

**CIRCULAR No.4 / 2013**

Sub:- Kerala Finance Bill, 2013-14 – Salient features and Operational instructions – reg.

**Kerala Money Lenders Act, 1958**

01. The license fee of money lenders was enhanced from Rs.5,000/- to Rs.10,000/-.

**Kerala General Sales Tax Act, 1963**

02. Period for completion of pending assessments under KGST Act was extended upto 31<sup>st</sup> March, 2014.
03. A new amnesty scheme was introduced with effect from 01-04-2013 based on the same conditions as it existed earlier, except for the fact that the pending cases before Courts / Appellate Authority has to be withdrawn before opting under the scheme. Arrears under KGST Act and CST Act relating to the period upto 31-03-2005, outstanding as on 31-03-2013 can be settled under this scheme. The scheme is available upto 31<sup>st</sup> Dec., 2013. Similarly no refund will be given for those arrears settled under the scheme in pursuance of any order, decree of judgment by any appellate authority, court or tribunal and no appeal shall lie in any court, tribunal or appellate authority with regard to the amount settled under the scheme.
04. Maximum compounding fee leviable under Sec.47, enhanced from existing Rs.2 lakhs to Rs.8 lakhs.
05. The rate of tax of foreign liquor other than beer and wine enhanced from 100% to 105%.

**Kerala Tax on Luxuries Act, 1976**

06. Employees, representatives and delegates of UN and other international bodies are exempted from luxury tax subject to condition prescribed.
07. Period for completion of pending assessments including for the year 2007-08, extended upto 31<sup>st</sup> March, 2014.
08. A provision introduced in the Act whereby Deputy Commissioners are empowered to extend the period for completion of assessment for good and sufficient reason.
09. Maximum compounding fee leviable under Sec.17B, enhanced from existing Rs.2 lakhs to Rs.8 lakhs.

**Kerala Agricultural Income Tax Act, 1991**

10. All assesseees other than companies are exempted from payment of AIT.

**Kerala Value Added Tax Act, 2003**

11. The rate of tax of all 13.5% goods increased to 14.5% with effect from 01.04.2013. Refer page 11 of Finance bill.
12. The rate of tax for works contract increased from 13.5% to 14.5%.
13. The rate of tax for the following commodities changed:-

Particulars	Present rate	New rate from 01.04.13
Cigarettes, Cigars, Cheroots, Cigarillos and tobacco	15%	20%
Disposable plates, cups, Leaves made of plastic	13.5%	20%
Rice including broken rice, puffed rice, parched rice and	1%	NIL

beaten rice (excluding paddy)		
Products manufactured and sold by TheeraMythri Units approved by Government under its brand name at the point of sale by them	No specific rate	NIL
Ice	5%	1%
Solar Energy Device and spare parts (for detailed list refer page 15 of the Finance Bill)	5%	1%
Municipal plastic waste	13.5%	5%
Water Bed	13.5%	5%
Lead Oxide	13.5%	5%
HDPE Woven Fabrics in agro shade net	13.5%	5%
Household gloves	13.5%	5%

14. Footwear with MRP upto Rs.200/- taxable @ 5%, has been enhanced to Rs.500/-.
15. With regard to carry bags, the higher rate of 20% is applicable only to vest type bags having self carrying features, made of plastic and polypropylene.
16. The rate of tax on sale of cardamom at the point of auction conducted in the auction centre is reduced to 2%.

For availing the concessional rate of 2% on cardamom as per the 13<sup>th</sup> proviso to Section 6(1), the following procedure shall be adopted.

- (i) The auction centre shall prepare the following certificate in quadruplicate. It shall be serially machine numbered or computer generated.
- (ii) The original shall be submitted to the assessing authority by the auctioneer, along with the monthly returns. The duplicate shall be issued to the dealer who purchases goods in auction. The triplicate shall be issued to the dealer whose goods were auctioned. The quadruplicate shall be retained by the by the auctioneer himself.

