

KARNATAKA ACT NO. 26 OF 2004
THE KARNATAKA TAXATION LAWS (SECOND AMENDMENT) ACT, 2004
Arrangement of Sections

Sections:

1. Short title and commencement
2. Amendment of Mysore Act IX of 1932
3. Amendment of Karnataka Act 25 of 1957
4. Amendment of Karnataka Act No.30 of 1958
5. Amendment of Act No.35 of 1976
6. Amendment of Act No.22 of 1979
7. Amendment of Karnataka Act No.27 of 1979
8. Validation of assessments etc.,

STATEMENT OF OBJECTS AND REASONS

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)

KARNATAKA ACT NO. 26 OF 2004

(First published in the Karnataka Gazette Extra-ordinary on the thirty first day of July, 2004)

THE KARNATAKA TAXATION LAWS (SECOND AMENDMENT) ACT, 2004

(Received the assent of the Governor on the thirty first day of July, 2004)

An Act further to amend certain taxation laws in force in the State of Karnataka.

Whereas it is expedient to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the fifty-fifth year of the Republic of India, as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Taxation Laws (Second Amendment) Act, 2004.

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

2. Amendment of Mysore Act IX of 1932.- In the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932),-

(1) In sub-section 3-A, for the words and punctuation marks, "as may be notified by the Government. Different amounts may be notified in respect of different licensees.", the words, "at the rate of four percent of the total amount of moneys paid into the totalisator." shall be and shall be deemed to have been substituted from the first day of April, 2004.

(2) In section 4-A, for the word, figures and letter "3-A and 4", the word, figures, letter and punctuation mark "3-A, 4, 6 and 7" shall be substituted.

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

(1) In section 3-A, in sub-section (2), after the words "registered dealer liable to pay tax under the Act", the words "or by a recognized association or a body representing a class of dealers" shall be inserted.

(2) In Section 4,-

(i) in sub-section (4), after the words "call for", the words "its finding on the clarification sought or question raised and also" shall be inserted.

(ii) in sub-section (5), for the word "allow", the word "admit" shall be substituted.

(iii) in sub-section (7),-

(a) for the word "allowed", the word admitted shall be substituted.

(b) after the words "so desires", the words "and also to the assessing authority or registering authority concerned" shall be inserted.

(c) for the words "four weeks", the words "ninety days" shall be substituted.

(3) In Section 5,-

(i) in sub-section (1), for the words "thirteen percent", the words "twelve per cent" shall be substituted.

(ii) in sub-section (5), in clause (b), after sub-clause (i), the following sub-clause shall be inserted, namely:-

"(i-a) Every dealer engaged in the execution of works contract mentioned in Sixth Schedule shall be liable to pay tax at the rate specified in the said schedule on his taxable turnover of transfer of property in goods (whether as goods or in some other form) involved in the execution of works contract in each year whatever be the quantum of his total turnover during the year."

- (4) In Section 5-A,-
- (i) in sub-section (3), the following proviso shall be *inserted*, namely:-

“Provided that no penalty shall be levied under this sub-section after a period of eight years from the close of the year to which the purchase relates.”
 - (ii) in sub-section (4), the following proviso shall be *inserted*, namely:-

“Provided that no penalty shall be levied under this sub-section after a period of eight years from the close of the year to which the purchase relates.”
- (5) In Section 6-A, in sub-section (3), after the proviso, the following proviso shall be inserted, namely:-
- “Provided further that no penalty shall be levied under this Section after a period of eight years from the close of the year to which the transaction relates.”
- (6) In Section 8-A , in sub-section (5),-
- (i) after clause(a), the following clause shall be inserted, namely:-

“(aa) Where the purchaser is a registered dealer, the assessing authority of such purchaser and in other cases the Assistant Commissioner of Commercial Taxes of the area or any officer empowered under sub-section (1) of Section 28, may levy penalty under this sub-section.”
 - (ii) the following proviso shall be inserted, namely:-

“Provided that no penalty shall be levied under this sub-section after a period of eight years from the close of the year to which the purchase relates.”
- (7) In Section 10-A, in sub-section (2), the following proviso shall be inserted namely:-
- “Provided that the applicant shall be deemed to be registered if the prescribed authority does not reject the application submitted within a period of thirty days from the date of submission of such application.”
- (8) In Section 12-B,-
- (a) in sub-section (1), the words “to the assessing authority”, shall be omitted.
 - (b) in sub-section (4), after the proviso the following proviso shall be inserted, namely:-

“Provided further that no penalty shall be levied under this sub-section after a period of eight years from the close of the year to which any tax paid in short relates.”
- (9) In Section 12-C,-
- (a) in sub-section (1),
 - (i) in clause (a), sub-clause (v) shall be omitted.
 - (ii) in clause (b), sub-clause (iii) shall be omitted.
 - (b) after sub-section (7), the following shall be inserted, namely:-

“(8) Notwithstanding anything contained in this Section or Section 12, 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 12 without requiring the presence of the dealer or production of books of account by the dealer.”

(10) After Section 12-E, the following section shall be inserted, namely:-

“12-F. Assessment of corporate bodies.- Notwithstanding anything contained in this Act, where a dealer is a body corporate and has more than one place of business, Commissioner may, subject to such conditions as may be prescribed and with the consent of the dealer, treat each of such places of business as a separate unit for the purposes of levy, assessment and collection of tax and thereupon all the provisions of this Act regarding registration, filing of returns, assessment and collection of tax, shall apply as if each of such places of business is a separate unit.”

(11) In Section 13-A, for the words “twelve per cent”, the words “six per cent” shall be substituted.

