

THE KERALA FINANCE BILL, 2020

(As passed by the Assembly)

A

BILL

to give effect to certain financial proposals of the Government of Kerala for the Financial Year 2020-2021.

Preamble.—WHEREAS, it is expedient to give effect to certain financial proposals of the Government of Kerala for the Financial Year 2020-2021.

BE it enacted in the Seventy-first Year of the Republic of India as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Kerala Finance Act, 2020.

(2) Save as otherwise provided in this Act,—

(a) Sub-section (10) of section 8 shall be deemed to have come into force on the 18th day of May, 2020, sub-section (1) and sub-section (11) of section 8 shall be deemed to have come into force on the 30th day of June, 2020 and the remaining provisions of section 8 shall come into force on such date as the Government may by notification in the official Gazette, appoint;

(b) the remaining provisions of the Act, shall be deemed to have come into force on the 1st day of April, 2020.

2. *Amendment of Act 11 of 1957.*—In the Kerala Surcharge on Taxes Act, 1957 (11 of 1957), for section 3A, the following section shall be substituted, namely:—

"3A. Reduction of arrears in certain cases.—(1) Notwithstanding anything contained in this Act or rules made thereunder or in any judgment, decree or order of any court, tribunal or appellate authority, any assessee who is in arrears of surcharge or any other amount due under this Act relating to the period up to and including 30th June, 2017, may opt for settling the arrears by availing a complete reduction of the penalty amount, interest on the surcharge amount and on the penalty amount, on payment of,—

(i) fifty per cent of the principal amount of the surcharge in arrears; or

(ii) forty per cent of the principal amount of the surcharge in arrears, if the amount is paid in lump sum within thirty days of receipt of intimation of the assessing authority referred to in sub-section (7).

(2) Notwithstanding anything contained in the Kerala Revenue Recovery Act, 1968, (15 of 1968) reduction of arrears under sub-section (1) shall be applicable to those cases in which revenue recovery proceedings have been initiated and the assessing authorities shall have the power to collect such amounts on settlement under sub-section (1) and where the amount is settled under sub-section (1) the assessing authorities shall withdraw the revenue recovery proceedings against such assesseees which will then be binding on the revenue authorities and such assesseees shall not be liable for payment of any collection charges.

(3) The assessee shall withdraw all the cases pending before any appellate or revisional authority, tribunal or courts for opting for settling the arrears under this section and shall file a declaration to this effect along with the option mentioned under sub-section (5).

(4) All arrears including surcharge, interest and penalties pertaining to an assessee shall be settled together under this section.

(5) An assessee who intends to opt for payment of arrears under sub-section (1) shall submit an option to the assessing authority on or before 30th November, 2020:

Provided that with respect to demands generated after 30th November, 2020, the option may be filed within thirty days on receipt of the assessment order and in such cases the final payment of surcharge and other amounts due as per this section shall be completed on or before 31st March, 2021.

(6) The arrears for the purpose of settlement under this section shall be calculated as on the date of submission of option.

(7) On receipt of the option under sub-section (5), the assessing authority shall determine the amount of surcharge and other amounts due from the assessee under sub-section (1) and shall intimate the same to the assessee, and thereupon the assessee shall remit the amount in installments or lump sum, as the case may be, on or before 31st March, 2021:

Provided that the first installment thereof, for those who opt for payment as specified in clause (i) of sub-section (1) of this section, shall not be less than twenty per cent of the amount determined in this section and such amount shall be paid within thirty days of receipt of the said intimation and the balance amount is to be paid in installments, subject to a maximum of four installments.

(8) Notwithstanding anything contained in this Act, if an assessee who opts to settle his arrears under sub-section (1) has remitted or deposited any amount towards the arrears under this Act after the service of demand notice, such amounts shall be given credit as surcharge before reckoning the arrears to be settled under sub-section (6) and the assessee shall furnish the proof of payments made in this regard:

Provided that any amount paid towards penalty or its interest shall not be given credit.

(9) Notwithstanding anything contained in this Act, or in any judgment, decree or order of any court, tribunal or appellate authority, there shall not be any refund or any adjustment subsequently for the amount settled under this scheme, under any circumstances.

(10) The form and manner of submission of option, intimation and payment, shall be as may be specified by the Commissioner.

(11) Cases involved in Appeals filed by an officer empowered by the Government before the Appellate Authorities under the Kerala General Sales Tax Act, 1963 (15 of 1963), Kerala Value Added Tax Act, 2003 (30 of 2004) and Kerala Agricultural Income Tax Act, 1991 (15 of 1991) pending final orders as on the date of option, can also be opted to be settled under this scheme, reckoning the demand in the original assessment order.

(12) Assessee who opted to settle the arrears under this section during previous years, but had failed to make payments may also opt to settle the arrears under this section, and the amounts, if any, paid earlier shall be given credit as surcharge before reckoning the arrears to be settled under sub-section (6) and the assessee shall furnish the proof of payments made in this regard, however no refunds shall be allowed.

(13) Commissioner may, within a period of four years from the date of full payment of arrears as per the intimation under sub-section (7), *suo motu* review any of the cases settled under this section in the interest of revenue.”

