

No. C1.11839/08

Office of the Commissioner
Commercial Taxes
Thiruvananthapuram
Dated 26-3-2008

CIRCULAR No.12/08

Sub:- Kerala Finance Bill, 2008- Social Security Cess – levy and collection – instructions issued
- reg

As per clause 6 the Kerala Finance Bill, 2008, a Social Security Cess has been imposed on dealers at the rate of 1% on the tax payable by them under sections 6 & 8 of the Kerala Value Added Tax Act, 2003 (30 of 2004) and section 5 of the Kerala General Sales Tax Act, 1963 (15 of 1963), other than on declared goods.

The said Cess is a collectable levy in cases where the collection of tax is permitted under section 30 of KVAT Act, 2003 and under section 22 of the KGST Act 1963.

Dealers entitled for input tax credit under section 11 of the KVAT Act, 2003 would also be eligible for credit of the Cess against the actual Cess paid on the purchase of such goods.

In the case of the KVAT Act, the Social Security Cess shall be levied at one percent

- on the output tax due and/ tax due u/s 6(2), in the case of dealers paying tax under section 6
- on the tax due under sub section (5) of section 6, in the case of dealers paying presumptive tax under the said section, and
- on the 'gross compounded tax due' in the case of dealers paying tax under section 8.

Awarders who are deducting tax at source under section 10 of the KVAT Act shall also have to deduct the Cess while effecting payments.

In the bill format the Cess has to be mentioned separately. For this purpose an additional row for collection of Cess may be provided and the amount of Cess shown in the bill format after the space showing total tax collection.

In the Returns to be submitted by dealers also the Cess has to be shown in the 'tax due' and 'tax credit' portion separately in the summary statement as under:

- in the case of Form No 10, in part I(A),
- in the case of Form 10B, in part M
- in the case of Form 10D, an additional row for Cess may be provided in the respective parts, and
- in the case of Form 10A, the Cess shall be shown by providing a new serial number after 9 as '9(a)'.

In the case of the KGST Act, the Social Security Cess has to be levied on all taxes payable under the Act. This is a collectable levy other than that of turnover tax. In the Return, the Cess details has to be entered as sub item (d) to items (i), (ii) and (iii) of serial No 7 of form No 9.

Necessary amendments in this regard will be made in the statutes.

The said provision shall take effect from the 1st day of April, 2008 under the Kerala Provisional Collection of Revenue Act, 1985 (10 of 1985).

All Officers shall see that the said provisions are strictly complied with.

Commissioner

To

All Officers