(12) In Section 18-A, before the proviso the following proviso shall be inserted, namely:-

“Provided that no penalty shall be levied under this section after a period of eight years from the close of the year to which the contravention relates.”

(13) After Section 19, the following section shall be inserted, namely:-

“19-A. Deduction of tax at source (in case of works contract).-(1) Notwithstanding anything contained in this Act, the Central Government, or any State Government, or an industrial, commercial or trading undertaking of the Central Government or of any State, or any such undertaking in joint sector or any other industrial, commercial or trading undertaking or any other person or body as may be notified by the Commissioner from time to time or a local authority or a statutory body, shall deduct out of the amounts payable by them to a dealer in respect of works contracts of the nature specified in the Sixth Schedule executed for them in the State, an amount equivalent to the tax payable by such dealer under the Act.

Provided that no such deduction shall be made if the amounts payable by them are in respect of sales of any goods, in the course of inter-State trade or commerce or, in the course of export out of the territory of India or, import into the territory of India or, outside the State.

(2) The deduction under sub-section (1) shall be made by an authority on the basis of tax payable as calculated by the dealer.

Provided that where it is found that the tax payable as calculated by any dealer was less than the tax payable for the works contract executed by more than fifteen per cent and being so informed, the authority shall make deduction out of any amounts payable subsequently based on the certificate issued by the assessing authority of the area or the assessing authority of the dealer on an application to be made by the authority or dealer which shall be disposed of by the assessing authority within ten days from the date of its receipt, failing which deduction shall be made as calculated by the dealer till issue of a certificate.

(3) The authority making deduction under sub-section (1), shall send every month to the prescribed authority a statement in the prescribed form containing particulars of tax deducted during the preceding month and pay full amount of the tax so deducted by it within twenty days after the close of the preceding month in which such deductions were made and the amount so payable shall for the purposes of Section 13 be deemed to be an amount due under this Act:

Provided that where default is made in complying with the provisions of this sub-section, the prescribed authority may, after such enquiry as it deems fit and after giving opportunity to the concerned authority of being heard, determine to the best of its judgment, the amount payable under this sub-section by such authority and the amount

so determined shall be deemed to be an amount due under the Act for the purposes of Section 13.

(4) If default is committed in the payment of tax deducted beyond ten days after the expiry of the period specified under sub-section (3), the authority making deductions under sub-section (1) shall pay, by way of penalty, a sum equal to the penalty specified under clause (ii) of sub-section (2) of Section 13 during the period in which such default is continued.

(5) The authority making deduction under sub-section (1) shall furnish to the dealer from whom such deduction is made, a certificate obtained from the prescribed authority containing such particulars as may be prescribed.

(6) Payment by way of deduction in accordance with sub-section (3), shall be without prejudice to any other mode of recovery of tax due under this Act from the dealer executing the works contract.

(7) Where tax in respect of the works contract is remitted under sub-section (3), the tax payable by the dealer for any month, quarter or for the whole year, as the case may be in respect of such works contract shall be reduced by the amount of tax already remitted under the said sub-section:

Provided that the burden of proving that the tax on such works contract has already been remitted and of establishing the exact quantum of tax so remitted shall be on the dealer claiming the reduction.”

(14) In Section 20,-

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

“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 of 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 one hundred twenty 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.”

(ii) in sub-section (5),-

(a) in clause (a), sub-clause (ii) shall be omitted;

(b) for the proviso, the following shall be substituted, namely:-

“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.”

(15) In Section 22,-

(i) in sub-section (3), after the words “accompanied by”, the words “proof of payment of one half of tax or other amount disputed and also” shall be inserted.

(ii) for sub-section (5), the following shall be substituted, namely:-

“(5) 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 the 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.”

(16) In Section 22-A, in sub-section (2), after the words “to him”, the words “or the Authority for Clarification and Advance Rulings constituted under Section 4” shall be and shall be deemed to have been inserted from the First day of April, 2002.

(17) In Section 25-A, in sub-section (1), after the proviso, the following shall be *inserted*, namely:-

“Provided further that where an application is made by an assessee for rectification of any mistake in an order, as being apparent from the record and, such application has not been rejected by the assessing authority within sixty days from the date of receipt of the application, the order shall be deemed to have been amended rectifying such mistake.”

(18) In Section 28, -

(i) in sub-section (6),-

(a) after the word, figure and letter “or 12-B”, the words “or that the year to which such turnover relates to has come to an end” shall be inserted.

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

“Provided also that no provisional assessment under this Section shall be made in the case of any dealer after one hundred and eighty days from the date of seizure of accounts, registers, records and documents under sub-section (3).

Provided also that the officer taking action under this sub-section shall not be below the rank of the assessing authority of the dealer”.

(ii) in sub-section (7) after the words “officer shall”, the words “proceed to recover the tax assessed and” shall be inserted.

(19) In Section 28-A,-

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

- (a) in clause (d), before the words “ produce the”, the words “report at the first check-post or barrier situated on the route ordinarily taken from the place in the State, from which the movement of the goods commences, to its destination and” shall be inserted;
- (b) in clause (d), for the words “in sub-clauses”, the words “in clauses” shall be substituted.
- (c) for the proviso, the following shall be substituted, namely:-

“Provided that where the total turnover of the owner or consignor of the goods excluding such goods as may be notified by the Commissioner, for any year as declared in the return for such period is not less than fifty lakh rupees, or where the goods are carried within the limits of a revenue district not as a result of sale, the delivery note shall be the one in the prescribed form permitted to be so issued by him.”

(ii) in sub-section (4), in clause (a), for the word, brackets and letter “clause (e)”, the words, brackets and letters “clause (d) or (e)” shall be substituted.