3. *Amendment of Act 17 of 1959.*—In the Kerala Stamp Act, 1959 (17 of 1959),—

(1) for clause (d) of section 2 the following clause shall be substituted, namely:—

“ (d) “conveyance” includes,-

(i) a conveyance on sale;

(ii) every order made under section 232 of the Companies Act, 2013 (Central Act 18 of 2013) in respect of amalgamation or reconstruction of companies;

(iii) every order made by the Reserve Bank of India under section 44A of the Banking Regulation Act, 1949 (Central Act 10 of 1949); and

(iv) every other instrument, by which property, whether movable or immovable or any interest in any property is transferred *inter vivos* and which is not otherwise specifically provided for by the Schedule.”

(2) in section 28A, after the sub-section (1B), the following sub-section shall be inserted, namely:—

“(IC) Notwithstanding anything contained in this Act or rules made thereunder, the Government may, if it is of the opinion that there is a substantial increase in the market value of land in any area due to any reason, by notification in the official Gazette, declare such area in the State for which, the fair value of the land shall be at the rate not exceeding thirty per cent higher than the fair value fixed, revised or increased for such land under sub-section (1), sub-section (1A) or sub-section (1B), as may be specified.”

(3) for section 28C the following section shall be substituted, namely:—

“28C. *Valuation of buildings other than Flats/Apartments.*— Notwithstanding anything contained in this Act or the rules made thereunder, an instrument transferring building other than flat/apartment, chargeable with *ad valorem* duty, the valuation of the building shall be determined as per plinth area rate method by applying plinth area rates published by Central Public Works Department from time to time in such manner as may be prescribed by rules. The registering officer, while registering the instrument, shall ensure that the value or consideration of the building set forth in instrument is not less than the value assessed accordingly.”

(4) In the SCHEDULE,—

(a) in serial number 5, in clause (f), the existing explanation shall be numbered as Explanation II and before the Explanation as so numbered, the following Explanation shall be inserted, namely:—

“Explanation I:— for the purpose of this serial number, service level agreement includes a contract between the service provider and a service receiver to deliver a service with a particular service quality in an agreed price and does not include any contract for purchase or delivery of goods or an employment contract.”;

(b) in serial number 22A, for the entries against it in column (3), the following entries shall be substituted, namely:—

“Two per cent of the market value of the immovable property of the transferor company, which is the subject matter of the conveyance or 0.6 per cent of the aggregate of the market value of the shares or other marketable securities which is the subject matter of the conveyance, issued or allotted in exchange or otherwise, and the amount of consideration paid for such amalgamation, whichever is higher.”.

4. *Amendment of Act 15 of 1963.*—In the Kerala General Sales Tax Act, 1963 (15 of 1963),—

(1) after section 7 the following section shall be inserted, namely:—

“7A. *Special provision for payment of turnover tax and waiver of penalty and interest.*—(1) Notwithstanding anything contained in this Act or rules made thereunder or in any assessment, judgment, decree or order of any court, tribunal or appellate authority, bar hotels,—

(i) which were closed pursuant to the Abkari policy of the Government for the year 2014-2015, and were registered and had paid turnover tax prior to such closure; and

(ii) were subsequently granted new/renewed licenses under foreign liquor rules after such closure, and

(iii) who have not paid turnover tax on the turnover of sale conducted under such new/renewed licences for the period upto 31st March, 2020 and assessments were either completed or not against them for the turnover tax due for such period,

Shall be allowed to settle the arrears of turnover tax upto 31st March, 2020 at the rates mentioned in section 7, subject to eligibility conditions mentioned therein, with complete waiver of penalty and fifty per cent waiver on interest, subject to the following conditions, namely:—

(a) the option to settle under this scheme shall be filed on or before 30th November, 2020;

(b) they should file returns and other statements required to be filed under this Act for such periods along with the option;

(c) on receipt of the said option, the assessing authority shall determine the amount of tax payable under this section and shall intimate the same to the dealer;

(d) twenty per cent of the amount determined in sub-clause (c) shall be paid within a month of receipt of the intimation referred therein and the balance amount shall be paid in four installments before 31st March, 2021.

(2) The form and manner of submission of returns, statements, option and payments shall be as may be specified by the Commissioner.

(3) On full payment of the amount determined under this section, the assessment, if any, already made for the option period, will be nullified.”;

(2) for section 23B, the following section shall be substituted, namely:—

“23B. *Reduction of arrears in certain cases.*—(1) Notwithstanding anything contained in this Act or rules made thereunder or in any judgment, decree or order of any court, tribunal or appellate authority, any assessee, who is in arrears of tax or any other amount due under this Act or under the Central Sales Tax Act, 1956 (Central Act 74 of 1956),—

(i) in case of demands relating to the period up to and including 31st March, 2005, may opt for settling the arrears by availing a complete reduction of the penalty amount, interest on the tax amount and on the penalty amount, on payment of,—

(a) fifty per cent of the principal amount of the tax in arrears; or

(b) forty per cent of the principal amount of the tax in arrears, if the amount is paid in lump sum within thirty days of receipt of intimation of the assessing authority.

