Government of Karnataka

COMMERCIAL TAXES DEPARTMENT

MAJOR CHANGES AND MODIFICATIONS IN COMMERCIAL TAXES WITH EFFECT FROM 1ST APRIL, 2011

I. VALUE ADDED TAX:

1. **The following commodities have been exempted from tax from 1.4.2011 to 31.3.2012:**
   (1) Paddy, Rice and Wheat.
   (2) Pulses.
   (3) Flour and Soji of Rice and Wheat and Maida of Wheat.
2. **The following goods have been exempted from tax :**
   (1) De-oiled rice bran.
   (2) Coconut, but excluding copra and desiccated coconut powder.
   (3) Transfer of right to use 'feature films'.
   (4) Sale or transfer of right to use copy rights relating to 'feature films'
3. **Tax on the following commodities has been reduced to 5%:**
   (1) School bags costing upto five hundred rupees each.
   (2) Caps.
   (3) Barbed wire.
   (4) Utensils used for purposes other than cooking food (utensils used for cooking food are already taxed at 5%).
4. **Increase in tax rates:**
   (1) VAT rate of 1% increased to 2%,
   (i) on sale of,
      (a) jewellery and articles of gold, silver and other noble metals whether or not studded with precious or semi-precious stones; and
      (b) precious and semi-precious stones.
   (ii) on transfer of property in goods involved in the execution of works contract of manufacturing or processing and supplying of jewellery and articles of gold, silver and other noble metals whether or not studded with precious or semi-precious stones.

   (2) VAT rate of 13.5% on all other goods including those transferred in the execution of works contract increased to 14%.
5. **Increase in rate of interest :** The rate of interest payable for delay in payment of tax or other amounts within the due date has been increased from 1.25% per month to 1.5% per month.
6. **Other reliefs:**
   (1) The minimum limit of annual total turnover for compulsory audit of accounts under the Karnataka VAT Act increased from Rs. 60 lakhs to Rs. 100 lakhs and is applicable for the year 2010-11 also.
   (2) The current requirement of dealers executing civil works contracts for having to submit copies of the relevant agreements to the VAT offices every month is deleted.
   (3) Time limit for assessment/reassessment of tax periods from 1.4.2007 onwards has been reduced from 5 years to 4 years from the end of the relevant tax period.
   (4) The period of validity of any order issued by the first appellate authority staying recovery of fifty per cent of the disputed tax has been increased from 120 days to 240 days.
   (5) Reduced tax rate of 1% on liquefied petroleum gas for domestic use continued.
   (6) Reduced tax rate of 2% on tamarind, seegekai (soapnut), copra, desiccated coconut powder and arecanut continued.
   (7) Exemption and reduction of tax granted earlier by notifications on certain goods continued.
7. **Other important changes made in the Karnataka Value Added Tax Act, 2003:**
   (1) Provision made for applying electronically through internet for registration.
   (2) Provision made for applying electronically through internet for issue of transit pass towards transit of goods by road through the State.
   (3) Penalty for clandestine transport of goods taxable at less than 4% revised to 5 times the amount of tax lev on such goods.

II. SALES TAX:

Sales Tax exemption on sale of diesel to fishermen (limite 1,00,000 Kilo litres).

III. ENTRY TAX:

(1) Provision made for applying electronically through int for registration.
(2) Joint responsibility fixed on the owner and hirer o vehicle to pay tax and penalty in cases of non-surrenc transit pass.

IV. LUXURY TAX:

(1) Provision made for applying electronically through int for registration.
(2) Provision made for revision of orders/proceeding officers, which are erroneous and prejudicial to revenue by the Additional Commissioners of Comme Taxes.

V. ENTERTAINMENTS TAX:

(1) Provision made for revision of orders/proceedi of officers, which are erroneous and prejudicial to revenue by the Additional Commissioners of Comme Taxes.
(2) Provision made for furnishing electronically thro internet particulars of each cinematograph show by specified class of proprietors of cinema theatres notifie the Commissioner of Commercial Taxes.

VI. PROFESSIONS TAX:

(1) Provision made for applying electronically through inte for registration.
(2) Provision made for applying electronically through inte for enrolment.

VII. BETTING TAX :

The composition amount payable by Bangalore Turf Club has t increased from 4% to 8% of their total totalisator receipts.

Please visit our website at **http://ctax.kar.nic.in** for more detai the amendments and notifications.

Commissioner of Commercial Ta
(Karnataka)

Consumers kindly exercise your right to demand invoices or bills for all your purchases and contribute to the economic growth of your State while protecting your interest