



KARNATAKA LEGISLATIVE ASSEMBLY  
FIFTEENTH LEGISLATIVE ASSEMBLY  
FIFTH SESSION

**THE KARNATAKA GOODS AND SERVICES TAX (AMENDMENT) BILL, 2019**  
**(LA Bill No. 11 of 2019)**

A Bill further to amend the Karnataka Goods and Services Tax Act, 2017 (Karnataka Act 27 of 2017).

Whereas it is expedient further to amend the Karnataka Goods and Services Tax Act, 2017 (Karnataka Act 27 of 2017) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Seventieth Year of the Republic of India, as follows:-

**1. Short title and commencement.-** (1) This Act may be called the Karnataka Goods and Services Tax (Amendment) Act, 2019.

(2) Save as otherwise provided, the provisions of this Act shall come into force on such date as the Government may, by notification in the Official Gazette, appoint.

**2. Amendment of section 2.-** In section 2 of the Karnataka Goods and Services Tax Act, 2017 (hereinafter referred to as the principal Act), in clause (4), after the words “the Appellate Authority for Advance Ruling,” the words “the National Appellate Authority for Advance Ruling,” shall be inserted.

**3. Amendment of section 10.-** In section 10 of the principal Act,-

(1) in sub-section (1), after the second proviso, the following Explanation shall be inserted, namely:-

**“Explanation.—** For the purposes of second proviso, the value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount shall not be taken into account for determining the value of turnover in the State.”;

(2) in sub-section (2),-

(a) in clause (d), the word “and” occurring at the end shall be omitted;

(b) in clause (e), for the word “Council:”, the words “Council; and” shall be substituted;

(c) after clause (e), the following clause shall be inserted, namely:-

“(f) he is neither a casual taxable person nor a non-resident taxable person.”;

(3) after sub-section (2), the following sub-section shall be inserted, namely:-

“(2A) Notwithstanding anything to the contrary contained in this Act, but subject to the provisions of sub-sections (3) and (4) of section 9, a registered person, not eligible to opt to pay tax under sub-section (1) and sub-section (2), whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees, may opt to pay, in lieu of the tax payable by him under sub-section (1) of section 9, an amount of tax calculated at such rate as may be prescribed, but not exceeding three per cent. of the turnover in the State, if he is not—

- (a) engaged in making any supply of goods or services which are not leviable to tax under this Act;
- (b) engaged in making any inter-State outward supplies of goods or services;
- (c) engaged in making any supply of goods or services through an electronic commerce operator who is required to collect tax at source under section 52;
- (d) a manufacturer of such goods or supplier of such services as may be notified by the Government on the recommendations of the Council; and
- (e) a casual taxable person or a non-resident taxable person:

Provided that, where more than one registered person are having the same Permanent Account Number issued under the Income-tax Act, 1961 (Central Act 43 of 1961), the registered person shall not be eligible to opt for the scheme under this sub-section unless all such registered persons opt to pay tax under this sub-section.”;

- (4) in sub-section (3), after the words, brackets and figure “under sub-section (1)” at both the places where they occur, the words, brackets, figure and letter “or sub-section (2A), as the case may be,” shall be inserted;
- (5) in sub-section (4), after the words, brackets and figure “of sub-section (1)”, the words, brackets, figure and letter “or, as the case may be, sub-section (2A)” shall be inserted;
- (6) in sub-section (5), after the words, brackets and figure “under sub-section (1)”, the words, brackets, figure and letter “or sub-section (2A), as the case may be,” shall be inserted;
- (7) after sub-section (5), the following Explanations shall be inserted, namely:-

**Explanation 1.-** For the purposes of computing aggregate turnover of a person for determining his eligibility to pay tax under this section, the expression “aggregate turnover” shall include the value of supplies made by such person from the 1st day of April of a financial year up to the date when he becomes liable for registration under this Act, but shall not include the value of exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.

**Explanation 2.-** For the purposes of determining the tax payable by a person under this section, the expression “turnover in the State” shall not include the value of following supplies, namely:-

- (i) supplies from the first day of April of a financial year upto the date when such person becomes liable for registration under this Act; and
- (ii) exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.”.

**4. Amendment of section 22.-** In section 22 of the principal Act, in sub-section (1), after the second proviso, the following shall be inserted, namely:-

“Provided also that, the Government may, on the recommendations of the Council, enhance the aggregate turnover from twenty lakh rupees to such amount not exceeding forty lakh rupees in case of supplier who is engaged exclusively in the supply of goods, subject to such conditions and limitations, as may be notified.

