 judgement 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.]¹

1. Substituted by Act 18 of 1994 w.e.f. 1.4.1994

(2) In making as 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 ¹[x x x]¹ dealer direct him to pay in addition to the tax assessed under sub-section (1) a penalty not exceeding one and half times the tax so assessed:

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

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 proceedings is pending, shall be excluded:

¹[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 sections 13, 14, 15, 15-A or 16 or any judgement or order made by the Supreme Court, the High Court, or any other court.]¹

1. Inserted by Act 18 of 1994 w.e.f.1.4.1994

7. Payment of tax in advance.- (1) Subject to such rules as may be prescribed every registered dealer ¹[and every dealer liable to get himself registered under this Act]¹ 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 or tax payable by him on the basis of the ²[goods]² brought by him during the preceding month into the local area ³[within twenty days after the close of the preceding month to which such tax relates]³ and the amount so payable shall for the purpose of sub-section (4) of section 8 be deemed to be an amount due under this Act from such dealer:

1. Inserted by Act 13 of 1982 w.e.f. 1.4.1982

2. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

3. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

¹[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) ²[or the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)]² is not more than seven lakh fifty thousand rupees, shall submit statements for each month in accordance with this sub-section once in a quarter and pay in

advance the full amount of tax payable for every quarter within twenty days after the close of that quarter to which such tax relates.]¹

1. Inserted by Act 5 of 2000 w.e.f. 1.4.2000

2. Inserted by Act 11 of 2005 w.e.f. 1.4.2005

¹[(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.]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000

¹[(3)]¹ If at the end of the year it is found that the amount of tax paid in advance by any ²[x x x]² 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 percent the assessing authority may direct such dealer to pay in addition to the tax, by way of penalty, a sum ³[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.]³

1. Re-numbered by Act 7 of 1997 w.e.f. 1.4.1997

2. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

3. Substituted by Act 5 of 2000 w.e.f. 1.4.2000

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

¹[(4)]² 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 judgement, 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.]¹

1. Inserted by Act 13 of 1982 w.e.f. 1.4.1982

2. Re-numbered by Act 7 of 1997 w.e.f. 1.4.1997

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

1. Inserted by Act 28 of 1985 w.e.f. 10.9.1985

(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;

¹[(ii) the person or persons liable to pay the tax or any other amount due under this Act shall pay ²[interest]² equal to ³[one and a quarter percent]³ 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).]¹

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000

2. Substituted by Act 5 of 2001 w.e.f. 1.4.2001

3. Substituted by Act 11 of 2005 w.e.f. 1.4.2005

²[**Explanation I**]².- For the purposes of clause (ii) the ¹[interest]¹ payable for a part of a month shall be proportionately determined.

1. Substituted by Act 5 of 2001 w.e.f. 1.4.2001

2. Renumbered by Act 11 of 2005 w.e.f. 1.4.2005

¹[**Explanation II**]- For the purpose of this sub-section, non-payment during any period during which recovery of any amount due under the Act is stayed by an order of any authority or Court in any appeal or other proceedings disputing such amount, shall be deemed to be a 'default, unless such appeal or other proceeding is allowed by such Authority]¹

1. Inserted by Act 11 of 2005 w.e.f. 1.10.1980

(3) Notwithstanding anything contained in sub-section (2), ¹[where the amount of ²[interest]² does not exceed rupees five lakh, the Commissioner and in any other case, the State Government]¹ may subject to such conditions as may be prescribed remit the whole or any part of the ²[interest]² payable in respect of any period by any person or class of persons.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

2. Substituted by Act 5 of 2001 w.e.f. 1.4.2001

(4) Any tax assessed, or any other amount due under this Act from a ¹[x x]¹ dealer may without prejudice to any other mode of collection be recovered,-

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

(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 ¹[x x x]¹ 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.

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

¹[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 ²[six per cent]² 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.]¹

1. Inserted by Act 18 of 1994 w.e.f. 1.4.1994

2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997 and Again Substituted by Act 26 of 2004 w.e.f. 1.8.2004

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 ¹[x x x]¹ 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]' dealer or any person who holds or may subsequently hold money for or on account of the '[x x x]' 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 '[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.