(ii) in case of demands relating to the period from 1st April, 2005 to 31st March, 2020, may opt for settling the arrears on payment of the principal amount of the tax and interest in arrears by availing a complete reduction of the penalty amount:

Provided that in case where the evidence, details and records pertaining to the penalty levied is not utilized or not liable to be utilized for any best judgment assessment under this Act, the demand relating to such penalty shall be settled under this section on payment of applicable tax relating to the penalty as determined by the assessing authority.

Explanation.—Arrears for the purpose of this section shall include the tax remaining unpaid as on the date of option, under clause (a) of sub-section (1) of section 47 pursuant to the payment of compounding fee mentioned therein.

(2) Notwithstanding anything contained in the Kerala Revenue Recovery Act, 1968, (15 of 1968) reduction of arrears under sub-section (1) shall be applicable to those cases in which revenue recovery proceedings have been initiated and the assessing authorities shall have the power to collect such amounts on settlement under sub-section (1) and where the amount is settled under sub-section (1) the assessing authorities shall withdraw the revenue recovery proceedings against such assessee which will then be binding on the revenue authorities and such assessee shall not be liable for payment of any collection charges.

(3) The assessee shall withdraw all the cases pending before any appellate or revisional authority, tribunal or courts for opting for settling the arrears under this section and shall file a declaration to this effect along with the option mentioned under sub-section (5).

(4) All arrears including tax interest and penalties pertaining to an assessee shall be settled together under this section.

(5) An assessee who intends to opt for payment of arrears under sub-section (1) shall submit an option to the assessing authority on or before 30th November, 2020:

Provided that with respect to demands generated after 30th November, 2020 the option may be filed within thirty days from the date of receipt of the order and in such cases the final payment of tax and other amount due as per this section shall be completed before 31st March, 2021.

(6) The arrears for the purpose of settlement under this section shall be calculated as on the date of submission of option.

(7) On receipt of the option under sub-section (5), the assessing authority shall determine the amount of tax and other amounts due from the assessee under sub-section (1) and shall intimate the same to the assessee, and thereupon the assessee shall remit the amount in instalments on or before 31st March, 2021:

Provided that the first instalment thereof, for those who opt for payment as specified in sub-clause (a) of clause (i) and clause (ii) of sub-section (1), shall not be less than twenty per cent of the amount determined therein and such amount shall be paid within thirty days of receipt of the intimation and the balance amount to be paid in instalments, subject to a maximum of four instalments.

(8) Notwithstanding anything contained in section 55C, if an assessee who opts to settle his arrears under sub-section (1) has remitted or deposited any amount towards the arrears under this Act after the service of demand notice, such amounts shall be given credit as tax before reckoning the arrears to be settled under sub-section (6) and the assessee shall furnish the proof of payments made in this regard:

Provided that, any amount paid towards penalty or its interest shall not be given credit.

(9) Notwithstanding anything contained in this Act, or in any judgment, decree or order of any court, tribunal or appellate authority, there shall not be any refund or any adjustment subsequently for the amount settled under this scheme, under any circumstances.

(10) Cases involved in Appeals and Revisions filed by an officer empowered by the Government under section 39 and 40 and pending final orders on the date of option can also be opted to be settled under this scheme, reckoning the demand in the original assessment order.

(11) Assesseees who opted to settle their arrears under this section during previous years, but had failed to make payments may also opt to settle their cases under this section, and the amounts, if any, paid earlier shall be given credit as tax before reckoning the arrears to be settled under sub-section (6) and the assessee shall furnish the proof of payments made in this regard, provided that no refunds shall be allowed.

(12) The arrears to be settled under this section shall not include any amount of tax retained by any assessee under garnishee orders of the competent court.”

5. *Amendment of Act 7 of 1975.*—In the Kerala Building Tax Act, 1975 (7 of 1975),—

(1) in section 5, for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) Subject to the other provisions contained in this Act, there shall be charged a tax (hereinafter referred to as “building tax”) based on the plinth area at the rate specified in the Schedule-1 on every building the construction of which is completed on or after the appointed day.”

(2) in section 5A,—

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) Notwithstanding anything contained in this Act, there shall be charged a Luxury Tax on the Plinth Area at the rate specified in the Schedule- II annually on all residential buildings having a plinth area of above 278.7 Square Metres completed on or after the 1st day of April, 1999.”;

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

“(3) There shall be a rebate of twenty per cent of the total Luxury Tax for those who pay the same in lump for five years or more.