**Explanation.**— For the purposes of this sub-section, a person shall be considered to be engaged exclusively in the supply of goods even if he is engaged in exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.”

**5. Amendment of section 25.**— In section 25 of the principal Act, after sub-section (6), the following sub-sections shall be inserted, namely:—

“(6A) Every registered person shall undergo authentication, or furnish proof of possession of Aadhaar number, in such form and manner and within such time as may be prescribed:

Provided that, if an Aadhaar number is not assigned to the registered person, such person shall be offered alternate and viable means of identification in such manner as the Government may, on the recommendations of the Council, prescribe:

Provided further that, in case of failure to undergo authentication or furnish proof of possession of Aadhaar number or furnish alternate and viable means of identification, registration allotted to such person shall be deemed to be invalid and the other provisions of this Act shall apply as if such person does not have a registration.

(6B) On and from the date of notification, every individual shall, in order to be eligible for grant of registration, undergo authentication, or furnish proof of possession of Aadhaar number, in such manner as the Government may, on the recommendations of the Council, specify in the said notification:

Provided that, if an Aadhaar number is not assigned to an individual, such individual shall be offered alternate and viable means of identification in such manner as the Government may, on the recommendations of the Council, specify in the said notification.

(6C) On and from the date of notification, every person, other than an individual, shall, in order to be eligible for grant of registration, undergo authentication, or furnish proof of possession of Aadhaar number of the Karta, Managing Director, whole time Director, such number of partners, Members of Managing Committee of Association, Board of Trustees, authorised representative, authorised signatory and such other class of persons, in such manner, as the Government may, on the recommendation of the Council, specify in the said notification:

Provided that, where such person or class of persons have not been assigned the Aadhaar Number, such person or class of persons shall be offered alternate and viable means of identification in such manner as the Government may, on the recommendations of the Council, specify in the said notification.

(6D) The provisions of sub-section (6A) or sub-section (6B) or sub-section (6C) shall not apply to such person or class of persons or any State or Union territory or part thereof, as the Government may, on the recommendations of the Council, specify by notification.

**Explanation.**— For the purposes of this section, the expression “Aadhaar number” shall have the same meaning as assigned to it in clause (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (Central Act 18 of 2016).”

**6. Insertion of new section 31A.**— After section 31 of the principal Act, the following section shall be inserted, namely:—

**“31A. Facility of digital payment to recipient.-** The Government may, on the recommendations of the Council, prescribe a class of registered persons who shall provide prescribed modes of electronic payment to the recipient of supply of goods or services or both made by him and give option to such recipient to make payment accordingly, in such manner and subject to such conditions and restrictions, as may be prescribed.”.

**7. Amendment of section 39.-** In section 39 of the principal Act,-

(1) for sub-sections (1) and (2), the following sub-sections shall be substituted, namely:-

“(1) Every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10 or section 51 or section 52 shall, for every calendar month or part thereof, furnish, a return, electronically, of inward and outward supplies of goods or services or both, input tax credit availed, tax payable, tax paid and such other particulars, in such form and manner, and within such time, as may be prescribed:

Provided that, the Government may, on the recommendations of the Council, notify certain class of registered persons who shall furnish a return for every quarter or part thereof, subject to such conditions and restrictions as may be specified therein.

(2) A registered person paying tax under the provisions of section 10, shall, for each financial year or part thereof, furnish a return, electronically, of turnover in the State, inward supplies of goods or services or both, tax payable, tax paid and such other particulars in such form and manner, and within such time, as may be prescribed.”;

(2) for sub-section (7), the following sub-section shall be substituted, namely:-

“(7) Every registered person who is required to furnish a return under sub-section (1), other than the person referred to in the proviso thereto, or sub-section (3) or sub-section (5), shall pay to the Government the tax due as per such return not later than the last date on which he is required to furnish such return:

Provided that, every registered person furnishing return under the proviso to sub-section (1) shall pay to the Government, the tax due taking into account inward and outward supplies of goods or services or both, input tax credit availed, tax payable and such other particulars during a month, in such form and manner, and within such time, as may be prescribed:

Provided further that, every registered person furnishing return under sub-section (2) shall pay to the Government the tax due taking into account turnover in the State, inward supplies of goods or services or both, tax payable, and such other particulars during a quarter, in such form and manner, and within such time, as may be prescribed.”