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

(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]' 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.

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

(4) Any person discharging any liability to the '[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]' dealer for the amount due under this Act, whichever is less.

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

(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]' dealer or that he does not hold any money for or an account of the '[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.

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

(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 '[x x x]'¹ dealer or money held for or an account of a '[x x x]'¹ dealer shall be computed after taking into account such claims, if any, as may have fallen due for payment by such '[x x x]'¹ dealer to such person and as may be lawfully subsisting.

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

[9A. x x x]¹

1. Omitted by Act 5 of 2000 w.e.f. 1.4.2000

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, through 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, administrator or other legal representative shall be liable only to the extent of the assets of the deceased in his hands.]¹

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

11. Tax payable on transfer of business, etc.- (1) When the ownership of the business of a '[x x x]'¹ 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]'¹ dealer liable to pay the tax or penalty or other amount under this Act.

1. Omitted by Act 13 of 1982 w.e.f. 1.4.1982

(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]'¹ dealer dies, his executor, administrator or other legal representative shall be deemed to be the '[x x x]'¹ 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]'¹ 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.

1.Omitted by Act 13 of 1982 w.e.f. 1.4.1982

¹[11A. Power of State Government to exempt or reduce tax.- ²[(1)]²

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 ³[either prospectively or retrospectively]³ 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.]¹

1.Substituted by Act 15 of 1992 w.e.f. 1.5.1992

2.Re-numbered by Act 18 of 1994 w.e.f. 1.4.94

3.Inserted by Act 4 of 1999 w.e.f. 1.4.1999

¹[(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 the sub-section the dealer shall be given a reasonable opportunity of being heard.]¹

1. Inserted by Act 18 of 1994 w.e.f. 1.4.1994

CHAPTER IV TAX AUTHORITIES

¹[12. **The Authorities.**- ²[(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

1. Substituted by Act 15 of 1992 w.e.f. 1.5.1992
2. Substituted by Act 14 of 1994 w.e.f. 1.4.1994

¹[(2) Notwithstanding anything contained in sub-section (1), the State Government or the Commissioner may, by notification, authorise officers to exercise powers and discharge duties and perform functions under this Act in respect of such area and such dealer or classes of dealers, or such cases or classes of cases as may be specified in the notification.]¹

1. Omitted by Act 14 of 1994 w.e.f. 1.4.1994 and again inserted by Act 11 of 2005 w.e.f. 1.4.2005

¹[(3) x x x]¹

1. Omitted by Act 14 of 1994 w.e.f. 1.4.1994

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

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 be pending 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:']

1[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.]'

1. Inserted by Act 18 of 1994 w.e.f. 1.4.1994

1[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 purposes of this Act.

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

- (i) to prepare and sign application, appeals and other documents ;
- (ii) to appear, represent, act and plead ;
- (iii) to receive notices and other processes ; and
- (iv) to do all other acts connected with such proceedings,

on behalf of the State Government or any officer appointed under this Act.]¹

1. Inserted by Act 15 of 1992 w.e.f. 1.5.1992

¹[**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.]¹

1. Inserted by Act 14 of 1994 w.e.f. 1.4.1994

¹[**12-C. Provision for clarification and advance rulings.-** The 'Authority for Clarification and Advance Rulings', (hereinafter referred to in this section as Authority) constituted under section 4 of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) (hereinafter referred to as the 'said Act') shall be authorized to clarify the rate of tax applicable under this Act in respect of any goods liable to tax under the Act or the exigibility of any transaction to tax under the Act on an application by a dealer registered under the Act.

(2) All the provisions of the said Act including ²[provisions relating to appeal and]² the rules made thereunder relating to the manner of making an application for issue of clarification, payment of fee, disposal and implementation of the order passed by the Authority shall *mutatis mutandis* apply to this section]¹

1. Inserted by Act 7 of 2003 w.e.f. 1.4.2003

2. Inserted by Act 26 of 2004 w.e.f. 1.8.2004

CHAPTER V

APPEAL AND REVISION

13. Appeals.- ¹[(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]¹

1. Substituted by Act 5 of 2001 w.e.f. 1.4.2001

(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 ¹[but within a further period of one hundred and eighty days]¹ if it is satisfied that the appellant has sufficient cause for not preferring the appeal within that period.