(iii) in sub-section (6), in clause (b), for the first proviso, the following proviso shall be substituted, namely:-

“Provided that before taking possession or within ten days after taking possession of the goods or the goods vehicle, if the owner or person in-charge of the goods vehicle or the dealer registered under the Act, makes payment of penalty levied, the officer taking such possession shall forthwith return the goods or the goods vehicle to the person making such payment.”

(20) In Section 28-AA, for the explanation, the following shall be substituted, namely:-

“Explanation.- In case where a vehicle owned by a person is hired for transportation of goods by some other person including a transporting or any other similar agency, both the persons shall for the purposes of this Section, be deemed to be the owner of the vehicle, and shall be jointly and severally liable to pay any amount of tax or penalty payable.”

(21) In Section 28-AAA, for sub-section (5), the following shall be and shall be deemed to have been substituted, from the first day of April, 1999, namely:-

“(5) Any person objecting to an order affecting him under this section by,-

- (i) any officer below the rank of Joint Commissioner may appeal to the Joint Commissioner;
- (ii) a Joint Commissioner of Commercial Taxes, may appeal to the Appellate Tribunal.”

(22) In Section 30, after sub-section (2), the following shall be *inserted*, namely:-

“(3) No Court shall permit withdrawal of any prosecution proceeding initiated under Section 29 except with the previous sanction of the Commissioner”.

(23) In Section 31,-

- (i) in clause (a), after the words “not exceeding”, the words “two thousand rupees or double the amount of the tax or amount so remaining unpaid or evaded to be paid whichever is greater, for the first offence and if it is not the first offence during the financial year, a sum of money not exceeding” shall be inserted.

- (ii) in clause (b), after the words “not exceeding”, the words “five thousand rupees for the first offence and if it is not the first offence during the financial year, a sum of money not exceeding” shall be substituted.
- (24) In the Second Schedule,-
- (i) in Part ‘A’,-
- (a) in serial number 5,
- (i) in the entries relating to item (ii), in column 3, for the words “thirteen per cent”, the words “twelve per cent” shall be substituted;
- (ii) in the entries relating to item (iii), in column 3, for the words “thirteen per cent”, the words “twelve per cent” shall be substituted;
- (iii) in the entries relating to item (iv), in column 3, for the words “thirteen per cent”, the words “twelve per cent” shall be substituted;
- (iv) in the entries relating to item (v), in column 3, for the words “thirteen per cent”, the words “twelve per cent” shall be substituted;
- (v) in the entries relating to item (vi), in column 3, for the words “thirteen per cent”, the words “twelve per cent” shall be substituted;
- (vi) in the entries relating to item (vii), in column 3, for the words “thirteen per cent”, the words “twelve per cent” shall be substituted.
- (b) in the entries relating to serial number 5-A, in column 3, for the words “Five percent”, the words “Four per cent” shall be substituted.
- (c) in the entries relating to serial number 6, in column 3, for the words “Two percent”, the words “One per cent” shall be substituted.
- (d) in the entries relating to serial number 7, in column 3, for the words “Thirteen percent”, the words “Twelve per cent” shall be substituted.
- (ii) in Part ‘B’,
- (a) in the entries relating to serial number 4, in column 3, for the words “Thirteen percent”, the words “Twelve per cent” shall be substituted.
- (b) in serial number 8,-
- (i) in the entries relating to item (i), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
- (ii) in the entries relating to item (iii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
- (c) in serial number 9, in column 3, for the words “Five percent”, the words “Four percent” shall be *substituted*.
- (d) in serial number 10, in the entries relating to item (ii), in column 3, for the words “Thirteen per cent”, the words “Twelve percent” shall be substituted.
- (e) in the entries relating to serial number 12, in column 3, for the words “Thirteen percent”, the words “Twelve per cent” shall be *substituted*.

- (iii) in Part 'C',
- (a) in serial number 4, in the entries relating to item (ii), in column 3, for the words "Five per cent", the words "Eight per cent" shall be substituted.
- (b) in the entries relating to serial number 5,-
- (i) in item (ii), in sub-item (a), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
- (ii) in item (ii), in sub-item (b), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
- (iii) in item (ii), in sub-item (c), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
- (iv) in item (ii), in sub-item (d) in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
- (v) in item (iii), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (c) in serial number 7,-
- (i) in the entries relating to item(i), in column 3, for the words "Fifteen per cent", the words "Twenty per cent" shall be substituted.
- (ii) in the entries relating to item (ii), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (d) in serial number 8,-
- (i) in the entries relating to item(ii), in column 3, for the words "Two per cent", the words "One per cent" shall be substituted.
- (ii) for the entries relating to sub-item(a) of item(iii), the following shall be substituted, namely:-
- "(iii)(a) Atta, maida and soji of wheat Four per cent".
- (iii) for the entries relating to item(iv), the following shall be substituted namely:-
- "(iv) Flour, chunni and husks of pulses; One per cent"
rice soji; bran of rice, wheat and poha
- (iv) in the entries relating to item(v), in column 3, for the words "Two per cent", the words "One per cent" shall be substituted.
- (e) in the entries relating to serial number 8-A, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (f) in the entries relating to serial number 13, in column 3, for the words "Thirteen per cent", the words "Sixteen per cent" shall be substituted.
- (g) in the entries relating to serial number 15-A, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (h) in the entries relating to serial number 17-A, in column 2, for the words "Coconut oil sold under brand name", the words "Coconut oil sold in consumer sachets, bottles or tins of 200 grams or 200 millilitre each or less, including when such consumer containers are sold in bulk in a common container" shall be substituted.
- (i) in the entries relating to serial number 19,-
- (i) in item (i), in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted;