(3) in the Schedule,—

(a) for 'Schedule-I,' except note (1) to (3) thereunder, the following shall be substituted, namely:—

"SCHEDULE- I

(see section 5)

TABLE

Rate of Building Tax

Plinth Area	Grama Panchayat (Rupees)	Municipal Council (Rupees)	Municipal Corporation (Rupees)
(1)	(2)	(3)	(4)
Residential Buildings			
Not exceeding 100 Square Metres	Nil	Nil	Nil
Above 100 Square Metres but not exceeding 150 Square Metres	1950	3500	5200
Above 150 Square Metres but not exceeding 200 Square Metres	3900	7000	10500
Above 200 Square Metres but not exceeding 250 Square Metres	7800	14000	21000
Exceeding 250 Square Metres	7800 Plus Rs.1560 for every additional 10 Square Metres	14000 Plus Rs.3100 for every additional 10 Square Metres	21000 Plus Rs. 3900 for every additional 10 Square Metres

Other Buildings			
Not exceeding 50 Square Metres	Nil	Nil	Nil
Above 50 Square Metres but not exceeding 75 Square Metres	1950	3900	7800
Above 75 Square Metres but not exceeding 100 Square Metres	2925	5800	11700
Above 100 Square Metres but not exceeding 150 Square Metres	5850	11700	23400
Above 150 Square Metres but not exceeding 200 Square Metres	11700	23400	46800
Above 200 Square Metres but not exceeding 250 Square Metres	23400	46800	70200
Exceeding 250 Square Metres	23400 Plus Rs.2340 for every additional 10 Square Metres	46800 Plus Rs.4600 for every additional 10 Square Metres	70200 Plus Rs.5800 for every additional 10 Square Metres".

(b) for 'Schedule- II' the following Schedule shall be substituted, namely:—

“SCHEDULE-II
(See section 5A)

TABLE
Rate of Luxury Tax

SI. No.	Plinth Area Limit	Rate (Rs.)
(1)	(2)	(3) *
1	Not exceeding 278.7 Square Metres	Nil
2	Above 278.7 Square Metres but not exceeding 464.50 Square Metres	5000
3	Above 464.50 Square Metres but not exceeding 696.75 Square Metres	7500
4	Above 696.75 Square Metres but not exceeding 929 Square Metres	10000
5	Exceeding 929 Square Metres	12500”.

6. *Amendment of Act 19 of 1976.*—In the Kerala Motor Vehicles Taxation Act, 1976 (19 of 1976),—

(1) in section 2,—

(i) in clause (e), after the words “chargeable on vehicles” the words “or the sale amount shown in the homologation uploaded by the manufacturer in the Parivahan portal administered by the Ministry of Road Transport and Highways, whichever is higher” shall be inserted.

(ii) after the first proviso, the following proviso shall be inserted, namely:—

“Provided further that the tax collection at source (TCS), which is a part of income tax payment, specified if any, in the purchase invoice shall not be included in the purchase value”;

(iii) in the third proviso, for the word "further" the word "also" shall be substituted.

(2) in section 3, after sub-section (7), the following sub-section shall be inserted, namely:—

"(7A) In the case of motor vehicles in possession of a dealer or a manufacturer, as the case may be, and used on road exclusively for any demonstration purposes, a tax at the rate of $\frac{1}{15}$ th of the life time tax specified in Annexure I of the Schedule shall be paid for each year or part thereof:

Provided that the life time tax for 15 years specified in Annexure I of the Schedule shall be levied from the date of purchase, at the time of first registration of such vehicle."

(3) in the SCHEDULE,—

(a) in serial number 3, in item(i), in sub-item (r), for the entries against it in column(3), the following entries shall be substituted, namely:—

"5990.00 + Rs.190 for every 250 Kg or part thereof in excess of 20000 Kg".

(b) in serial number 7,—

(i) in item (ii), for the heading, the following heading shall be substituted, namely:—

"Motor Vehicles owned by Government or Aided Educational Institutions and permitted to ply as Contract Carriages and solely used as Educational Institution Bus".

(ii) after item(ii) and entries against it the following item and entries shall, respectively be inserted, namely:—

"(ia) Motor Vehicles owned by other Educational Institutions and permitted to ply as Contract Carriages and solely used as Educational Institution Bus,—

(a) Vehicles with 20 or less seats including driver— 50.00
for every passenger

(b) Vehicles with more than 20 seats including 100.00.”
driver—for every passenger

(iii) in item (iv), in sub-items (a), (b) and (c), for the entries against it in column(3), the following entries shall, respectively, be substituted, namely:—

“Rs.1170.00 per square metre or part thereof.

Rs.990.00 per square metre or part thereof.

Rs.1260.00 per square metre or part thereof.”.

(c) in Annexure I,—

(i) in serial number A,—

(a) in item 1,—

(i) in column (2), after the words and figure “rupees one lakh”, the words and brackets“(other than electric vehicles)”, shall be added;

(ii) in column (3), for the figure and symbol “9 %” the figures and symbol “10%”, shall be substituted;

(b) in item 2,—

(i) in column (2), after the words and figure “rupees two lakhs”, the words and brackets“(other than electric vehicles)”, shall be added;

(ii) in column (3), for the figures and symbol “11%”, the figures and symbol “12%”, shall be substituted;

(c) in item 2A, in column (2), after the words and figure “rupees two lakhs”, the words and brackets“(other than electric vehicles)”, shall be added;

(d) in item 3,—

(i) in column (2), after the words "goods or passengers", the words and bracket "(other than electric vehicles)", shall be added;

