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Office of the Commissioner  
Commercial Taxes  
Thiruvananthapuram.  
Dated. 19.06.08

**CIRCULAR No.26/08**

Sub-Kerala Finance Bill,2008-Levy of Surcharge-instructions-reg

As per clause 2 of the Kerala Finance bill-2008 it is proposed to levy a surcharge on big retail chains and direct marketing chains operating in Kerala subject to certain restrictions. It has been perceived, that confusion exist in the field regarding the implementation of this levy.

Para 192 of the budget speech 2008-09 reads;

“Imposition of additional levies on the big chains coming into the retail sector has been demanded by almost all sections of society. It is proposed to impose a surcharge of 10% under the Kerala Surcharge on Taxes Act on the big retail chains, including on direct marketing chains, who import more than 50% of goods from outside the State, whose turnover exceeds Rs.5 crores per annum and 75% of whose sales are directly to consumers. Purchases from first sellers who are sister-concerns will be deemed to be an import of such retail chain. It is expected to raiseRs.2 crores additional resources through this measure.”

Big retail chains and direct marketing chains are to be understood in the common and commercial parlance, and the intention is not to impose surcharge on any conventional dealers and business other than Big Retail Chains and Direct marketing Chains.

Since, for clarity, a suitable official amendment is to be introduced in the ensuing Kerala Finance Act 2008,all assessing authorities are directed to assess only Big retail chains and Direct marketing chains as spelt out in the budget speech.

All assessing authorities are directed to adhere to these instructions strictly.

COMMISSIONER