- (ii) in item (ii), in column 3, for the words "Thirteen per cent", the words "Twelve percent" shall be substituted.
- (j) in serial number 20,-
 - (i) in the entries relating to item (i), in column 3, for the words "Five per cent", the words "Twelve per cent" shall be substituted;
 - (ii) in the entries relating to sub-item (a) of item (ii), in column 3, for the words "Five per cent", the words "Twelve per cent" shall be substituted;
 - (iii) in the entries relating to sub-item (b) of item (ii), in column 3, for the words "Five per cent", the words "Twelve per cent" shall be substituted;
 - (iv) in the entries relating to item (iii), in column 3, for the words "Five per cent", the words "Eight per cent" shall be substituted;
 - (v) in the entries relating to item (iv), in column 3, for the words "Five per cent", the words "Twelve per cent" shall be substituted;
 - (vi) in the entries relating to item (v), in column 3, for the words "Five per cent", the words "Twelve per cent" shall be substituted.
- (k) in serial number 21, in the entries relating to item (i), in column 3, for the words "Sixteen per cent", the words "Twelve per cent" shall be *substituted*;
- (l) in serial number 23,-
 - (i) in the entries relating to item (i), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (ii) in the entries relating to item (iv), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (m) in the entries relating to serial number 25, in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted.
- (n) in the entries relating to serial number 25-A, in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted.
- (o) in the entries relating to serial number 25-B, in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted.
- (iv) in Part 'D',-
 - (a) in serial number 1, in Column (3) for the words "Thirteen per cent ", the words " Sixteen per cent " shall be substituted.
 - (b) in serial number 2, in Column (3) for the words "Thirteen per cent ", the words "Sixteen per cent " shall be substituted.
 - (c) in serial number 3, in Column (3) for the words "Thirteen per cent ", the words " Twelve per cent " shall be substituted
 - (d) in serial number 6, in Column (3) for the words "Thirteen per cent ", the words " Twelve per cent " shall be substituted.
- (v) in Part 'E',-
 - (a) in serial number 1,-
 - (i) in column 2, for the words "coconut oil sold under brand name", the words "coconut oil specified in Serial Number 17-A of Part 'C' " shall be substituted.

- (ii) in the entries relating to item (i), in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted;
 - (iii) in the entries relating to item (ii), in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted;
 - (iv) in the entries relating to item (iii), in column 3, for the words "Five per cent", the words "Eight per cent" shall be substituted.
- (b) serial number 2, -
- (i) in the entries relating to item (ii), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (ii) in the entries relating to item (iii), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (iii) in the entries relating to item (iv), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
- (c) in the entries relating to serial number 3, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (d) in the entries relating to serial number 4, in column 3, for the words "Thirteen per cent", the words "Sixteen per cent" shall be substituted.
- (vi) in Part 'F',-
- (a) in the entries relating to serial number 1, in column 3, for the words "Thirteen per cent", the words "Sixteen per cent" shall be substituted.
- (b) in serial number 2,-
- (i) in the entries relating to item (i), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted;
 - (ii) in the entries relating to item (ii), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted;
 - (iii) in the entries relating to item (iii), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted.
- (c) in the entries relating to serial number 3, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (d) in serial number 7, in the entries relating to item (i), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (e) in serial number 8,-
- (i) in item (v), , in the entries relating to in sub-item (a), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (ii) in the entries relating to in item (vi), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (iii) in the entries relating to in item (vii), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted.
- (f) in the entries relating to serial number 9, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (g) in the entries relating to serial number 10, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.

- (h) in the entries relating to serial number 11, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
- (i) in the entries relating to serial number 14, in column 3, for the words “Thirteen per cent”, the words “Sixteen per cent” shall be substituted.
- (vii) in Part ‘G’,
 - (a) in the entries relating to serial number 1, in column 3, for the words “Nine per cent”, the words “Eight per cent” shall be substituted.
 - (b) in the entries relating to serial number 3, in column 3, for the words “Nine per cent”, the words “Eight per cent” shall be substituted.
 - (c) in the entries relating to serial number 4, in column 3, for the words “Five per cent”, the words “Four per cent” shall be substituted.
 - (d) in the entries relating to serial number 4-A, in column 3, for the words “Five per cent”, the words “Four per cent” shall be substituted.
 - (e) in the entries relating to serial number 5, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (f) in the entries relating to serial number 6, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
- (viii) in Part “H”,-
 - (a) in serial number 1,-
 - (i) in the entries relating to item (i), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (ii) in the entries relating to item (ii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (iii) in the entries relating to item (iii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (iv) in the entries relating to in item (iv), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (b) in the entries relating to serial number 1-A, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (c) in the entries relating to serial number 2, in column 3, for the words “Nine per cent”, the words “Eight per cent” shall be substituted.
 - (d) in the entries relating to serial number 3, in column 3, for the words “Five per cent”, the words “Four per cent” shall be substituted.
- (ix) in Part ‘I’, in the entries relating to serial number 4, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
- (x) in Part-J,-
 - (a) in Serial Number 3, in Column 3 for the words “ Thirteen per cent ”, the words “ Twelve per cent ” shall be substituted.
- (xi) in Part ‘K’,-
 - (a) in the entries relating to serial number 1, in column 3, for the words “Sixteen per cent”, the words “Twenty per cent” shall be substituted.
 - (b) in serial number 1-A,-
 - (i) in the entries relating to item (i), in column 3, for the words “Eight per cent”, the words “Four per cent” shall be substituted;