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

(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 sub-section (1), the tax or other amount shall be paid in accordance with the order against which the appeal has been preferred:

¹[Provided that the appellate authority may, in its discretion, stay payment of one half of tax, if the appellant makes payment of the other half of the tax along with the prescribed form of appeal.

Provided further that where any application made by an applicant for staying proceedings of recovery of any tax or other amount has not been disposed of by the Appellate Authority within a period of thirty days from the date of such application, it shall be deemed that the Appellate Authority has made an order staying proceedings for recovery of such tax or other amount subject to payment of one half of the tax disputed and furnishing of sufficient security to the satisfaction of the assessing authority in regard to the other half of such tax or amount within a further period of fifteen days.

Provided also that where an order staying proceedings of recovery of any tax or other amount is made in any proceedings relating to an appeal under sub-section (1), the Appellate Authority shall dispose of the appeal within a period of ninety days from the date of such order.

Provided also that if such appeal is not so disposed of within the period specified in the third proviso, the order of stay shall stand vacated after the expiry of the said period and the Appellate Authority shall not make any further order staying proceedings of recovery of the said tax or other amount.]¹

1. substituted by Act 26 of 2004 w.e.f. 1.8.2004

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

¹[(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 appeals shall be disposed off by him in accordance with this section.]¹

1. Inserted by Act 5 of 2000 w.e.f. 1.4.2000

(5) In disposing of any 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 annual the assessment or penalty or both;

(ii) ¹[xxx]¹

1. Omitted by Act 26 of 2004 w.e.f. 1.8.2004

(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.

¹[Provided that the Appellate Authority shall not set aside any order of assessment or any other order and direct the assessing authority or other authority to make a fresh assessment or to make a fresh order:

Provided further that the Appellate Authority shall pass an order disposing of an appeal, within a period of thirty days from the date on which the hearing of the case was concluded and where it is not practicable so to do on the ground of the exceptional and extraordinary circumstances of the case, the Appellate Authority shall fix a future date for passing the order, and such day shall not be a day beyond sixty days from the date on which the hearing of the case was concluded, and due notice of the day so fixed shall be given to the appellant.]¹

1. Inserted by Act 26 of 2004 w.e.f. 1.8.2004

(6) Every order passed on appeal under this section shall, subject to the provisions of sections 14 to 17, be final.

14. Appeal to the Appellate Tribunal.- (1) Any officer ¹[empowered by the State Government or the Commissioner]¹ in this behalf or any other person objecting to an order passed by the appellate authority ²[under section 13 or an order passed by a revisional authority under ³[sub-section (3)]³ of section 15]² may appeal to the Appellate Tribunal within a period of sixty days from the date on which the order was communicated to him.

1. Substituted by Act 5 of 2006 w.e.f. 1.4.2006.

2. Inserted by Act 18 of 1994 w.e.f. 1.4.1994

3. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

(2) The Appellate Tribunal may admit an appeal preferred after the period of sixty days referred to in sub-section (1) ¹[but within a further period of one hundred and eighty days]¹ if it is satisfied that the appellant had sufficient cause for not preferring the appeal within that period.

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

¹[(2A) 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 ²[Deputy Commissioner]² or the ²[Joint Commissioner]² 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 ³[at any time before the appeal is finally heard]³ a memorandum of cross objections, verified in the prescribed manner against any part of the order of the ²[Deputy Commissioner]² or the ²[Joint Commissioner]² 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).]¹

1. Inserted by Act 18 of 1989 w.e.f. 1.4.1989

2. substituted by Act 5 of 1993 w.e.f. 9.11.1992

3. Substituted by Act 14 of 1991 w.e.f. 1.4.1991

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 ²[proof of payment of one half of tax or other amount disputed and also]² 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.