**8. Amendment of section 44.-** In section 44 of the principal Act, in sub-section (1), the following provisos shall be inserted, namely:-

“Provided that, the Commissioner may, on the recommendations of the Council and for reasons to be recorded in writing, by notification, extend the time limit for furnishing the annual return for such class of registered persons as may be specified therein:

Provided further that, any extension of time limit notified by the Commissioner of Central tax shall be deemed to be notified by the Commissioner.”.

**9. Amendment of section 49.-** In section 49 of the principal Act, after sub-section (9), the following sub-sections shall be inserted, namely:-

“(10) A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for integrated tax, central tax, State tax, Union territory tax or cess, in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act.

(11) Where any amount has been transferred to the electronic cash ledger under this Act, the same shall be deemed to be deposited in the said ledger as provided in sub-section (1).”.

**10. Amendment of section 50.-** In section 50 of the principal Act, in sub-section (1), the following proviso shall be inserted, namely:-

“Provided that, the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger.”.

**11. Amendment of section 52.-** In section 52 of the principal Act,-

(1) in sub-section (4), the following provisos shall be inserted, namely:-

“Provided that, the Commissioner may, for reasons to be recorded in writing, by notification, extend the time limit for furnishing the statement for such class of registered persons as may be specified therein:

Provided further that, any extension of time limit notified by the Commissioner of Central tax shall be deemed to be notified by the Commissioner.”;

(2) in sub-section (5), the following provisos shall be inserted, namely:-

“Provided that, the Commissioner may, on the recommendations of the Council and for reasons to be recorded in writing, by notification, extend the time limit for furnishing the annual statement for such class of registered persons as may be specified therein:

Provided further that, any extension of time limit notified by the Commissioner of Central tax shall be deemed to be notified by the Commissioner.”.

**12. Insertion of new section 53A.-** After section 53 of the principal Act, the following section shall be inserted, namely:-

**“53A. Transfer of certain amounts.-** Where any amount has been transferred from the electronic cash ledger under this Act to the electronic cash ledger under the Central Goods and Services Tax Act or under the Integrated Goods and Services Tax Act or under the Goods and Services Tax (Compensation to States) Act, the Government shall, transfer to the central tax account or integrated tax account or cess account, an amount equal to the amount transferred from the electronic cash ledger, in such manner and within such time as may be prescribed.”.

**13. Amendment of section 54.-** In section 54 of the principal Act, after sub-section (8), the following sub-section shall be inserted, namely:-

“(8A) Where the Central Government has disbursed the refund of State tax, the Government shall transfer an amount equal to the amount so refunded, to the Central Government.”.

**14. Amendment of section 95.-** In section 95 of the principal Act,-

(1) in clause (a),-

(a) after the words “Appellate Authority”, the words “or the National Appellate Authority” shall be inserted;

(b) after the words and figures “of section 100”, the words, figures and letter “or of section 101C” shall be inserted;

(2) after clause (e), the following clause shall be inserted, namely:-

“(f) “National Appellate Authority” means the National Appellate Authority for Advance Ruling referred to in section 101A.”.

**15. Insertion of new sections 101A, 101B and 101C.-** After section 101 of the principal Act, the following sections shall be inserted, namely:-

**“101A. Constitution of National Appellate Authority for Advance Ruling.-** Subject to the provisions of this Chapter, for the purposes of this Act, the National Appellate Authority for Advance Ruling constituted under section 101A of the Central Goods and Services Tax Act shall be deemed to be the National Appellate Authority for Advance Ruling under this Act.

**101B. Appeal to National Appellate Authority.-** (1) Where, in respect of the questions referred to in sub-section (2) of section 97, conflicting advance rulings are given by the Appellate Authorities of two or more States or Union territories or both under sub-section (1) or sub-section (3) of section 101, any officer authorised by the Commissioner or an applicant, being distinct person referred to in section 25 aggrieved by such advance ruling, may prefer an appeal to National Appellate Authority:

Provided that, the officer shall be from the States in which such advance rulings have been given.

(2) Every appeal under this section shall be filed within a period of thirty days from the date on which the ruling sought to be appealed against is communicated to the applicants, concerned officers and jurisdictional officers:

Provided that, the officer authorised by the Commissioner may file appeal within a period of ninety days from the date on which the ruling sought to be appealed against is communicated to the concerned officer or the jurisdictional officer:

Provided further that, the National Appellate Authority may, if it is satisfied that the appellant was prevented by a sufficient cause from presenting the appeal within the said period of thirty days, or as the case may be, ninety days, allow such appeal to be presented within a further period not exceeding thirty days.