- (ii) in the entries relating to item (ii), in column 3, for the words "Eight per cent", the words "Four per cent" shall be substituted;
 - (iii) in the entries relating to item (iii), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted;
 - (iv) in the entries relating to item (iv), in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted.
- (c) in the entries relating to serial number 2, in column 3, for the words "Thirteen per cent", the words "Sixteen per cent" shall be substituted.
 - (d) in the entries relating to serial number 3, in column 3, for the words "Thirteen per cent", the words "Sixteen per cent" shall be substituted.
- (xii) in Part 'L', in the entries relating to serial number 5, in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted.
- (xiii) in Part 'M',-
 - (a) in serial number 1,-
 - (i) in item (i), in the entries relating to sub-item (a), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted;
 - (ii) in item (i), in the entries relating to sub-item (b), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (iii) in item (iii), in the entries relating to sub-item (a), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (iv) in item (iii), in the entries relating to sub-item (b), in column 3, for the words "Two per cent", the words "One per cent" shall be substituted;
 - (v) in item (iii), in the entries relating to sub-item (c), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (vi) in item (iii), in the entries relating to sub-item (d), in column 3, for the words "Thirteen per cent", the words "Sixteen per cent" shall be substituted;
 - (vii) in item (iii), in the entries relating to sub-item (e), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted.
 - (b) in the entries relating to serial number 5, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (c) in the entries relating to serial number 6, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (d) in the entries relating to serial number 10, in column 3, for the words "Twenty five per cent", the words "Twenty eight per cent" shall be substituted.
 - (e) in the entries relating to serial number 11, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (f) in serial number 15, in the entries relating to item (ii), in column 3, for the words "Sixteen per cent", the words "Twelve per cent" shall be substituted.
 - (xiv) in Part 'N', in the entries relating to serial number 2, in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted.
 - (xv) in Part 'O', in serial number 3,

- (a) in the entries relating to item (i), in column 3, for the words “Thirteen per cent”, the words “Sixteen per cent” shall be substituted.
 - (b) in the entries relating to item (ii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (c) in the entries relating to item (iii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
- (xvi) in Part ‘P’,-
- (a) in the entries relating to serial number 1-A, in column 3, for the words “Twenty-five per cent”, the words “Twenty-eight per cent” shall be substituted;
 - (b) in the entries relating to serial number 3, in column 3, for the words “Nine per cent”, the words “Eight per cent” shall be substituted.
 - (c) in the entries relating to serial number 4, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (d) in the entries relating to serial number 6, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (e) in serial number 7,-
 - (i) in the entries relating to item (ii), in column 3, for the words “Five per cent”, the words “Four per cent” shall be substituted;
 - (ii) in the entries relating to item (iii), in column 3, for the words “Sixteen per cent”, the words “Twelve per cent” shall be substituted.
 - (f) in the entries relating to serial number 8, in column 3, for the words “Thirteen per cent”, the words “Sixteen per cent” shall be substituted.
 - (g) in the entries relating to serial number 10, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (h) in the entries relating to serial number 11, in column 3, for the words “Nine per cent”, the words “Eight per cent” shall be substituted.
 - (i) in serial number 12,-
 - (i) in the entries relating to item (ii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (ii) in the entries relating to item (iii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
- (xvii) in Part ‘R’,-
- (a) in the entries relating to serial number 2, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (b) in the entries relating to serial number 8, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (c) in serial number 9,-
 - (i) in the entries relating to item (i), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (ii) in the entries relating to item (ii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.

- (d) in serial number 10,-
 - (i) in the entries relating to item (i), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (ii) in the entries relating to item (v), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
- (xviii) in Part ‘S’,-
 - (a) in the entries relating to serial number 4, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (b) in the entries relating to serial number 5, in column 3, for the words “Thirteen per cent”, the words “Sixteen per cent” shall be substituted.
 - (c) in the entries relating to serial number 6, in column 3, for the words “Five per cent”, the words “Four per cent” shall be substituted.
 - (d) in serial number 9,-
 - (i) in the entries relating to item (iii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (ii) in the entries relating to item (iv), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (e) in the entries relating to serial number 10, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (f) in the entries relating to serial number 13, in column 3, for the words “Five per cent”, the words “Four per cent” shall be substituted.
 - (g) in serial number 15,-
 - (i) in the entries relating to item (i), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (ii) in the entries relating to item (i-a), in column 2, for the words “black board dusters”, the words “all kinds of display boards including wipeoff board, chalk board, clip board, felt board, plastic and acrylic board other than electrical and electronic operated, dusters, plastic letters and figures, and marker pen” shall be substituted.
 - (iii) in the entries relating to item (i-a), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (iv) in the entries relating to item (ii), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted;
 - (v) in the entries relating to item (ii-a), in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (h) in the entries relating to serial number 15-A, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.
 - (i) in the entries relating to serial number 18, in column 3, for the words “Thirteen per cent”, the words “Twelve per cent” shall be substituted.