1. Sub-sections (3) to (11) substituted by Act 18 of 1994 w.e.f. 1.4.1994

2. Inserted by Act 26 of 2004 w.e.f. 1.8.2004

¹[(4) Notwithstanding that an appeal has been preferred under sub-section (1), and notwithstanding anything contained in any other law for the time being in force, tax or any other amount shall be paid in accordance with the assessment or other order made in the case:

Provided that the Appellate Tribunal may, in its discretion, stay payment of one half of tax or other amount disputed, if the appellant makes payment of the other half of the tax or other amount disputed along with the prescribed form of appeal:

Provided further that the Appellate Tribunal shall dispose of such appeal within a period of one hundred eighty days from the date of the order staying proceedings of recovery of one half of tax or other amount and, if such appeal is not so disposed of within the period specified, the order of stay shall stand vacated after the said period and the Appellate Tribunal shall not make any further order staying proceedings of recovery of the said tax or other amount.]¹

1. Substituted by Act 7 of 2003 w.e.f. 1.4.2003 and again substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(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) ¹[xxxxx]¹

1. Omitted by Act 26 of 2004 w.e.f. 1.8.2004

(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 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 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 15-A be final.¹

¹[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 under this Act and if he considers that any order passed therein by any officer subordinate to him is erroneous in so far as it is prejudicial to the interests of the 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 orders 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.

1. Sub-sections (1) to (4) substituted by Act 18 of 1994 w.e.f. 1.4.1994

(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 ¹[a Joint Commissioner, or an appellate authority of the rank of a Deputy Commissioner]¹ 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 orders thereon as the circumstances of the case justify including an order enhancing or modifying the assessment or canceling the assessment or directing a fresh assessment.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

(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 canceling 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;]¹

1[15A. Revision by High Court.- (1) Within ²[one hundred and twenty days]² 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 ²[one hundred and twenty days]² aforesaid if it is satisfied that the petitioner has sufficient cause for not preferring the petition within that period.

1. Sub-sections (1) to (8) inserted by Act 18 of 1994 w.e.f. 1.4.1994

2. Substituted by Act 11 of 2005 w.e.f. 1.4.2005

(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 had 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]¹

1[15B. Limitation in regard to passing orders in respect of certain proceedings.- (1) Notwithstanding anything contained in sections 6 and 15, where any proceedings 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 ²[three years]² 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 ³[four years]³ 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.]¹

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

2. substituted by Act 4 of 1999 w.e.f. 1.4.1997

3. Substituted by Act 5 of 2000 w.e.f. 1.4.1997

16. Appeal to High Court.- (1) Any assessee objecting to an order passed under '[sub-sections (1) and (2) of section 15]¹' may appeal to the High Court within sixty days from the date on which the order was communicated to him:

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

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.]¹

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

(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 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 VI

MISCELLANEOUS

¹[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.

1. Section 17A Sub-section with (1) to (3) inserted by Act 13 of 1982 w.e.f. 1.4.1982

(2) Every registered dealer and every dealer liable to get himself registered for the purposes of this Act shall issue, in respect of all ¹[goods]¹ 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 good sold, and shall keep the counter foil 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 ²[fifty thousand rupees.]²

1. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

(3) Every sale bill or cash memorandum to be issued as per sub-section (2) shall be serially machine numbered;]¹

¹[18. Powers to order production of account and powers of entry, inspection and seizure.- (1) Any Officer empowered by the State Government ²[or the Commissioner]² in this behalf, may for the purpose of this Act, require any dealer carrying on business in any ³[goods]³ to produce before him the accounts and other documents, and to furnish any information relating to the stocks of the ³[goods]³ of or purchases, sales and deliveries of the ³[goods]³ by the dealer and also any other information relating to his business.

1. Section 18 Sub-section with (1) to (4) substituted by Act 9 of 1990 w.e.f. 1.4.1990

2. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

3. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

(2) (i) All accounts and registers maintained by dealers in the ordinary course of their business and documents relating to the stock of the ¹[goods]¹, or purchases, sales and deliveries of ¹[goods]¹ by any dealer ²[computer hardware and software used for data inputting, processing and storage of all such information]², the ¹[goods]¹ in their possession and their offices, shops, godowns, vessel, 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.

1. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

2. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

(ii) For the purposes 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 ¹[and computer hardware and software]¹, 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 ¹[and computer hardware and software]¹ 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 ¹[and computer hardware and software]¹ 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 authority

is obtained and such approval in any case shall not be for more than sixty days at time.

1. Inserted by Act 7 of 1997 w.e.f 1.4.1997

(4) It shall be open to the State Government to authorise different classes of officer for the purpose of taking action under clause (i) of sub-section (2).¹

¹[18A. Recognition of sales tax check posts or barriers for the purposes of the Act.- (1) With a view to prevent or check evasion of tax under this Act, check posts or barriers or both, as the case may be established or erected under the provisions of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) (hereinafter referred to as the "Sales Tax Act") ²[or the Karnataka Value Added Tax Act, 2004 (Karnataka Act 32 of 2003) (hereinafter referred to as the "Value Added Tax Act")]² shall be recognised for the purposes of this Act.

1. Section 18A inserted by Act 38 of 1984 w.e.f. 1.4.1983

2. Inserted by Act 11 of 2005 w.e.f 1.4.2005

(2) The owner or person in charge of a goods vehicle carrying any of the ¹[goods]¹ shall carry with him the documents prescribed for the purpose of sub-section (2) of section 28A of the Sales Tax Act ²[or sub-section (2) of section 53 of the Value Added Tax Act]² and produce and give a copy of the same in the manner and to the officer prescribed in the said section.

1. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

2. Inserted by Act 11 of 2005 w.e.f 1.4.2005

¹[(2A) Where the owner or persons incharge of the goods vehicle carrying any goods is not required to carry the documents prescribed for the purpose of sub-section (2) of section 28A of the Karnataka Sales Tax Act, 1957, ²[or sub-section (2) of section 53 of the Value Added Tax Act]² he shall give a declaration in the prescribed form to the officer prescribed in the said section.]¹

1. Inserted by Act 15 of 1992 w.e.f. 1.5.1992

2. Inserted by Act 11 of 2005 w.e.f 1.4.2005

(3) The officer referred to in sub-section (4) of section 28A of the Sales Tax Act ²[or sub-section (12) of section 53 of the Value Added Tax Act]² may, in cases of the type and in the circumstances mentioned in the said sub-section levy ¹[a penalty, which,-

(a) shall not be less than the amount of tax leviable but shall not exceed one and half of the amount of tax leviable in respect of the goods under transport in contravention of clause (e) of sub-section (2) of Section 28-A of the Sales Tax Act, ¹[or clause (d) of sub-section (2) of section 53 of the Value Added Tax Act]¹ if a dealer registered under this Act accepts that he is the consignor or consignee of the goods,

(b) in cases other than those falling under clause (a), shall not be less than double the amount of tax leviable but shall not exceed two and half times the amount of tax leviable in respect of the goods under transport]¹

1. Substituted by Act 5 of 2002 w.e.f. 1.4.2002

2. Inserted by Act 11 of 2005 w.e.f 1.4.2005

¹[(3A) 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 the goods and give his name and address and the name and address of the carrier or the bailee and the consignee.

1. Sub-sections (3A) to (3F) inserted by Act 4 of 1999 w.e.f. 1.4.1999

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

(3C) 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.

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

(3E) 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.

(3F) Where the officer-in-charge of the checkpost 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.]¹

(4) The provisions of section 28A of the Sales Tax Act ¹[or section 53 of the Value Added Tax Act]¹ relating to the recovery or penalty and appeals shall *mutatis mutandis* apply to the penalty leviable under sub-section (3) of this section.]¹

1. Inserted by Act 11 of 2005 w.e.f. 1.4.2005

¹[18B. Transit of goods by road through the State and issue of Transit pass.- ²[(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 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 28A, upon interception of the goods vehicle after its entry into the State or after movement has commenced as the case may be;]²

1. Section 18B inserted by Act 15 of 1992 w.e.f. 1.5.1992

2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000

(2) The driver or the person incharge of the vehicle shall deliver within the stipulated time a copy of transit pass obtained under sub-section (1) to the officer-incharge at last checkpost or barrier before his exit from the State;

(3) If for any reason, the goods carried in a goods vehicle are, after entry into the State ¹[or after commencement of movement, as the case may be]¹ 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 :

1. Inserted by Act 5 of 2000 w.e.f. 1.4.2000

Provided that where the goods carried by a vehicle are, after their entry into the State, ¹[or after commencement of movement, as the case may be]¹ 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.