**Explanation.-** For removal of doubts, it is clarified that the period of thirty days or as the case may be, ninety days shall be counted from the date of communication of the last of the conflicting rulings sought to be appealed against.

(3) Every appeal under this section shall be in such form, accompanied by such fee and verified in such manner as may be prescribed.

**101C. Order of National Appellate Authority.-** (1) The National Appellate Authority may, after giving an opportunity of being heard to the applicant, the officer authorised by the Commissioner, all Principal Chief

Commissioners, Chief Commissioners of Central tax and Chief Commissioner and Commissioner of State tax of all States and Chief Commissioner and Commissioner of Union territory tax of all Union territories, pass such order as it thinks fit, confirming or modifying the rulings appealed against.

(2) If the members of the National Appellate Authority differ in opinion on any point, it shall be decided according to the opinion of the majority.

(3) The order referred to in sub-section (1) shall be passed as far as possible within a period of ninety days from the date of filing of the appeal under section 101B.

(4) A copy of the advance ruling pronounced by the National Appellate Authority shall be duly signed by the Members and certified in such manner as may be prescribed and shall be sent to the applicant, the officer authorised by the Commissioner, the Board, the Chief Commissioner and Commissioner of State tax of all States and Chief Commissioner and Commissioner of Union territory tax of all Union territories and to the Authority or Appellate Authority, as the case may be, after such pronouncement.”.

**16. Amendment of section 102.-** In section 102 of the principal Act, in the opening portion,—

(1) after the words “Appellate Authority”, at both the places where they occur, the words “or the National Appellate Authority” shall be inserted;

(2) after the words and figures “or section 101”, the words, figures and letter “or section 101C, respectively,” shall be inserted;

(3) for the words “or the appellant”, the words “, the appellant, the Authority or the Appellate Authority” shall be substituted.

**17. Amendment of section 103.-** In section 103 of the principal Act,—

(1) after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) The advance ruling pronounced by the National Appellate Authority under this Chapter shall be binding on—

(a) the applicants, being distinct persons, who had sought the ruling under sub-section (1) of section 101B and all registered persons having the same Permanent Account Number issued under the Income-tax Act, 1961 (Central Act 43 of 1961);

(b) the concerned officers and the jurisdictional officers in respect of the applicants referred to in clause (a) and the registered persons having the same Permanent Account Number issued under the Income-tax Act, 1961 (Central Act 43 of 1961).”;

(2) in sub-section (2), after the words, brackets and figure “in sub-section (1)”, the words, brackets, figure and letter “and sub-section (1A)” shall be inserted.

**18. Amendment of section 104.-** In section 104 of the principal Act, in sub-section (1),—

(1) after the words “Authority or the Appellate Authority”, the words “or the National Appellate Authority” shall be inserted;

(2) after the words and figures “of section 101”, the words, figures and letter “or under section 101C” shall be inserted.

**19. Amendment of section 105.-** In section 105 of the principal Act,—

(1) for the heading, the following heading shall be substituted, namely:—

**“Powers of Authority, Appellate Authority and National Appellate Authority”;**

- (2) in sub-section (1), after the words “Appellate Authority”, the words “or the National Appellate Authority” shall be inserted;
- (3) in sub-section (2), after the words “Appellate Authority”, the words “or the National Appellate Authority” shall be inserted.

**20. Amendment of section 106.-** In section 106 of the principal Act,-

- (1) for the heading, the following heading shall be substituted, namely:-

**“Procedure of Authority, Appellate Authority and National Appellate Authority”;**

- (2) after the words “Appellate Authority”, the words “or the National Appellate Authority” shall be inserted.

**21. Amendment of section 171.-** In section 171 of the principal Act, after sub-section (3), the following shall be inserted, namely:-

“(3A) Where the Authority referred to in sub-section (2) after holding examination as required under the said sub-section comes to the conclusion that any registered person has profiteered under sub-section (1), such person shall be liable to pay penalty equivalent to ten per cent. of the amount so profiteered:

Provided that, no penalty shall be leviable if the profiteered amount is deposited within thirty days of the date of passing of the order by the Authority.