- (j) in the entries relating to serial number 21, in column 3, for the words "Thirteen percent", the words "Twelve per cent" shall be substituted.
 - (k) in the entries relating to serial number 22, in column 3, for the words "Nine percent", the words "Eight per cent" shall be substituted.
 - (l) in the entries relating to serial number 23, in column 3, for the words "Thirteen percent", the words "Sixteen per cent" shall be substituted.
- (xix) in Part 'T',-
- (a) in the entries relating to serial number 1, in column 3, for the words "Thirteen percent", the words "Twelve per cent" shall be substituted.
 - (b) in the entries relating to serial number 1-A, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (c) in the entries relating to serial number 2, in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted.
 - (d) in the entries relating to serial number 3, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (e) in serial number 5,-
 - (i) in the entries relating to item (i), in column 3, for the words "Sixteen cent", the words "Twelve per cent" shall be substituted;
 - (ii) in the entries relating to item (ii), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (f) in the entries relating to serial number 7-A, in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted.
 - (g) in serial number 8, in the entries relating to item (iii), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted;
 - (h) in the entries relating to serial number 9-A, in column 3, for the words "Twenty- five per cent", the words "Twenty-eight per cent" shall be substituted.
 - (i) in the entries relating to serial number 10-A, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (j) in serial number 10-B,-
 - (i) in the entries relating to item (i), in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted;
 - (ii) in the entries relating to item (ii), in column 3, for the words "Sixteen per cent", the words "Twelve per cent" shall be substituted.
 - (k) in serial number 11,-
 - (a) in the entries relating to item (i), in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
 - (b) in the entries relating to item (ii), in column 3, for the words "Two per cent", the words "One per cent" shall be substituted.
- (xx) in Part 'V',-
- (a) in the entries relating to serial number 1, in column 3, for the words "Thirteen percent", the words "Twelve per cent" shall be substituted.

- (b) in the entries relating to serial number 2, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (xxi) in Part 'W',
- (a) in the entries relating to serial number 4, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (b) in the entries relating to serial number 4-A, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (c) in the entries relating to serial number 5, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (d) in the entries relating to serial number 7, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (e) in the entries relating to serial number 8, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (xxii) in Part 'X', in the entries relating to serial number 1, in column 3, for the words "Thirteen per cent", the words "Twelve per cent" shall be substituted.
- (xxiii) in Part 'Y', in the entries relating to serial number 1, in column 3, for the words "Nine per cent", the words "Eight per cent" shall be substituted.
- (xxiv) in Part 'Z', in the entries relating to serial number 1, in column 3, for the words "Five per cent", the words "Four per cent" shall be substituted.
- (xxv) for Explanation III, the following shall be substituted, namely:-
- "Explanation III.-** Where a tax has been levied in respect of purchase of coffee seeds under Serial Number 18 of Part 'C' or under Serial Number 3 of the Third Schedule, the tax leviable on the coffee powder (excluding instant coffee and french coffee) made out of those coffee seeds shall be reduced by the amount of tax levied on such coffee seeds."
- (25) in the Fifth Schedule,-
- (i) after the entries relating to Serial Number 58, the following shall be and shall be deemed to have inserted from the First day of April, 1992, and shall be and shall be deemed to have been *omitted* from the First day of April, 1999, namely:-
- "59. H.D.P.E, L.D.P.E., P.P. and Viscose Rayon woven and non-woven fabrics subject to the condition that no tax under this Act on the sale of the said goods is charged for and collected separately in the sale bills.";
- (ii) after the entry Serial Number 59 so inserted and omitted, the following shall be and shall be deemed to have been inserted from the Sixth day of November, 1999 and shall be and shall be deemed to have been omitted from the Seventh day of November, 1999, namely:-
- "60. Instant noodles sold in aid of the people affected by the cyclone in Orissa subject to the condition that no tax under this Act on the sale of the said goods is charged for and collected separately in the sale bills."
- (26) in the Sixth Schedule, in column 3,-
- (i) excluding the entries relating to serial number 22, for the words "Five per cent", wherever they occur, the words "Four per cent" shall be substituted.
- (ii) for the words "Thirteen per cent", wherever they occur, the words "Twelve per cent" shall be substituted.
- (iii) in the entries relating to serial number 22, for the words "Five per cent", the words "Twelve per cent" shall be substituted.

- (27) in Seventh Schedule, in column 3, for the words “Five per cent”, wherever they occur, the words “Eight per cent” shall be substituted

4. Amendment of Karnataka Act No.30 of 1958.- In the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958),-

- (1) in Section 2, in clause (e), in sub-clause (i), after the words “horse race”, the words “or live telecast of a horse race” shall be inserted.

- (2) in Section 3,-

- (i) for sub-section (1), the following shall be substituted, namely:-

“(1) There shall be levied and paid to the State Government entertainments tax on each payment for admission excluding the amount of tax, to an entertainment, -

- (a) specified in sub-clause (i) of clause (e) of Section 2 at 70 per cent of such payment; and
(b) specified in sub-clause (ii) of clause (e) of Section 2 at 40 per cent of such payment.”

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

“TABLE

Sl. No.	Payment for admission (excluding the Amount of tax)	Rate of tax
(1)	(2)	(3)
1.	Fifty rupees or more in respect of an entertainment in respect of an entertainment which is an exhibition, performance or pageant or game or sport held within the limits of Bangalore Urban Agglomeration area or a City Municipal Corporation.	10 per cent of such payment
2.	Two hundred and fifty rupees or more in respect of an entertainment in respect of an entertainment which is an exhibition, performance or pageant or game or sport held outside the limits of Bangalore Urban Agglomeration area or a City Municipal Corporation.”	10 per cent of such payment

- (3) in Section 4, in sub-section (1),-

- (iii) in the table,-

- (a) in the entries relating serial number (a), in column (3), for the words “One hundred rupees”, the words “Eighty five rupees” shall be and shall be deemed to have been substituted from the Nineteenth day of June, 2003;
(b) in the entries relating to serial number (b), in column (3), for the words “One hundred and twenty five rupees”, the words “One hundred and ten rupees” shall be and shall be deemed to have been substituted from the Nineteenth day of June, 2003;
(c) in the entries relating to serial number (c), in column (3) for the words “One hundred and fifty rupees”, the words “One hundred and thirty five rupees” shall be and shall be deemed to have been substituted from the Nineteenth day of June, 2003;

