

**KARNATAKA ACT NO. 2 OF 2004**  
**THE KARNATAKA SALES TAX AND CERTAIN OTHER LAWS**  
**(AMENDMENT) ACT, 2004**

**Arrangement of Sections**

**Sections:**

1. Short title and commencement
2. Amendment of Karnataka Act 25 of 1957
3. Amendment of Karnataka Act 34 of 1957
4. Amendment of Karnataka Act 35 of 1957
5. Power to remove difficulty

**STATEMENT OF OBJECTS AND REASONS**

To give effect to the proposals made in the Budget Speech of 2003-04, it is considered necessary to amend the Karnataka Sales Tax Act, 1957, the Karnataka Stamp Act, 1957 and the Karnataka Motor Vehicles Taxation Act, 1957.

Hence the Bill.

[L.A. BILL No. 7 OF 2004]

(Entries 54, 57 and 63 of List II of the Seventh Schedule to the Constitution of India)

**KARNATAKA ACT NO. 2 OF 2004**

(First Published in the Karnataka Gazette Extra-ordinary on the twenty ninth day of January, 2004)

**THE KARNATAKA SALES TAX AND CERTAIN OTHER LAWS  
(AMENDMENT) ACT, 2004**

(Received the assent of the Governor on the twenty ninth day of January, 2004)

An Act further to amend the Karnataka Sales Tax and Certain Other Laws as in force in the State of Karnataka.

Whereas it is expedient to amend the Karnataka Sales Tax and Certain Other Laws for the purpose hereinafter appearing;

Be it enacted by the Karnataka State Legislature in Fifty-fourth year of the Republic of India, as follows:-

**1. Short title and commencement.-** (1) This Act may be called the Karnataka Sales Tax and Certain Other Laws (Amendment) Act, 2004.

(2) It shall come into force with effect from the first day of February, 2004.

**2. Amendment of Karnataka Act 25 of 1957.-** In the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), after section 6C the following sections may be inserted, namely:-

**6-D. Levy of road cess.-** (1) In addition to the tax payable under section 5 or 5-A or 5-B or 5-C or 6, there shall be levied and collected by way of cess for the purpose of establishing a Road Maintenance Fund, a tax on sale or purchase effected by any dealer, at the rate of ten per cent of tax payable under the said sections:

Provided that no tax shall be payable under this section on sale or purchase in respect of which no tax is payable under section 5 or 5-A or 5-B or 5-C or 6.

(2) Nothing contained in this section shall apply to the goods specified in the Fourth Schedule.

(3) The provision of this Act and the rules made thereunder, shall so far as may be apply in relation to the levy, assessment, collection or refund of the cess, as they apply in relation to the levy, assessment, collection or refund of tax under the other provisions of this Act.

**6-E. Levy of infrastructure cess.-** (1) In addition to the tax payable under section 5 or 5-A or 5-B or 5-C or 6, there shall be levied and collected by way of cess for the purpose of various infrastructure projects across the State, equity investment in Bangalore Mass Rapid Transit Limited and establishing a Mukhya Manthri Grameena Rasthe Abhivruddhi Nidhi in the proportion of 57:28:15 respectively, a tax, on sale or purchase effected by any dealer, at the rate of five per cent of tax payable under the said sections:

Provided that no tax shall be payable under this section on sale or purchase in respect of which no tax is payable under section 5 or 5-A or 5-B or 5-C or 6.

(2) Nothing contained in this section shall apply to the goods specified in the Fourth Schedule.

(3) The provision of this Act and the rules made thereunder, shall so far as may be apply in relation to the levy, assessment, collection or refund of the cess, as they apply in relation to the levy, assessment, collection or refund of tax under other provisions of this Act."

**3. Amendment of Karnataka Act 34 of 1957.-** In the Karnataka Stamp Act, 1957 (Karnataka Act 34 of 1957), in section 3-B, for sub-section (1), the following shall be substituted, namely:-

“ (1) Any instrument of conveyance exchange, settlement, gift or lease in perpetuity of immovable property chargeable with duty under section 3 read with articles of the schedule shall be chargeable with additional duty at the rate of ten per cent, on such duty chargeable on such instrument of conveyance, exchange, gift, settlement and lease in perpetuity, for the purpose of various infrastructure projects across the State, equity investment in the Bangalore Mass Rapid Transport Limited and for Mukhya Mantri Grameena Rasthe Aabhivrudhi Nidhi in the proportion of 57:28:15 respectively.”

**4. Amendment of Karnataka Act 35 of 1957.-** In the Karnataka Motor Vehicles Taxation Act, 1957 (Karnataka Act 35 of 1957),-

(1) in section 3-A, for sub-section (1), the following shall be substituted, namely:-

“ (1) There shall be levied and collected by way of cess for the purpose of various infrastructure projects across the State, equity investment in Bangalore Mass Rapid Transit Limited and establishing a Mukhya Manthri Grameena Rasthe Abhivruddhi Nidhi in the proportion of 57:28:15, respectively a tax at the rate of ten percentum of the tax levied under section 3 on Motor Vehicles registered under Motor Vehicles Act, 1988 (Central Act 59 of 1988).”

(2) Section 10-A shall be renumbered as section 10-AA and before the section as so renumbered, the following section shall be inserted, namely:-

**“10-A. Levy of cess in the case of fleet owner.-** (1) There shall be levied and collected by way of cess for the purpose of various infrastructure projects across the State, equity investment in Bangalore Mass Rapid Transit Limited and establishing a Mukhya Manthri Grameena Rasthe Abhivruddhi Nidhi in the proportion of 57:28:15 respectively a tax at the rate of ten percentum of the tax levied under section 10 on public service vehicles owned by a fleet owner.

(2) The cess levied under sub-section (1) shall be in addition to any tax levied under section 10.

(3) The provisions of the Act and the rules made thereunder including those relating to refund or exemption from tax shall, so far as may be, apply in relation to the levy, assessment and collection of the cess payable under sub-section (1), as they apply in relation to the levy, assessment and collection of motor vehicles tax levied under section 10.”

**5. Power to remove difficulty.-** If any difficulty arises in giving effect to the provisions of the principal Act, as amended by this Act, the State Government may, by notification in the Official Gazette, make such provisions as may appear to it to be necessary or expedient for removing the said difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the date of commencement of this Act.

By Order and in the name of the Governor of Karnataka

**M.R. HEGDE**

Secretary to Government

Department of Parliamentary Affairs and Legislation