1. Inserted by Act 5 of 2000 w.e.f. 1.4.2000

(4) If the driver or any other person incharge 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.]¹

19. Forwarding agency, etc., to submit returns.- Every clearing of 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 ¹[goods]¹ 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.

1.Substituted by Act 15 of 1992 w.e.f. 1.5.1992

20. Submission of certain records, by owners, etc., of vehicles and boats.- The owner or other person in charge of a ¹[goods]¹ 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 ¹[goods]¹ are delivered, such particulars thereof and within such time and manner as may be prescribed.

1.Substituted by Act 15 of 1992 w.e.f. 1.5.1992

21. Offences and penalties.- (1) Any person who-

- ¹[(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 9-A.
- (g) fails to issue a sale bill or cash memorandum in accordance with the provisions of sub-sections (2) and (3) of section 17-A; or
- (h) fails to keep true and complete accounts.]¹

shall , on conviction by a Magistrate, ²[be liable to a fine which shall not be less than ³[five hundred rupees]³ but which may extend to two thousand rupees.]²

1.Substituted by Act 3 of 1998 w.e.f. 1.4.1998

2. Substituted by Act 13 of 1982 w.e.f. 1.4.1982

3. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

(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 ¹[which may extend to twelve months or with fine which shall not be less than ²[five thousand rupees]¹ or with both and

when the offence is a continuing one, with a daily fine not exceeding two hundred rupees]² during the period of the continuance of the offence.

1. Substituted by Act 13 of 1982 w.e.f. 1.4.1982

2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

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 ¹[Joint Commissioner.]¹

1. Substituted by Act 26 of 2004 w.e.f. 1.8.2004

(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 ¹[five thousand rupees]¹ or double the amount of the tax or amount recoverable, whichever is greater, and

(b) in other cases, a sum of money not exceeding ¹[two thousand rupees but not less than five hundred rupees]¹.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

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 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.

27. Courts not to set aside or modify assessment except as provided in this Act.- No suit or other proceedings shall except as expressly provided in this Act, be instituted in any court to set aside or modify any assessment made under this Act.

¹[28. x x x]¹

1. Omitted by Act 1 of 1996 w.e.f. 1.4.1995

¹[²28A. 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 the such dealer.

1. Section 28A and 28B inserted by Act 13 of 1982 w.e.f. 1.4.1982

2. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

¹[(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.]¹

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

¹[(3)]¹ 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 he or any other dealer is not liable to be taxed under this Act, the assessing authority shall on detecting such furnishing or issue or production direct the dealer furnishing, issuing or producing such a bill of sale, voucher, the declaration, the certificate or other documents to pay as penalty,-

1. Re-numbered by Act 7 of 1997 w.e.f. 1.4.1997

(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.]²

28B. Refund of tax in certain cases.- The tax paid by a registered dealer in respect of any ¹[goods]¹ shall be refunded to him, where such goods are sold by him in the course of export out of the territory of India.

1. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

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 ¹[goods]¹ were sold in the course of export out of the territory of India shall be on the registered dealer.]¹

1. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

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 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 ;

¹[(b1) the procedure for assesment of Central and State Government Departments, statutory bodies and local authorities;]¹

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

(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 ¹[goods]¹ which have escaped assessment.