- (d) in the entries relating to serial number (d), for the words “Two hundred and fifty rupees”, the words “Two hundred and thirty five rupees” shall be and shall be deemed to have been substituted from the Nineteenth day of June, 2003.
- (iv) in the first proviso,-
- (a) in the entries relating relating to serial number (a), in column (3), for the words “Fifty rupees”, the words “Thirty five rupees” shall be and shall be deemed to have been substituted from Nineteenth day of June, 2003;
- (b) in the entries relating to serial number (b), in column (3), for the words “Seventy rupees”, the words “Sixty rupees” shall be and shall be deemed to have been substituted from Nineteenth day of June, 2003;
- (c) in the entries relating to serial number (c), in column (3), for the words “Ninety rupees”, the words “Seventy five rupees” shall be and shall be deemed to have been substituted from Nineteenth day of June, 2003;
- (d) in the entries relating to serial number (d), in column(3), for the words “One hundred and ten rupees”, the words “Ninety five rupees” shall be and shall be deemed to have been substituted from Nineteenth day of June, 2003.
- (4) in Section 4-D, in the table,-
- (i) in the entries relating to serial number 1, in column (3), for the words “Rupees seven thousand per month”, the words “Rupees six thousand five hundred per month” shall be and shall be deemed to have been substituted from the Nineteenth day of June, 2003;
- (ii) in the entries relating to serial number 2, in column (3), for the words “Rupees four thousand per month”, the words “Rupees three thousand per month” shall be and shall be deemed to have been substituted from the Nineteenth day of June, 2003.
- (5) in Section 4-E, in the proviso for the words “does not exceed two hundred and fifty rupees”, the words “is less than, fifty rupees in respect of any amusement in the limits of Bangalore Urban Agglomeration or a City Municipal Corporation and two hundred and fifty rupees in respect of any amusement in other areas” shall be substituted.
- (6) in Section 4-F, in the proviso for the words “does not exceed two hundred and fifty rupees”, the words “is less than, fifty rupees in respect of any amusement in the limits of Bangalore Urban Agglomeration or a City Municipal Corporation and two hundred and fifty rupees in respect of any amusement in other areas” shall be substituted.
- (7) after Section 6-C, the following section shall be inserted, namely:-
- “6-D. Issuance of Clearance Certificates to proprietors.-** Where for the purpose of complying with the requirement of any law for the production of a clearance certificate with respect to payment of tax or any other amount under this Act, a proprietor makes an application to the prescribed authority of the area, the prescribed authority shall, if no amount of assessed tax or any other amount under this Act is due by or any tax payable in accordance with the provisions of sub-section (1-A) of Section 6-A is outstanding from such proprietor, issue a clearance certificate in the prescribed form.”

5. Amendment of Act No.35 of 1976.- In the Karnataka Tax on Professions Trades, Callings and Employments Act, 1976 (Karnataka Act No.35 of 1976),-

- (1) after Section 7, the following Section shall be inserted, namely:-

“7-A. Self-assessment in the case of certain employers.- (1) Notwithstanding anything contained in sub-section (2) of Section 7, the assessing authority in respect of any year commencing from the First day of April, 2003, shall assess an employer in whose case the total amount of tax deducted is less than twenty five thousand rupees on the basis of the return submitted in accordance with sub-section (1) of Section 6 within the time specified therein, without requiring his presence or production of books of accounts.

(2) Where before completion of self-assessment, return submitted under sub-section (1) is found to involve mistake apparent on record, the assessing authority shall afford opportunity to the employer to submit revised return or to rectify such mistake.

(3) Self-assessment under sub-section (1) shall not be made in respect of an employer for any year if.-

- (i) the return filed for any year is incomplete or incorrect or defective, save for mistakes apparent on record;
- (ii) it is found that the employer has attempted to evade any tax, for that year.

(4) Notwithstanding anything contained in sub-section (1), the Commissioner shall, within a period of seventy-five days from the close of the year to which the assessment relates, notify selection of cases for the purpose of scrutiny in entirety of the assessment records and in respect of such cases so found warranted, shall direct the assessing authority concerned to make assessment under sub-section (3) of Section 12.

(5) The assessing authority shall, within a period of sixty days from the date of notification of cases for the purpose of scrutiny assessment under sub-section (4), serve upon the employer, notice as prescribed demanding payment of tax or issue order of refund as prescribed, on the basis of self-assessment or communicate initiation of proceedings of scrutiny assessment under sub-section (4).

(6) If on scrutiny assessment in cases falling under sub-section (4), it is found that the amount of tax paid by any employer 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.

(7) Every assessment completed under sub-section (1) shall be subject to the provisions of Sections 8, 9 and 18.”

(2) in Section 14,

(i) in sub-section (1), in clause (iii), for the words “Officers and”, the words and punctuation mark “Officers, Deputy Commissioners of Professions Tax and” shall be substituted.

(ii) in sub-section (2), in clause (iii), for the words “Officers and the Assistant”, the words “Officers, the Assistant Commissioners of Professions Tax and Deputy” shall be substituted.

