



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

**THE KARNATAKA ELECTRICITY (TAXATION ON CONSUMPTION OR  
SALE) (AMENDMENT) BILL, 2018**  
(L.A. Bill No. 03 of 2018)

A Bill further to amend the Karnataka Electricity (Taxation on Consumption or Sale) Act, 1959.

Whereas it is expedient further to amend the Karnataka Electricity (Taxation on Consumption or Sale) Act, 1959 (Karnataka Act 14 of 1959) 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 Electricity (Taxation on Consumption or Sale) (Amendment) Act, 2018.

(2) It shall come into force at once.

**2. Amendment of section 2.-** In the Karnataka Electricity (Taxation on Consumption or Sale) Act, 1959 (Karnataka Act 14 of 1959) (hereinafter referred to as the principal Act) in section 2, in clause (1A), for the words "the electricity generated by a captive generating plant", the words "the electricity generated by own generating plant or a captive generating plant" shall be substituted.

**3. Amendment of section 3.-** In section 3 of the principal Act,-

(i) in sub-section (1), for the words "six percent", the words "nine percent" shall be substituted; and

(ii) in the proviso, except clauses (i), (ii) and (iii), the following shall be substituted, namely:-

"Provided that when any person,-

(a) consumes electricity generated by himself, the person shall be liable to pay the electricity tax on the rate of charges of electricity levied by the licensee to other similar category of consumers;

(b) supplies at the rate less than the rate of charges of electricity levied by the licensee to other consumers or free of cost, the consumer shall be liable to pay the electricity tax on the rate of charges of electricity levied by the licensee to other similar category of consumers."

**STATEMENT OF OBJECTS AND REASONS**

To give effect to the proposals made in the Budget Speech of 2018-19, the taxation on consumption of Electricity is proposed to be increased from 6% to 9%. Therefore, it is considered necessary to amend the Karnataka Electricity (Taxation on Consumption or Sale) Act, 1959.

Certain other consequential amendments are also made to give clarity to captive Consumption.

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 Electricity (Taxation on Consumption or Sale) Act, 1959 (Karnataka Act No. 14 of 1959)****XX****XX****XX****2. Definitions.-** In this Act, unless the context otherwise requires,—**XX****XX****XX**

(1A) 'Captive consumption' means electricity consumed for own use to the extent of not less than fifty one percent of the electricity generated by a Captive Generating plant situated within the State of Karnataka determined on an annual basis:

Provided that in respect of an association the own consumption of members to the extent of fifty one percent of the electricity generated shall be proportionate to their ownership share in the power plant, within a variation of ten percent determined on an annual basis.

but does not include,-

- (a) the electricity consumed in any building used for housing the operating staff;
- (b) the auxiliary consumption; and
- (c) losses sustained in transformation and transmission.

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**3. Levy of tax on electricity charges etc.-** (1) Subject to the provisions of this Act, there shall be levied and paid to the State Government electricity tax on advalorem basis at six percent on the charges payable on electricity sold to or consumed by, any consumers (excluding arrears) when electricity is supplied by licensee or non-licensee through licensee or otherwise;

Provided that when the consumer consumes electricity at concessional rate or free of charge the consumer shall be liable to pay on the rate of charges of electricity levied by the licenses to other consumers.

except,-

- (i) the consumers under agricultural (irrigation pump sets upto and inclusive of ten horse power);
- (ii) Bhagya Jyothi and kutira jyothi categories upto the extent of free consumption allowed by the State Government from time to time; and
- (iii) the consumers covered under sub-section (2).

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