**Explanation.-** For the purposes of this section, the expression “profiteered” shall mean the amount determined on account of not passing the benefit of reduction in rate of tax on supply of goods or services or both or the benefit of input tax credit to the recipient by way of commensurate reduction in the price of the goods or services or both.”.

**22. Amendment of Notification (2/2017) No. FD 48 CSL 2017 issued under sub-section (1) of section 11 of the principal Act, retrospectively.-**

- (1) In the Government of Karnataka Notification (2/2017) No. FD 48 CSL 2017, dated the 29th June, 2017, issued by the Government of Karnataka on the recommendations of the Council, under sub-section (1) of section 11 of the Karnataka Goods and Services Tax Act, 2017, in the Schedule, after S.No. 103 and the entries relating thereto, the following S.No. and the entries shall be inserted and shall be deemed to have been inserted retrospectively with effect from the 1st day of July, 2017, namely:-

(1)	(2)	(3)
“103A	26	Uranium Ore Concentrate”

- (2) For the purposes of sub-section (1), the Government of Karnataka shall have and shall be deemed to have the power to amend the notification referred to in sub-section (1) with retrospective effect as if the Government of Karnataka had the power to amend the said notification under sub-section (1) of section 11 of the said Act, retrospectively, at all material times.
- (3) No refund shall be made of all such tax which has been collected, but which would not have been so collected, if the notification referred to in sub-section (1) had been in force at all material times.



## STATEMENT OF OBJECTS AND REASONS

The Parliament of India has enacted the Finance (No. 2) Act, 2019 (Central Act No.23 of 2019) wherein certain amendment to the Central Goods and Services Tax Act, 2017 was made. Similar Amendment to the Karnataka Goods and Services Tax Act, 2017 has to be made accordingly.

Therefore, it is considered necessary to amend the Karnataka Goods and Services Tax Act, 2017 (Karnataka Act 27 of 2017) to,-

- (i) insert the words "the National Appellate Authority for Advance Ruling" in the definition of "adjudicating authority" so as to exclude that authority from the definition of adjudicating authority;
- (ii) provide alternative composition scheme for supplier of services or mixed suppliers (not eligible for the earlier composition scheme) having an annual turnover in preceding financial year up to rupees fifty lakhs;
- (iii) provide for higher threshold exemption limit from rupees twenty lakhs to such amount not exceeding rupees forty lakhs in case of supplier who is engaged exclusively in the supply of goods;
- (iv) provide for mandatory Aadhaar submission or authentication for persons who intend to take or have taken registration under the said Act in such manner as may be notified by the Government on the recommendations of the Council;
- (v) provide that supplier shall mandatorily offer facility for digital payments to his recipient;
- (vi) provide for furnishing of annual returns and for quarterly payment of tax by taxpayer who opts for composition levy and to provide for certain other category of taxpayers, an option for quarterly and monthly payments under the proposed new return filing system;
- (vii) empower the Commissioner to extend the due date for furnishing Annual return and reconciliation statement;
- (viii) provide facility to the taxpayer to transfer an amount from one head to another in the electronic cash ledger;
- (ix) provide for charging interest only on the net cash tax liability, except in those cases where tax is paid subsequent to initiation of any proceedings under section 73 or 74 of the Act;
- (x) empower the Commissioner to extend the due date for furnishing of monthly and annual statement by the person collecting tax at source;
- (xi) provide for transfer of amount in the electronic cash ledger between the Centre and States as a consequence of the new facility given to the taxpayer under section 49;
- (xii) empower the government to transfer an amount equal to the amount which the Central Government has disbursed the refund of State tax;
- (xiii) include "the National Appellate Authority for Advance Ruling" in the definition of "advance ruling". It also seeks to insert clause (f) in section 95 of the Act to define "National Appellate Authority";