6. Amendment of Act No.22 of 1979.- In the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act No.22 of 1979),-

(1) in Section 2,-

- (i) after clause (1-B), the following shall be inserted, namely:-

“(1-C) **“Charges for hospital”** means charges for accommodation provided in a hospital for any patient or inmate or resident, by whatever name called and his attendant including charges for air-conditioning, telephone, telephone calls, television, radio, music, extra beds and the like but does not include any charges for food, drink, laundry or other amenities, medicines, medical including consultation, testing, diagnostic and nursing services, therapeutic services or other similar services;

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

“(3) **“Hospital”** includes a nursing home, therapy centre, rejuvenation or recuperation centre, nature care or cure centre, ayurvedic cure or care or any treatment centre, personal care centre and beauty treatment centre, by whatever name called;

(iii) for clause (6), the following shall be substituted, namely:-

“(6) **“Proprietor, in relation to a Hotel or a Marriage Hall or a Club or a Hospital”** means any person who is owning or holding a hotel or a marriage hall or hospital in any capacity recognized by law or the Secretary or Manager or any other person entrusted with the management of a club or hospital, and includes, the person who for the time being is in-charge of the management of the hotel or marriage hall or club or hospital;”

(2) in section 3, in sub-section (1), for clauses (a) and (b) excluding the provisos, the following shall be substituted, namely:-

“ (a) Where the charges for lodging per room per day are more than one hundred and fifty rupees but less than four hundred rupees	Four per cent of such charges
(b) Where the charges for lodging per room per day are not less than four hundred rupees but less than one thousand rupees	Eight per cent of such charges
(c) Where the charges for lodging per room per day are not less than one thousand rupees	Twelve per cent of such charges

(3) after Section 3-D, the following shall be inserted, namely:-

“3-E. Levy and collection of tax on luxury provided in a hospital.- (1) Where charges for luxury provided in a hospital are more than one thousand rupees per day, there shall be levied and collected a tax at the rate of eight per cent of such charges.

(2) The tax levied under sub-section (1) shall be paid by every proprietor within such period and in such manner as may be prescribed.”

(4) in Section 4, sub-section (3) shall be and shall be deemed to have been omitted from the Seventeenth day of June, 2003 and shall be inserted from the First day of August, 2004.

7. Amendment of Karnataka Act No.27 of 1979.- In the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979).-

- (1) in Section 4-B, in sub-section (1), after the word “fixed”, the words “retrospectively or prospectively,” shall be and shall be deemed to have been always inserted.
- (2) in Section 4-BB, in sub-section (3), after the words “General Sales Tax”, the words “or Central Sales Tax” shall be and shall be deemed to have been always inserted.
- (3) in Section 5-B, after sub-section 4, the following shall be inserted, namely:-
“(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.”
- (4) in Section 8-A, in sub-section (2), for the words “twelve per cent”, the words “six per cent” shall be substituted.
- (5) in Section 12-C, in sub-section (2), after the word “including”, the words “provisions relating to appeal and” shall be inserted.
- (6) in Section 13,-

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

“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.”

- (ii) in sub-section (5),-

- (a) in clause (a), sub-clause (ii) shall be omitted;
- (b) the following provisos shall be inserted, namely.-

“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.”

(7) in Section 14,-

(i) in sub-section (3), after the words “accompanied by”, the words “proof of payment of one half of tax or other amount disputed and also” shall be inserted;

(ii) for sub-section (4), the following shall be substituted, namely:-

“(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.”;

(iii) sub-section (6) including the proviso shall be omitted.

(8) in Section 22, in sub-section (1), for the word “Commissioner”, the words “Joint Commissioner” shall be substituted.

8. Validation of assessments etc.,- (1) Notwithstanding anything contained in any judgement, decree or order of any Court, Tribunal or other authority to the contrary, anything done or any action taken or purporting to have been done or taken (including any notices or orders issued and all proceedings held for the levy, assessment and collection of tax or amount purported to have been collected by way of tax in relation to such levy, assessment and collection) under the provisions of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) (hereinafter referred to as the said Act) before the commencement of the Karnataka Taxation Laws (Second Amendment) Act, 2004 (hereinafter referred to as the Amendment Act) shall be and shall be deemed to be valid and effective as if such levy, assessment or collection or action or thing had been made, taken or done under the said Act, as amended by clause (17) of Section 3 of the Amendment Act and accordingly,-

(a) all acts, proceedings or things taken or done by any authority in connection with levy, assessment or collection of such tax shall, for all purposes be deemed to be, and to have always been taken or done in accordance with law;

(b) no suit or other proceedings shall be maintained or continued in any Court or Tribunal or before any authority for the refund of any such tax; and

(c) no Court shall enforce any decree or order directing the refund of any such tax.

(2) Notwithstanding anything contained in any judgement, decree or order of any Court, Tribunal or other authority to the contrary, anything done or any action taken or purporting to have been done or taken (including any notices or orders issued and all proceedings held for the levy, assessment and collection of tax or amount purported to have been collected by way of tax in relation to such levy, assessment and collection) under the provisions of the Karnataka

Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979) (hereinafter referred to as the said Act) before the commencement of the Karnataka Taxation Laws (Second Amendment) Act, 2004 (hereinafter referred to as the Amendment Act) shall be and shall be deemed to be valid and effective as if such levy, assessment or collection or action or thing had been made, taken or done under the said Act, as amended by clause (1) of Section 7 of the Amendment Act and accordingly,-

- (a) all acts, proceedings or things taken or done by any authority in connection with levy, assessment or collection of such tax shall, for all purposes be deemed to be, and to have always been taken or done in accordance with law;
- (b) no suit or other proceedings shall be maintained or continued in any Court of Tribunal or before any authority for the refund of any such tax; and
- (c) no Court shall enforce any decree or order directing the refund of any such tax.

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

G.DAKSHINA MOORTHY

Secretary to Government,
Department of Parliamentary Affairs and Legislation.