



KARNATAKA LEGISLATIVE ASSEMBLY  
FIFTEENTH LEGISLATIVE ASSEMBLY  
FIRST SESSION  
(SECOND ADJOURNED MEETINGS)

**THE KARNATAKA VALUE ADDED TAX (AMENDMENT) BILL, 2018**  
**(L.A. Bill No. 01 of 2018)**

A Bill further to amend the Karnataka Value Added Tax Act, 2003.

Whereas the Honourable High Court of Karnataka by its order dated: 28.06.2017 in Writ Petition No. 26873-877/2017 has observed that the Honourable High Court is flooded with Writ Petitions unnecessarily in view of limited power given to the Karnataka Appellate Tribunal to extend the stay period due to the legislative lacunae therein. Hence, the Karnataka Appellate Tribunal may find itself unable to decide all the pending appeals within the stipulated time frame of one year on account of this lacunae. Accordingly, Honourable High Court directed to the State Government to consider appropriate amendments to the Karnataka Value Added Tax Act, 2003;

Whereas it is expedient further to amend the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the sixty-ninth year of the Republic of India, as follows:-

**1. Short title and commencement.-** (1) This Act may be called the Karnataka Value Added Tax (Amendment) Act, 2018.

(2) It shall be deemed to have come into force with effect from 1<sup>st</sup> day of April, 2015.

**2. Amendment of section 63.-** In the Karnataka Value Added Tax Act, 2003, in section 63, in sub-section (7), in clause (b), for the words, "three hundred and sixty five days", the words, "three years" shall be substituted.

**STATEMENT OF OBJECTS AND REASONS**

The Hon"ble High Court of Karnataka by its order dated: 28.06.2017 in Writ Petition No. 26873-877/2017 has observed that the Honourable High Court is flooded with Writ Petitions unnecessarily in view of limited power given to the Karnataka Appellate Tribunal to extend the stay period due to the legislative lacunae therein. Hence, the Karnataka Appellate Tribunal may find itself unable to decide all the pending appeals within the stipulated time frame of one year on account of this lacunae. Accordingly, Hon"ble High Court directed to the State Government to consider appropriate amendments to the Karnataka Value Added Tax Act, 2003.

Hence, it is considered necessary to amend the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004) to give effect to the proposal made in the Budget Speech 2018-19 in para 172 to extend the time limit to disposal of appeals from "three hundred and sixty five days" to "three years".

Hence the Bill.

**FINANCIAL MEMORANDUM**

There is no extra expenditure involved in the proposed legislative measure.

**H. D. KUMARASWAMY**  
Chief Minister

**S. Murthy**  
Secretary  
Karnataka Legislative Assembly

**ANNEXURE****EXTRACT FROM THE KARNATAKA VALUE ADDED TAX ACT, 2003****(KARNATAKA ACT 32 OF 2004)****XXX****XXX****XXX****63. Appeal to the Appellate Tribunal.-****XXX****XXX****XXX**

(7) (a) The Appellate Tribunal may, in its discretion, stay payment of seventy per cent of the tax or other amount disputed, if the appellant makes payment of the thirty percent of the tax or other amount disputed along with the prescribed form of appeal.

(b) The Appellate Tribunal shall dispose of such appeal within a period of three hundred and sixty five days from the date of the order staying proceedings of recovery of seventy per cent of tax or other amount and, if such appeal is not so disposed of within the period specified, the order of stay shall stand vacated after the said period and the Appellate Tribunal shall not make any further order staying proceedings of recovery of the said tax or other amount.

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