1. Sub-stituted Act 15 of 1992 w.e.f. 1.5.1992

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

(f) refund of tax collected if the ¹[goods]¹ has not been consumed, sold or used within the local area ;

1. Substituted by Act 15 of 1992 w.e.f. 1.5.1992

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

¹[(g1) specifying the class of dealers who need not furnish statement under section 7;]¹

1. Inserted by Act 28 of 1985 w.e.f. 10.9.1985

(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 provisions 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 ¹[five thousand]¹ rupees and, where the breach is a continuing one, with further fine which may extend to ¹[one hundred rupees]¹ for every day after the first day during which the breach continues.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

(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

¹[(5) x x x]¹

1. Omitted by Act 15 of 1992 w.e.f. 1.5.1992

¹[30A. Assessment of tax in certain cases.- ²[(1)]² 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 thirty-first day of March, 1987. He shall be assessed to the period ending thirty-first March, 1987 in accordance with the procedure laid down in section 5 of this Act.]¹

1. Inserted by Act 11 of 1987 w.e.f. 1.4.1987

2. Re-numbered by Act 14 of 1994 w.e.f. 1.4.1994

¹[(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.]¹

1. Inserted by Act 14 of 1994 w.e.f. 1.4.1994

¹[31. Laying of Rules and Notifications before the State Legislature.- Every rule made under this Act and every Notification issued under the provision 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 in two 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.]¹

1. Inserted by Act 15 of 1992 w.e.f. 1.5.1992

¹[32]¹. 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.

1. Re-numbered by Act 15 of 1992 w.e.f. 1.5.1992

¹[FIRST SCHEDULE

(See Section 3 (1))

1. First Schedule with Serial Number 1 to 103 inserted by Act 3 of 1995 w.e.f. 1.5.1992

1. Air-conditioning plants, air coolers and airconditioners 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 specified elsewhere.
7. Butter, ghee and chees.

8. Cassette tape recorders and players (audio and video) including audio and video 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, holder and lighters, and tobacco pipes.
14. Cinematographic, photographic and other cameras, projectors, enlargers, lenses and parts and accessories thereof.
15. Clocks, time pieces 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. Coppersulphate.
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. Diesel engines and parts thereof.
24. Dry fruits including almonds, walnuts and pista
25. Druggets and durries.
26. Dyes.
27. Edible oils including hydrogenated oil and cooking medium.
28. Electrical and electronic goods, appliances, instruments and apparatus and parts and accessories thereof but excluding those specified elsewhere.
29. Fiberglass sheets and article made of fiberglass.
30. Films (all kinds) including X-ray films.
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 stuffs, fruits (other than dry fruits including almonds, walnuts and pista) and dried vegetables products (whether cooked or not), fruits and vegetables 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 ; sambar 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 drinks concentrates.
35. Food preservatives, food colours and food flavours.
36. Footwear and polishes.
37. Furniture of all kinds, including treasure chest, 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. Gramaphones 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 and rivets, screws of base metal or alloy thereof including bolt ends, screw studdings, self tapped screw, screw hooks, screw rings, wire nails, measuring tapes and scales.
 - (iii) Metallic barbed wire, metallic 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 electrically 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 container.
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)
60. x x x'
1. Omitted by Act 6 of 1995 w.e.f. 1.4.1995
61. Oil cake.
62. Opium, Ganja and Bhang.
63. Optical goods (all kinds) including spectacles, sunglasses, goggles, lenses and frames including attachment 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, water proof paper, PVC coated paper, ferro paper, ammonia paper, stencil paper, but excluding photographic paper; pulp boards, art boards, duplex boards, triplex boards, cardboards, 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, bardan (including batars), hessian cloth, and the like;
 - (vi) glass bottles, jars and carboys and the like ;
 - (vii) laminated packing materials such as bitumanised paper and hessian based paper and the like ;
67. Petroleum products, that is to say, petrol, diesel, crude oil, lubricating oil, transformer oil, brake or clutch 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, polysterene and like materials
71. Playing cards of every description.