(ii) in column (3), for the figure and symbol "6%", the figure and symbol "8%", shall be substituted;

(e) in item 4,—

(i) in column (2), after the words and figure "rupees five lakhs", the words and brackets "(other than electric vehicles)", shall be added;

(ii) in column (3), for the figure and symbol "7 %", the figure and symbol "9%", shall be substituted;

(f) in item 5,—

(i) in column (2), after the words and figures "rupees ten lakhs", the words and brackets "(other than electric vehicles)", shall be added;

(ii) in column (3), for the figure and symbol "9%", the figure and symbol "11%", shall be substituted;

(g) in item 6,—

(i) in column (2), after the words and figures "rupees fifteen lakh", the words and symbol "(other than electric vehicles)", shall be inserted;

(ii) in column (3), for the figures and symbol "11%", the figures and symbol "13%" shall be substituted;

(h) in item 7, after the words and figures "rupees twenty lakhs", the words and brackets "(other than electric vehicles)" shall be added;

(i) in item 7A, after the words and figures "rupees twenty lakhs", the words and brackets "(other than electric vehicles)", shall be added;

(j) after item 7A and entries against it in columns (2) and (3), the following item and entries shall, respectively, be inserted, namely:—

<p>"7B. Electric motor cycles, Electric Motor cars, Electric Private Service Vehicles for personal use and Electric three wheeled vehicles for personal use.</p>	<p>5% of the purchase value of the vehicle."</p>
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(k) in item 13, in column (3) for the figure and symbol "6%", the figure and symbol "8%", shall be substituted;

(d) in Annexure II,—

(i) for serial number C, the following serial numbers and entries shall, respectively, be substituted, namely:—

<p>"C. New e-rickshaws and e-rickshaws which were originally registered in other States on or after 1st April, 2018 and migrated to the State of Kerala.</p>	<p>2000.00.</p>
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<p>CA. New autorickshaws and autorickshaws which were originally registered in other States on or after 1st April, 2010 and migrated to the State of Kerala.</p>	<p>2500.00."</p>
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7. *Amendment of Act 15 of 1991.*—In the Kerala Agricultural Income Tax Act, 1991 (15 of 1991) for section 37C, the following section shall be substituted, namely:—

“37C. *Reduction of arrears in certain cases.*—(1) Notwithstanding anything contained in this Act or rules made thereunder or in any judgment, decree or order of any court, tribunal or appellate authority, any assessee who is in arrears of tax or any other amount due under this Act relating to the period up to and including 31st March, 2017, may opt for settling the arrears on payment of,—

(i) fifty per cent of the principal amount of the tax in arrears; or

(ii) forty per cent of the principal amount of the tax in arrears, if the amount is paid in lump sum within thirty days of receipt of intimation of the assessing authority referred to in sub-section (7).

(2) Notwithstanding anything contained in the Kerala Revenue Recovery Act, 1968, (15 of 1968) reduction of arrears under sub-section (1) shall be applicable to those cases in which revenue recovery proceedings have been initiated and the assessing authorities shall have the power to collect such amounts on settlement under sub-section (1) and where the amount is settled under sub-section (1) the assessing authorities shall withdraw the revenue recovery proceedings against such assesseees which will then be binding on the revenue authorities and such assessee shall not be liable for payment of any collection charges.

(3) The assessee shall withdraw all the cases pending before any appellate or revisional authority, tribunal or courts for opting for settling the arrears under this section and shall file a declaration to the effect along with the option mentioned under sub-section (5).

(4) All arrears including tax, interest and penalties pertaining to an assessee shall be settled together under this section.

(5) An assessee who intends to opt for payment of arrears under sub-section (1) shall submit an option to the assessing authority on or before 30th November, 2020:

Provided that with respect to demands generated after 30th November, 2020, the option may be filed within thirty days, on receipt of the assessment order and in such cases the final payment of tax and other amounts due as per this section shall be completed on or before 31st March, 2021.

(6) The arrears for the purpose of settlement under this section shall be calculated as on the date of submission of option.

(7) On receipt of the option under sub-section (5), the assessing authority shall determine the amount of tax and other amounts due from the assessee under sub-section (1) and shall intimate the same to the assessee, and thereupon the assessee shall remit the amount in instalments or lump sum, as the case may be, on or before 31st March, 2021:

Provided that the first instalment thereof, for those who opt for payment as specified in clause (i) of sub-section (1), shall not be less than twenty per cent of the amount determined in this sub-section and such amount shall be paid within thirty days of receipt of the said intimation and the balance amount to be paid in instalments, subject to a maximum of four equal instalments.

(8) Notwithstanding anything contained in this Act, if an assessee who opts to settle his arrears under sub-section (1) has remitted or deposited any amount towards the arrears under this Act after the service of demand notice, such amounts shall be given credit as tax before reckoning the arrears to be settled under sub-section (6) and the assessee shall furnish the proof of payments made in this regard:

Provided that, any amount paid towards penalty or its interest shall not be given credit.

