



KARNATAKA LEGISLATIVE ASSEMBLY
FOURTEENTH LEGISLATIVE ASSEMBLY
SIXTEENTH SESSION

**THE KARNATAKA TAX ON PROFESSIONS, TRADES, CALLINGS AND
EMPLOYMENTS (AMENDMENT) BILL, 2018**
(L.A. Bill No. 59 of 2018)

A Bill further to amend the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976.

Whereas it is expedient to amend the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976) 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 Tax on Professions, Trades, Callings and Employments (Amendment) Act, 2018.

(2) It shall come into force from the first day of April, 2018.

2. Amendment of section 3.- In the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976) (hereinafter referred to as the principal Act), in section 3, in sub-section (2), for first proviso, the following shall be substituted, namely:-

“Provided that, no tax shall be payable by the individuals who are senior citizens having attained the age of sixty years:”

3. Amendment of schedule.- In schedule to the principal Act,-

(1) for the serial number 10 and the entries relating thereto, the following shall be substituted, namely:-

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10	Contractors executing works contract as defined under the Karnataka Goods and Services Tax Act, 2017 where the total consideration in relation to the supply of goods or services or both in a year is Rs.20 lakhs and above.	Rs.2,500 per annum
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(2) for the serial number 13 and the entries relating thereto, the following shall be substituted, namely:-

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13	Persons registered or liable to be registered under the Karnataka Goods and Services Tax Act, 2017 where the total consideration in relation to the supply of goods or services or both in a year is Rs.20 lakhs and above.	Rs.2,500 per annum
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(3) the serial number 27 and the entries relating thereto, shall be omitted.

(4) for the serial number 46 and the entries relating thereto, the following shall be substituted, namely:-

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46	Persons licensed or approved as contractors by the Railways, State or	Rs.2,500 per annum
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	<p>Central Government, Corporations, Local authorities or any other persons or Agency namely contractors constructing roads, dams, canals, bridges, culverts including civil or masonry work, railway sleeper contractors, forest contractors and electrical contractors where the total consideration in relation to the supply of goods or services or both under the Karnataka Goods and Services Tax Act, 2017 in a year is Rs.20 lakhs and above.</p>	
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STATEMENT OF OBJECTS AND REASONS

It is considered necessary to amend the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, to give effect to the proposal made in the Budget 2018-19 and matters connected therewith and specifically to,-

- (i) enhance the turnover limit for levy of Profession Tax in respect of Contractors executing work contracts, Persons registered and Persons licenced or approved as Contractors in Railways, State or Central Government etc., in tune with the threshold limit for registration under the Karnataka Goods and Services Tax Act, 2017.
- (ii) to exclude Agriculturists growing plantation crops as defined in the Agricultural Income-tax Act, 1957 (Karnataka Act 22 of 1957) which has been repealed with effect from 01-04-2016 by the Karnataka Taxation Laws (Amendment) Act, 2016 (KARNATAKA ACT NO.5 OF 2016).
- (iii) to exclude Hindu Undivided Family, firm, company, corporation or other corporate body, any society, club or association who have attained the age of sixty years from the benefit of claiming exemption from Professional Tax under proviso to sub-section (2) of Section 3.

Hence the Bill.

FINANCIAL MEMORANDUM

There is no extra expenditure involved by the proposed measure.

SIDDARAMAIAH

Chief Minister

S. Murthy

Secretary (I/c)

Karnataka Legislative Assembly

ANNEXURE
EXTRACT FROM THE KARNATAKA TAX ON PROFESSIONS, TRADES,
CALLINGS AND EMPLOYMENTS ACT, 1976
(KARNATAKA ACT 35 OF 1976)

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3. Levy and charge of tax.- (1) There shall be levied and collected a tax on professions, trades, callings and employment for the benefit of the State.

(2) Every person who exercises any profession or calling or is engaged in any trade or holds any appointment, public or private, or is employed in any manner in the State, specified in the second column of the Schedule, shall be liable to pay to the State Government the tax at the rate mentioned in the corresponding entry in the third column of the said Schedule : Provided that no tax shall be payable by persons who have attained sixty-five years of age.

Provided further that the levy and collection of tax from any person under this section shall be subject to the restriction specified in clause (2) of Article 276 of the Constitution.

Provided further that, no tax shall be payable by a person in respect of any year if the period during which he exercises such profession or calling or is engaged in the trade or holds the appointment or is employed does not exceed one hundred and twenty days in that year.

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SCHEDULE

Sl. No	Class of persons	Rate of tax
10.	Contractors executing works contract (as defined under the Karnataka Sales Tax Act, 1957 or the Karnataka Value Added Tax Act, 2003) where total consideration of all the contracts in a year is:- (i) less than Rs.2 lakhs (ii) more than Rs. 2 lakhs but less than Rs.10 lakhs (iii) more than Rs.10 lakhs but less than Rs.25 lakhs (iv) more than Rs.25 lakhs	Nil Rs.1000 per annum Rs.1500 per annum Rs.2500 per annum
XXX	XXX	XXX
13.	Dealers registered or liable to be registered under the Karnataka Sales Tax Act, 1957 or the Karnataka Value Added Tax Act, 2003 whose total turnover in any year is (a) Upto Rs.2 lakhs	Nil

	(b) not less than Rs.2 lakhs but less than Rs.10 lakhs	Rs.1000 per annum
	(c) not less than Rs.10 lakhs but less than Rs.25 lakhs	Rs.1500 per annum
	(d) Rs.25 lakhs or more Occupiers of factories as defined under the Factories Act, 1948	Rs.2500 per annum Rs.1000 per annum
	XXX	XXX

27.	Agriculturists growing plantation crops as defined in the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957)	
	(a) in extents of land exceeding 15 acres and less than 50 acres	Rs.1500 per annum
	(b) in extents of land exceeding 50 acres	Rs.2500 per annum
	XXX	XXX

46.	Persons licensed or approved as contractors by the Railways, State or Central Government, Corporations, Local Authorities or any other person or agency, namely, Contractors constructing roads, dams, canals, bridges, culverts including civil or masonry work, railways sleeper contractors, forest contractors and electrical contractors; where the total consideration of all the contract in a year is.-	
	(a) Upto Rs. 2 lakhs	Nil
	(b) Rs.2 lakhs and above but less than Rs.10 lakhs	Rs.1000 per annum
	(c) Rs. 10 lakhs and above but less than Rs.25 lakhs	Rs.1500 per annum
	(d) Rs. 25 lakhs and above	Rs.2500 per annum