72. 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..
73. Pressure cookers and parts and accessories thereof
74. Raw-wool, woolen yarn and woolen 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, that is to say :-
 - (i) Rubber plates, sheets and strips unhardened whether vulcanised or not and whether combined with any textile material or otherwise.
 - (ii) Piping and tubing of unhardened vulcanised rubber.
 - (iii) Transmission, conveyor or elevator belts or belting of vulcanised rubber whether combined with any textile material or otherwise.
 - (iv) Synthetic rubber including butadiene rubber and butyls rubber, synthetic rubber latex including prevulcanised synthetic rubber latex.
 - (v) Rubber articles, that is, articles made wholly of rubber (other than those specified elsewhere).
- ¹[80. Raw materials component parts and inputs which are used in the manufacture of an intermediate or finished product]
1. Substituted by Act 5 of 2001 w.e.f. 1.4.2001
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, iron and steel.
83. Slotted angles and ready to assemble parts of steel racks.

84. Soaps, Soap flakes, soap powders, detergent powders and liquids and laundry brighteners.
85. Sound transmitting equipments including loudspeakers and Parts thereof 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 envelops, dairies, calenders, race cards, catalogues, greetings cards, invitation cards, humour post cards, picture post cards, cards for special occasion and stamps 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, woolen 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 P.V.C. 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 beedies, cigarettes, cigars, churuts, snuff, zarda-quimam etc.
97. Toilet articles (whether medicated or not) except toilet soaps but including razors and razor blades and cartidges.
98. Typewriters and parts and accessories thereof and typewriter ribbon.
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.]¹

1²[SECOND SCHEDULE]²

(See section 3 (6))

1. Serial Number 1 to 35 substituted by Act 15 of 1992 w.e.f. 1.5.1992

2. Substituted by Act 3 of 1995 w.e.f. 1.5.1992

Sl. No.	Description of goods
1.	Agricultural implements.
2.	Agricultural produce including Tea, Coffee and cotton (whether ginned or unginned) ¹ [x x x] ¹
	1. Omitted by Act 3 of 1995 w.e.f. 1.5.1992
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.
20.	Firewood and charcoal.
21.	Gober gas and Bio-gas plants, their parts and accessories.
22.	Human blood.
23.	Horns and bones.
24.	Iron and steel as defined under section 14 of the Central Sales Tax Act, 1956.
25.	Kum kum.
26.	Mangalasutra.
27.	Fresh milk.

28. News paper.
29. National flag.
- ¹[29A. All non-ferrous metal including ores and concentrates.]¹
1. Inserted by Act 6 of 1995 w.e.f. 1.4.1995
30. Plants.
31. Slate and slate pencils.
32. Stamp paper.
33. Salt.
- ¹[33A. Textiles namely cotton, wollen, silk or artificial silk including rayon or naylor and other man-made or synthetic fabrics manufactured in handlooms.]¹
1. Inserted by Act 3 of 1995 w.e.f. 1.5.1992
34. Vegetables and fruits except when sold in sealed containers.
35. Water other than mineral or aerated water.]¹

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NOTIFICATION

I

Bangalore, dated 31st March, 1995. [No. FD. 43 CET, 95 (1)]

In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Tax on Entry of Goods (Amendment) Act, 1994 (Karnataka Act 45 of 1994) the Government of Karnataka, hereby appoints the First day of April, 1995, as the date on which all provisions of the Act shall come into force.

By order and in the name of the Governor of Karnataka,

(M. KARIYAPPA),

Under Secretary to Government,
Finance Department (Taxes).

(Published in the Karnataka Gazette (Extraordinary) Part IV-2C(ii) as No. 433, dated 31-3-1995.)

II

Bangalore, dated 31st August, 1999. [No. FD. 211 CSL, 99]

In exercise of the powers conferred by sub-section (2) of section 1 of the Karnataka Taxation Laws (Third Amendment) Act, 1999 (Karnataka Act 18 of 1999) the Government of Karnataka, hereby appoints the First day of

September, 1999, as the date on which all the provisions of the said Act shall come into force.

By order and in the name of the Governor of Karnataka,

(K.M. ANAND),

Under Secretary to Government,

Finance Department (C.T.1).

(Published in the Karnataka Gazette (Extraordinary) Part IV-2C(ii) as No. 1091, dated 31-8-2000.)

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