(9) Notwithstanding anything contained in this Act, or in any judgment, decree or order of any court, tribunal or appellate authority, there shall not be any refund or any adjustment subsequently for the amount settled under this scheme, under any circumstances.

(10) The form and manner of submission of option, intimation and payment, shall be as may be specified by the commissioner.

(11) Cases involved in Appeals and Revisions filed by an officer empowered by the Government under section 74 and 78 and pending final orders on the date of option can also be opted to be settled under this scheme, reckoning the demand in the original assessment.

(12) Assesseees who opted to settle their arrears under this section during previous years, but had failed to make payments may also opt to settle their cases under this section, and the amounts, if any, paid earlier shall be given credit as tax before reckoning the arrears to be settled under sub-section (6) and the assessee shall furnish the proof of payments made in this regard, provided that no refunds shall be allowed."

8. *Amendment of Act 20 of 2017.*—In the Kerala State Goods and Services Tax Act, 2017 (20 of 2017),—

(1) in section 2, in clause (114), for clauses (c) and (d), the following clauses shall be substituted, namely:—

“(c) Dadra and Nagar Haveli and Daman and Diu;

(d) Ladakh;”.

(2) in section 10, in sub-section (2), in clauses (b), (c) and (d), after the words “of goods”, the words “or services” shall be inserted;

(3) in section 16, in sub-section (4), the words “invoice relating to such” shall be omitted;

(4) in section 29, in sub-section (1), for clause (c), the following clause shall be substituted, namely:—

"(c) the taxable person is no longer liable to be registered under section 22 or section 24 or intends to opt out of the registration voluntarily made under sub-section (3) of section 25:".

(5) in section 30, in sub-section (1), for the proviso, the following proviso shall be substituted, namely:—

"Provided that such period may, on sufficient cause being shown, and for reasons to be recorded in writing, be extended,—

(a) by the Additional Commissioner or the Joint Commissioner, as the case may be, for a period not exceeding thirty days;

(b) by the Commissioner, for a further period not exceeding thirty days, beyond the period specified in clause (a)."

(6) in section 31, in sub-section (2), for the proviso, the following proviso shall be substituted, namely:—

"Provided that the Government may, on the recommendations of the Council, by notification,—

(a) specify the categories of services or supplies in respect of which a tax invoice shall be issued within such time and in such manner, as may be prescribed;

(b) subject to the condition mentioned therein, specify the categories of services in respect of which,—

(i) any other document issued in relation to the supply shall be deemed to be a tax invoice; or

(ii) tax invoice may not be issued."

(7) in section 51,—

(a) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) A certificate of tax deduction at source shall be issued in such form and in such manner as may be prescribed."

(b) sub-section (4) shall be omitted.

(8) in section 122, after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) Any person who retains the benefit of a transaction covered under clauses (i), (ii), (vii) or clause (ix) of sub-section (1) and at whose instance such transaction is conducted, shall be liable to a penalty of an amount equivalent to the tax evaded or input tax credit availed of or passed on.”.

(9) in section 132, in sub-section (1),—

(i) for the words “Whoever commits any of the following offences”, the words “Whoever commits, or causes to commit and retain the benefits arising out of, any of the following offences” shall be substituted;

(ii) for clause (c), the following clause shall be substituted, namely:—

“(c) avails input tax credit using the invoice or bill referred to in clause (b) or fraudulently avails input tax credit without any invoice or bill;”;

(iii) in sub-clause (e), the words, “fraudulently avails input tax credit” shall be omitted;

(10) in section 140, with effect from the 1st day of July, 2017,—

(a) in sub-section (1), after the words “existing law”, the words “within such time and” shall be inserted and shall be deemed to have been inserted;

(b) in sub-section (2), after the words “appointed day”, the words “within such time and” shall be inserted and shall be deemed to have been inserted;

(c) in sub-section (3), for the words “goods held in stock on the appointed day subject to”, the words “goods held in stock on the appointed day, within such time and in such manner as may be prescribed, subject to” shall be substituted and shall be deemed to have been substituted;

(d) in sub-section (5), for the words "existing law", the words "existing law, within such time and in such manner as may be prescribed" shall be substituted and shall be deemed to have been substituted;

(e) in sub-section (6), for the words "goods held in stock on the appointed day subject to", the words "goods held in stock on the appointed day, within such time and in such manner as may be prescribed, subject to" shall be substituted and shall be deemed to have been substituted.

(11) in section 172, in sub-section (1), in the proviso, for the words "three years", the words "five years" shall be substituted;

(12) in Schedule II, in paragraph 4, the words "whether or not for a consideration," at both the places where they occur, shall be omitted and shall be deemed to have been omitted with effect from the 1st day of July, 2017.

