



Office of the Commissioner of State Goods and Services Tax
Department, Government of Kerala, Thiruvananthapuram

No. CT/1/2020-C1

Dated 04/04/2020

Circular No.2/2020

Sub: Amnesty scheme-2020 for settlement of arrears –
instructions issued – Reg:
Ref: Kerala Finance Bill, 2020.

The Government has unveiled an amnesty scheme to settle outstanding tax dues pertaining to the period before the introduction of the Goods and Services Tax to clear the backlog of arrear demands. The new amnesty scheme has been announced with the aim to provide mutual benefit both to the taxpayer and the revenue to clear all dues which were not settled in the earlier announced amnesty scheme. The scheme shall apply to the outstanding dues under the following Statutes:

- Kerala Value Added Tax Act,
- Central Sales Tax Act,
- Tax on Luxuries Act,
- Kerala Surcharges Act,
- Kerala Agriculture Income Tax Act,
- Kerala General Sales Tax Act.

Key highlights of the amnesty Scheme are:

- 100% waiver of interest and penalties.
- 60% waiver of the balance tax arrear, if outstanding dues paid in lump-sum.
- 50% waiver of the balance tax arrear, if outstanding dues paid in

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installments.

- Amnesty scheme will be applicable for all pending tax arrears including cases in appeals (*Except arrers under KGST from 2005 onwards*).
- Option to avail the amnesty scheme should be made on or before 31 July 2020.
- Last date for payment of the amount determined under the scheme shall be 31.12.2020.
- Tax or interest paid after receipt of demand notice shall be given due credit towards tax.
- Taxpayer who have failed to settle arrears under the previous amnesty scheme can also opt this scheme.
- Any amount paid under the earlier amnesty scheme shall be given due credit.
- Those who have compounded offences and paid tax in such proceedings, such tax will be given credit.
- No refund shall be allowed under the scheme

The department has to take all efforts to collect maximum revenue through this One Time Settlement scheme for arrears. This scheme is called Amnesty Scheme, 2020.

The arrears for the purpose of settlement under this scheme shall be calculated as on the date of submission of option. The assesses who opt this amnesty scheme shall settle all the outstanding dues as on the date of option together. The assessee has no right for partial option based on any particular assessment period only. All amounts paid by the assessee after issuance of demand notice shall be given credit to the principal amount. The assessees who have opted for amnesty schemes earlier, but could not settle the arrears, can also opt under this scheme. Amounts, if any, paid during the earlier schemes, will be given credit under tax as per this scheme. Outstanding interest and penalty as on the date of option shall be waived. After giving credit of the payments made prior to this scheme (tax/interest/amount paid under amnesty) towards principal amount, the balance outstanding against the principal amount for which Amnesty 2020 is applicable will be reckoned.

In the case of arrears under Kerala General Sales Tax Act, the amnesty scheme is applicable only for the outstanding dues prior to the period 1st April, 2005. But in the case of arrears from 01.04.2005 to 31.03.2020 principal amount and interest shall be paid. There shall be full waiver of penalty.

Any amount paid towards penalty or its interest shall not be given credit. In the case of penalty levied is not utilized or not liable to be utilized for any

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best judgement assessment, the demand can be settled under this amnesty scheme on payment of applicable tax relating to the penalty.

In the case of arrears under revenue recovery process, if the assessee opt this amnesty scheme and settle the outstanding dues, the assessing authority shall withdraw the revenue recovery proceedings. In such cases the assessee is not liable for payment of any collection charges. It is to be remembered that revenue recovery proceedings against the assessee shall be withdrawn only after full payment of amount due under this amnesty scheme. In the case of assessee who opt this scheme and payments made through installments, till final payment is made, the revenue recovery process may be kept in abeyance in RR ONLINE portal.

Since the amnesty scheme provides for outright settlement of arrears, the assessee who opts for the scheme shall withdraw all the cases pending before any appellate or revisional authority, tribunal or courts unconditionally and shall file a declaration to this effect through online. In the case of appeals filed by the State which is pending for final orders as on the date of option, this scheme can be opted based on the demand in original assessment order. Once the outstanding dues are settled under this scheme, there shall be no refund or adjustment subsequently for the amount settled under this scheme.

In the case of assessee having outstanding arrears, the year wise details of arrear demand and amount if any paid, can be viewed electronically by login the official portal www.keralataxes.gov.in. The system will also display the amount to be payable under this amnesty scheme. In order to access the system, one time 'user ID and password' shall be generated from the portal. If the assessee is willing to opt the amnesty scheme, consent/option can be made through electronically on or before 31-07-2020. Along with the willingness, the assessee who opts for the scheme shall withdraw all the cases pending before any appellate or revisional authority, tribunal or courts and a declaration in this regard electronically. The assessee shall specify whether payment under this scheme is made lump-sum or installments. On receipt of the willingness of the assessee, within seven days the assessing authority shall verify and approve the option. After getting confirmation from the assessing authority, the amount payable under the amnesty scheme can be made through e-payment. The payment receipt can be downloaded from the e-payment portal and it can be keep as proof of settlement of dues under amnesty scheme. No manual filing of option or payment is permissible.

In the case of any discrepancies noticed with respect to outstanding dues or payments made against it, the assessee can submit his representation in this

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regard electronically with proof of documents. On receipt of the representation, the assessing authority shall examine the case within two days and convey his remarks electronically to the assessee. Based on the remarks of assessing authority, the assessee may proceed to make e-payment.

In the case of assesseees whose demands are newly generated or modified after 31-07-2020, the option shall be exercised within 30 days from the date of receipt of the order. In such cases final payments shall be completed on or before 31.03.2021.

In the case of assesseees who opted payment under this scheme on installments, fails to make any amount in the respective due date, such assessee shall deemed to be skip out of this scheme. The relief granted under the scheme shall be revoked by an order in writing by the assessing authority after giving such dealer an opportunity of being heard within fifteen days of the default. Revenue recovery steps should be continued against such defaulter immediately.

Assessment of tax and imposition of penalty by a single order will not preclude the assessee from availing of the relief declared under this scheme. While approving the option electronically fixing the liability under this scheme care must be taken to see that all outstanding demands are included in the amnesty scheme and proper credit has been given to all remittance made by the assesseees.

The Joint Commissioners shall constantly followup the arrear cases and give wide publicity among the assesseees to settle the arrears under this scheme. They should make arrangements to convene district wise meeting with trade representatives and defaulters. District officers shall constitute separate teams of officials in this regard to personally in touch with the defaulter frequently. The action taken reports shall be submitted on 1st May, 2020.

Sd/-

COMMISSIONER OF STATE TAX