**CERTIFICATE**

Certificate No...../ TIN / Financial Year

*[Issued by the auctioneer to dealer for availing 2% concessional rate on sale of cardamom in auction as per 13<sup>th</sup> proviso to Sec.6(1)]*

Certificate issued by M/s..... TIN ..... holding valid license issued by the Spices Board under Cardamom Licensing and Marketing Rules, 1987. No..... dtd..... valid upto .....

Certified that cardamom of the following description and details mentioned below has been sold to M/s..... TIN ..... in the auction conducted on .....

Invoice no. & Date	Whether the goods under invoice are own goods of the auctioneer	If no, name and full address of the owner of the goods before auction, with TIN	Quantity in Kgs	Amount	VAT
1	2	3	4	5	6

Place:

Date: / Seal /

Name, Address and Signature of authorized signatory

17. Cooked food and beverages sold by Milk Suppliers Co-operative Society through their canteen is exempted with retrospective effect from 01.04.2011.
18. Cooked Food and beverages served in the house boat paying compounded tax under the Luxury Tax Act has been granted exemption with retrospective effect from 1.4.2006.
19. As existed in the case of medicine, a similar compounding provision is introduced with regard to 'Cigarettes'. As per the Scheme importers or manufacturers of cigarettes have option to pay tax at 20% of the MRP value of the cigarettes. Registered dealers purchasing cigarettes after paying tax on MRP will be exempted from tax. Importer or manufacturers who are paying tax under the Compounding Scheme will have to file option to pay tax at compounded rates on or before 30.04.2013 with their assessing authority.

Rules and procedures including invoice forms relating to compounding scheme of medicines with consequent changes, shall, mutatis mutandis apply to the compounding provisions of cigarettes and similar products.

20. Registerable minimum for taking registration under VAT Act has been increased from existing Rs.5 lakhs to Rs.10 lakhs. So the registerable and the assessable minimum are the same.
21. Time limit for completion of all pending assessments as on 31.03.2013 has been extended upto 31.03.2014. Further the Deputy Commissioners are also empowered to extent the time for completing the assessment for good and sufficient reasons.
22. **One time Incentive to new registrants**
  - (a) New Scheme granting one time incentive to registrants has been introduced.
  - (b) As per the Scheme the dealers who are liable to have registration but have not taken registration can voluntarily take registration between 1.4.2013 and 30.09.2013.
  - (c) The following categories of dealers are not covered
    - i. Importers, i.e. persons bringing goods from outside the State.
    - ii. Works Contractors.
    - iii. Manufacturers other than dealer in cooked food.
    - iv. Dealers against whom penal proceedings were initiated for non-registration and non-payment of tax under the Act before 01-04-2013.
  - (d) The benefit of the Scheme is that the dealers who take registration will not be liable for tax or penalty in respect of transactions prior to 1.4.2013. Therefore the dealers who take registration under the above Scheme will not become liable for any tax or penalty for transactions prior to 01.04.2013.
23. Charitable hospitals enjoying exemption under the Income Tax Act and purchasing medicines after paying tax at MRP are exempted from payment of tax on their sale of laboratory store items and consumables notified by the Government to their patients for the period prior to 01-04-2013, if they take registration before 30<sup>th</sup> June, 2013.
24. Period for completion of assessments under Sec.24 and Sec.25 has been extended upto 31<sup>st</sup> March, 2014.

25. A new provision introduced in the Act whereby Deputy Commissioners are empowered to extend the period for completion of assessment for good and sufficient reasons.
26. A new CESS has been introduced on the expenses incurred for celebration of marriage conducted in hotels having classification of 3 star or above, or auditoriums having a seating capacity of above 500. The CESS payable is 3% of the total expenses. The person reserving the hotel or auditorium has to furnish a declaration stating the expected expenditure that may be incurred for conducting such wedding celebration along with 3% CESS on the said amount before the Luxury Tax Officer concerned, in the head of account of 'Manglya Nidhi'.

**Kerala Tax on Paper Lotteries Act, 2005**

27. The tax payable as per the above Act on ordinary draw has been enhanced from Rs.25 lakhs to Rs.30 lakhs and that of bumper draw from Rs.50 lakhs to Rs.60 lakhs.

The provisions of the Finance Bill will come into effect from 01-04-2013.

Sd/-  
COMMISSIONER