9. *Amendment of Act 5 of 2019.*—In the Kerala Finance Act, 2019 (5 of 2019),—

(1) for section 12, the following shall be substituted, namely:—

"12. *Reduction of arrears in certain cases.*—(1) Notwithstanding anything contained in sub-section (1) of section 174 of the Kerala State Goods and Services Tax Act, 2017 (20 of 2017) and in the Kerala Tax on Luxuries Act, 1976 (32 of 1976) (hereinafter referred to as the former Act) or rules made thereunder or in any judgment, decree or order of any court, tribunal or appellate authority, any assessee who is in arrears of tax or any other amount due under this Act relating to the period up to and including 30th June, 2017, may opt for settling the arrears on payment of,—

(i) fifty per cent of the principal amount of the tax in arrears; or

(ii) forty per cent of the principal amount of the tax in arrears, if the amount is paid in lump sum within thirty days of receipt of intimation of the assessing authority referred to in sub-section (7):

Provided that in case where the evidence, details and records pertaining to the penalty levied is not utilized or not liable to be utilized for any best judgment assessment under the former Act, the demand relating to such penalty shall be settled under this section on payment of applicable tax relating to the penalty as determined by the assessing authority.

Explanation.—Arrears for the purpose of this section shall include the tax remaining unpaid as on the date of option, under clause (a) of sub-section (1) of section 17B of the former Act pursuant to the payment of compounding fee mentioned therein.

(2) Notwithstanding anything contained in the Kerala Revenue Recovery Act, 1968, (15 of 1968) reduction of arrears under sub-section (1) shall be applicable to those cases in which revenue recovery proceedings have been initiated and the assessing authorities shall have the power to collect such amounts on settlement under sub-section (1) and where the amount is settled under sub-section (1) the assessing authorities shall withdraw the revenue recovery proceedings against such assessee which will then be binding on the revenue authorities and such assessee shall not be liable for payment of any collection charges.

(3) The assessee shall withdraw all the cases pending before any appellate or revisional authority, tribunal or courts for opting for settling the arrears under this section and shall file a declaration to this effect along with the option mentioned under sub-section (5).

(4) All arrears including tax, interest and penalties pertaining to an assessee shall be settled together under this section.

(5) An assessee who intends to opt for payment of arrears under sub-section (1) shall submit an option to the assessing authority on or before 30th November, 2020:

Provided that with respect to demands generated after 30th November, 2020, the option may be filed within thirty days, on receipt of the assessment order and in such cases the final payment of tax and other amounts due as per this section shall be completed on or before 31st March, 2021.

(6) The arrears for the purpose of settlement under this section shall be calculated as on the date of submission of option.

(7) On receipt of the option under sub-section (5), the assessing authority shall determine the amount of tax and other amounts due from the assessee under sub-section (1) and shall intimate the same to the assessee, and thereupon the assessee shall remit the amount in instalments or lump sum, as the case may be, on or before 31st March, 2021:

Provided that the first instalment thereof, for those who opt for payment as specified in clause (i) of sub-section (1) shall not be less than twenty per cent of the amount determined in this sub-section and such amount shall be paid within thirty days of receipt of the said intimation and the balance amount is to be paid in instalments, subject to a maximum of four instalments.

(8) Notwithstanding anything contained in the former Act if an assessee who opts to settle his arrears under sub-section (1), has remitted or deposited any amount relating to the arrears after the service of demand notice, such amounts shall be given credit as tax before reckoning the arrears to be settled under sub-section (6) and the assessee shall furnish the proof of payments made in this regard:

Provided that any amount paid towards penalty or interest shall not be given credit.

(9) Notwithstanding anything contained in this Act, or in any judgment, decree or order of any court, tribunal or appellate authority, there shall not be any refund or any adjustment subsequently for the amount settled under this scheme, under any circumstances.

(10) The form and manner of submission of option, intimation and payment, shall be as may be specified by the Commissioner.

(11) Cases involved in appeals filed by an officer empowered by the Government under the former Act and pending final orders on the date of option can also be opted to be settled under this scheme, reckoning the demand in the original assessment /order.

(12) Assessee who opted to settle their arrears under this section during previous years, but had failed to make payments may also opt to settle their cases under this section, and the amounts, if any, paid earlier shall be given credit as tax before reckoning the arrears to be settled under sub-section (6) and the assessee shall furnish the proof of payments made in this regard, however that no refunds shall be allowed.

(13) Commissioner may, within a period of four years from the date of full payment of arrears as per the intimation under sub-section (7), *suo motu* review any of the cases settled under this section in the interest of revenue.”.

(2) In section 13, in sub-section (1),—

(a) for the figures “173” the figures “174” shall be substituted;

(b) for the words “five lakh” the words “ten lakh” shall be substituted;

(c) for the words and figures “1st April, 2019”, wherever it occurs, the words and figures, “1st April, 2020” shall be substituted.

10. *Special provision for Reduction of arrears in certain cases*—(1) Notwithstanding anything contained in sub-section (1) of section 174 of the Kerala State Goods and Services Tax Act, 2017 (20 of 2017) and in the Kerala Value Added Tax Act, 2003 (hereinafter referred to as the former Act) or rules made thereunder or in any judgment, decree or order of any court, tribunal or appellate authority, any assessee who is in arrears of tax or any other amount due under the former Act or under the Central Sales Tax Act, 1956 (Central Act 74 of 1956) relating to the period up to and including 30th June, 2017, may opt for settling the arrears on payment of,—

(i) fifty per cent of the principal amount of the tax in arrears; or

(ii) forty per cent of the principal amount of the tax in arrears, if the amount is paid in lump sum within 30 days of receipt of intimation of the assessing authority referred to in sub-section (7):

Provided that in case where the evidence, details and records pertaining to the penalty levied is not utilized or not liable to be utilized for any best judgment assessment under the former Act, the demand relating to such penalty shall be settled under this section on payment of applicable tax relating to the penalty as determined by the assessing authority.