- (xiv) provide for constitution of the National Appellate Authority for Advance Ruling and qualification, appointment, tenure, conditions of services and manner of removal of the President and Members of the National Appellate Authority as provided under the Central Goods and Services Tax Act; the proposed new section 101B seeks to provide for filing of appeals and the procedure to be followed for hearing appeals against conflicting advance rulings pronounced on the same question by the Appellate Authorities of two or more States or Union territories or both under sub-section (1) of section 101 or subsection (3) of section 101 of the Act; the proposed new section 101C seeks to provide that the National Appellate Authority shall pass order within a period of ninety days from the date of filing of the appeal. It also provides that where the members differ on any point, it shall be decided by majority;
- (xv) bring the National Appellate Authority within the ambit of that section to empower it to rectify its advance ruling;
- (xvi) provide that the advance ruling pronounced by the National Appellate Authority shall be binding on the applicants, being distinct persons and all registered persons having the same Permanent Account Number and on the concerned officers or the jurisdictional officers in respect of the said applicants and the registered persons having the same Permanent Account Number. It also provides that the ruling shall be binding unless there is a change in law or facts;
- (xvii) provide that advance ruling pronounced by the National Appellate Authority shall be void where the ruling has been obtained by fraud or suppression of material facts or misrepresentation of facts;
- (xviii) provide that the National Appellate Authority shall have all the powers of a civil court under the Code of Civil Procedure, 1908 for the purpose of exercising its powers under the Act;
- (xix) provide that the National Appellate Authority shall have power to regulate its own procedure;
- (xx) empower the Authority to impose penalty equivalent to ten per cent. of the profiteered amount; and
- (xxi) give retrospective exemption to "Uranium Ore Concentrate" from the levy of State tax from 1st July, 2017 to 14th November, 2017.

Hence the Bill.

**FINANCIAL MEMORANDUM**

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

**MEMORANDUM REGARDING DELEGATED LEGISLATION**

<b>Clause 3:</b>	Sub-section (2A) of section 10 proposed to be inserted by clause 3 of the Bill empowers the State Government to prescribe by rules regarding the rate not exceeding three percent of the turnover in State for the purpose of calculating the amount of tax under the said sub-section.
<b>Clause 5:</b>	Sub-section (6A) of section 25 proposed to be inserted by clause 5 empowers the State Government to prescribe by rules regarding the form and manner and the time within which a registered person shall undergo authentication or furnish proof of possession of Aadhaar number.
<b>Clause 6:</b>	Section 31A proposed to be inserted by clause 6 empowers the State Government on the recommendations of the Council to prescribe by rules regarding the manner in which and subject to such conditions and restrictions the payment shall be made to the recipient of the supply of goods and services or both
<b>Clause 7:</b>	Sub-section (1) of section 39 proposed to be substituted by clause 7 of the Bill empowers the State Government to prescribe by rules regarding the particulars to be furnished in the return, the form, manner and time within which the return to be filed.
<b>Clause 9:</b>	Sub-section (10) of section 49 proposed to be inserted by clause 9 empowers the State Government to prescribe by rules regarding the manner, conditions and restrictions for a registered person to transfer on the common portal any amount of tax, interest, penalty, fee or any amount available in the electronic cash ledger under the said Act to the electronic cash ledger for integrated tax, Central tax, State tax, Union territory tax or cess, and such transfer shall be deemed to be a refund.
<b>Clause 12:</b>	Section 53A proposed to be inserted by clause 12 empowers the State Government to prescribe by rules regarding the manner and time within which the amount to be transferred by the Government to the Central Tax account or integrated tax account or cess account, an amount equal to the amount transferred from the electronic cash ledger.

The proposed delegation of Legislative power is normal in character.

**B.S. YEDIYURAPPA**  
CHIEF MINISTER

**M.K. Vishalakshi**  
Secretary (I/c)  
Karnataka Legislative Assembly

**ANNEXURE**  
**EXTRACT FROM THE KARNATAKA GOODS AND SERVICES TAX ACT, 2017**  
**(KARNATAKA ACT 27 OF 2017)**

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**2. Definitions.-** In this Act, unless the context otherwise requires,-

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**(4) “adjudicating authority”** means any authority, appointed or authorised to pass any order or decision under this Act, but does not include the Commissioner, Revisional Authority, the Authority for Advance Ruling, the Appellate Authority for Advance Ruling, the Appellate Authority, the Appellate Tribunal and the Authority referred to in sub-section (2) of section 17;

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**10. Composition levy.-** (1) Notwithstanding anything to the contrary contained in this Act but subject to the provisions of sub-sections (3) and (4) of section 9, a registered person, whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees may opt to pay, in lieu of the tax payable by him under sub-section (1) of section 9, an amount of tax calculated at such rate” as may be prescribed, but not exceeding,-

(a) one per cent. of the turnover in State in case of a manufacturer,

(b) two and a half per cent. of the turnover in State in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II, and

(c) half percent of the turnover in State in case of other suppliers, subject to such conditions and restrictions as may be prescribed:

Provided that the Government may, by notification, increase the said limit of fifty lakh rupees to such higher amount, not exceeding one crore and fifty lakh rupees as may be recommended by the Council:

Provided further that, a person who opts to pay tax under clause (a) or clause (b) or clause (c) may supply services (other than those referred to in clause (b) of paragraph 6 of Schedule II), of value not exceeding ten percent of turnover in the State in the preceding financial year or five lakh rupees, whichever is higher.

(2) The registered person shall be eligible to opt under sub-section (1), if (a) save as provided in sub-section (1), he is not engaged in the supply of services;

(b) he is not engaged in making any supply of goods which are not leviable to tax under this Act;

(c) he is not engaged in making any inter-State outward supplies of goods;

(d) he is not engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52; and

(e) he is not a manufacturer of such goods as may be notified by the Government on the recommendations of the Council:

Provided that, where more than one registered person are having the same Permanent Account Number (issued under the Income-tax Act 1961(Central Act 43 of 1961)), the 19 registered person shall not be eligible to opt for the scheme under sub-section (1) unless all such registered persons opt to pay tax under that sub-section.

(3) The option availed of by a registered person under sub-section (1) shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the limit specified under sub-section (1).

(4) A taxable person to whom the provisions of sub-section (1) apply shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax.

(5) If the proper officer has reasons to believe that a taxable person has paid tax under sub-section (1) despite not being eligible, such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the provisions of section 73 or section 74 shall, mutatis mutandis, apply for determination of tax and penalty.

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**22. Persons liable for registration.-** (1) Every supplier making a taxable supply of goods or services or both in the State shall be liable to be registered under this Act if his aggregate turnover in a financial year exceeds twenty lakh rupees:

Provided that, where such person makes taxable supplies of goods or services or both from any of the special category States, he shall be liable to be registered if his aggregate turnover in a financial year exceeds ten lakh rupees.

Provided further that, where such person makes taxable supplies of goods or services or both from a special category State in respect of which the Central Government has enhanced the aggregate turnover referred to in the first proviso, he shall be liable to be registered if his aggregate turnover in a financial year exceeds the amount equivalent to such enhanced turnover;

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**25. Procedure for registration.-** (1) XX XX XX

(6) Every person shall have a Permanent Account Number issued under the Income tax Act, 1961 (Central Act 43 of 1961) in order to be eligible for grant of registration:

Provided that, a person required to deduct tax under section 51 may have, in lieu of a Permanent Account Number, a Tax Deduction and Collection Account Number issued under the said Act in order to be eligible for grant of registration.

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**39. Furnishing of returns.-** (1) Every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10 or section 51 or section 52 shall, for every calendar month or part thereof, furnish, in such form, manner and within such time as may be prescribed, a 37 return, electronically, of inward and outward supplies of goods or services or both, input tax credit availed, tax payable, tax paid and such other particulars as may be prescribed.

(2) A registered person paying tax under the provisions of section 10 shall, for each quarter or part thereof, furnish, in such form and manner as may be prescribed, a return, electronically, of turnover in the State, inward supplies of goods or services or both, tax payable and tax paid within eighteen days after the end of such quarter.

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(7) Every registered person, who is required to furnish a return under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (5), shall pay to the Government the tax due as per such return not later than the last date on which he is required to furnish such return.

Provided that, the Government may, on the recommendations of the Council, notify certain classes of registered persons who shall pay to the Government the tax due or part thereof as per the return on or before the last date on which he is required to furnish such return, subject to such conditions and safeguards as may be specified therein.

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**44. Annual return.-** (1) Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person, shall furnish an annual return for every financial year electronically in such form and manner as may be prescribed on or before the thirty-first day of December following the end of such financial year.

**49. Payment of tax, interest, penalty and other amounts.-** (1) XXXX

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(9) Every person who has paid the tax on goods or services or both under this Act shall, unless the contrary is proved by him, be deemed to have passed on the full incidence of such tax to the recipient of such goods or services or both.

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**50. Interest on delayed payment of tax.-** (1) Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent., as may be notified by the Government on the recommendations of the Council.

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**52. Collection of tax at source.-** (1) XX XX XX

(4) Every operator who collects the amount specified in sub-section (1) shall furnish a statement, electronically, containing the details of outward supplies of goods or services or both effected through it, including the supplies of goods or services or both returned through it, and the amount collected under sub-section (1) during a month, in such form and manner as may be prescribed, within ten days after the end of such month.

(5) Every operator who collects the amount specified in sub-section (1) shall furnish an annual statement, electronically, containing the details of outward supplies of goods or services or both effected through it, including the supplies of goods or services or both returned through it, and the amount collected under the said sub-section during the financial year, in such form and manner as may be prescribed, before the thirty first day of December following the end of such financial year.

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**54. Refund of tax.-** (1) XX XX XX

(8) Notwithstanding anything contained in sub-section (5), the refundable amount shall, instead of being credited to the Fund, be paid to the applicant, if such amount is relatable to -

(a) refund of tax paid on export of goods or services or both or on inputs or input services used in making such exports ;

(b) refund of unutilised input tax credit under sub-section (3);

(c) refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued, or where a refund voucher has been issued;

(d) refund of tax in pursuance of section 77;

(e) the tax and interest, if any, or any other amount paid by the applicant, if he had not passed on the incidence of such tax and interest to any other person; or

(f) the tax or interest borne by such other class of applicants as the Government may, on the recommendations of the Council, by notification, specify.

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**95. Definitions.-** In this Chapter, unless the context otherwise requires,-

(a) "advance ruling" means a decision provided by the Authority or the Appellate Authority to an applicant on matters or on questions specified in sub-section (2) of section 97 or sub-section (1) of section 100, in relation to the supply of goods or services or both being undertaken or proposed to be undertaken by the applicant;

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(e) "Authority" means the Authority for Advance Ruling, constituted under section 96.

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**102. Rectification of advance ruling.-** The Authority or the Appellate Authority may amend any order passed by it under section 98 or section 101, so as to rectify any error apparent on the face of the record, if such error is noticed by the Authority or the Appellate Authority on its own accord, or is brought to its notice by the concerned officer, the jurisdictional officer, or the applicant or the appellant within a period of six months from the date of the order:

Provided that, no rectification which has the effect of enhancing the tax liability or reducing the amount of admissible input tax credit shall be made unless the applicant or the appellant has been given an opportunity of being heard.

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**103. Applicability of advance ruling.-** (1) The advance ruling pronounced by the Authority or the Appellate Authority under this Chapter shall be binding only - (a) on the applicant who had sought it in respect of any matter referred to in sub-section (2) of section 97 for advance ruling; (b) on the concerned officer or the jurisdictional officer in respect of the applicant.

(2) The advance ruling referred to in sub-section (1) shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed.

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**104. Advance ruling to be void in certain circumstances.-** (1) Where the Authority or the Appellate Authority finds that advance ruling pronounced by it under subsection (4) of section 98 or under sub-section (1) of section 101 has been obtained by the applicant or the appellant by fraud or suppression of material facts or misrepresentation of facts, it may, by order, declare such ruling to be void ab-initio and thereupon all the provisions of this Act or the rules made there under shall apply to the applicant or the appellant as if such advance ruling had never been made:

Provided that, no order shall be passed under this sub-section unless an opportunity of being heard has been given to the applicant or the appellant.

**Explanation.-** The period beginning with the date of such advance ruling and ending with the date of order under this sub-section shall be excluded while computing the period specified in sub-sections (2) and (10) of section 73 or sub-sections (2) and (10) of section 74.

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**105. Powers of Authority and Appellate Authority.-** (1) The Authority or the Appellate Authority shall, for the purpose of exercising its powers regarding -

(a) discovery and inspection;

(b) enforcing the attendance of any person and examining him on oath;

(c) issuing commissions and compelling production of books of account and other records,

have all the powers of a civil court under the Code of Civil Procedure, 1908 (Central Act 5 of 1908).

(2) The Authority or the Appellate Authority shall be deemed to be a civil court for the purposes of section 195, but not for the purposes of Chapter XXVI of the Code of Criminal Procedure, 1973 (Central Act 2 of 1974) and every proceeding before the Authority or the Appellate Authority shall be deemed to be a judicial proceedings within the meaning of sections 193 and 228, and for the purpose of section 196 of the Indian Penal Code (Central Act 45 of 1860).

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**106. Procedure of Authority and Appellate Authority.-** The Authority or the Appellate Authority shall, subject to the provisions of this Chapter, have power to regulate its own procedure.

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**171. Anti-profiteering Measure.-** (1) XX XX XX

(3) The Authority referred to in sub-section (2) shall exercise such powers and discharge such functions as may be prescribed.

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