Explanation.—Arrears for the purpose of this section shall include the tax remaining unpaid as on the date of option, under clause (a) of sub-section (1) of section 74 of the former Act pursuant to the payment of compounding fee mentioned therein.

(2) Notwithstanding anything contained in the Kerala Revenue Recovery Act, 1968, (15 of 1968) reduction of arrears under sub-section (1) shall be applicable to those cases in which revenue recovery proceedings have been initiated and the assessing authorities shall have the power to collect such amounts on settlement under sub-section (1) and where the amount is settled under sub-section (1) the assessing authorities shall withdraw the revenue recovery proceedings against such assessee which will then be binding on the revenue authorities and such assessee shall not be liable for payment of any collection charges.

(3) The assessee shall withdraw all the cases pending before any appellate or revisional authority, tribunal or courts for opting for settling the arrears under this section and shall file a declaration to this effect along with the option mentioned under sub-section (5).

(4) All arrears including tax, interest and penalties pertaining to an assessee shall be settled together under this section.

(5) An assessee who intends to opt for payment of arrears under sub-section (1) shall submit an option to the assessing authority on or before 30th November, 2020:

Provided that with respect to demands generated after 30th November, 2020, the option may be filed within thirty days, on receipt of the assessment order and in such cases the final payment of tax and other amounts due as per this section shall be completed on or before 31st March, 2021.

(6) The arrears for the purpose of settlement under this section shall be calculated as on the date of submission of option.

(7) On receipt of the option under sub-section (5), the assessing authority shall determine the amount of tax and other amounts due from the assessee under sub-section (1) and shall intimate the same to the assessee, and thereupon the assessee shall remit the amount in instalments or lump sum, as the case may be, on or before 31st March, 2021:

Provided that the first instalment thereof, for those who opt for payment as specified in clause (i) of sub-section (1) shall not be less than twenty per cent of the amount determined therein and such amount shall be paid within thirty days of receipt of the said intimation and the balance amount to be paid in instalments, subject to a maximum of four installments.

(8) Notwithstanding anything contained in section 91 of the former Act, if an assessee who opts to settle his arrears under sub-section (1) has remitted or deposited any amount relating to the arrears after the service of demand notice, including the tax paid under clause (a) of sub-section (1) of section 74, of the former Act such amount shall be given credit as tax before reckoning the arrears to be settled under sub-section (6) and the assessee shall furnish the proof of payments made in this regard:

Provided that any amount paid towards penalty or its interest shall not be given credit.

(9) Notwithstanding anything contained in this Act, or in any judgment, decree or order of any court, tribunal or appellate authority, there shall not be any refund or any adjustment subsequently for the amount settled under this scheme, under any circumstances.

(10) The form and manner of submission of option, intimation and payment, shall be as may be specified by the commissioner.

(11) Cases involved in Appeals filed by an officer empowered by the Government under section 60 and 62 of the former Act and pending final orders can also be opted to be settled under this scheme, reckoning the demand in the original assessment order.

(12) Assesseees who have opted to settle their arrears under section 31A or section 31B of the former Act during previous years, but had failed to make payments may also opt to settle their cases under this section, and the amounts, if any, paid earlier shall be given credit as tax before reckoning the arrears to be settled under sub-section (6) and the assessee shall furnish the proof of payments made in this regard, however that no refunds shall be allowed.

(13) The provisions of the Kerala Value Added Tax Act, 2003 (30 of 2004) and the rules made thereunder, including those relating to definitions, authorities, power to rectification of error, powers of revision *suo-motu* shall, as far as may be, *mutatis mutandis*, apply, in relation to the settlement of arrears under this section.

(14) The arrears to be settled under this section shall not include any amount of tax retained by any assessee under garnishee orders of competent court or any amount of tax deducted by the awarder under section 10 and retained by him.

11. *Special provision for assessment and payment of tax for presumptive dealers.*—(1) Notwithstanding anything contained in sub-section (1) of section 174 of the Kerala State Goods and Services Tax Act, 2017 (20 of 2017) and in the Kerala Value Added Tax Act, 2003 (30 of 2004) (hereinafter referred to as the former Act) or rules made thereunder or in any judgment, decree or order of any court, tribunal or appellate or revisional authority or any assessment order or penalty order issued under the former Act, the dealers who have opted to pay tax under sub-section (5) of section 6 of the former Act and with regard to whom unaccounted purchases have been detected by the assessing authority for the period up to 30th June, 2017, may opt to settle their cases by paying tax at,—

(i) half per cent on the turnover of taxable goods, if the total turnover determined is, within the total turnover limit specified under sub-section (5) of section 6 of the former Act;

(ii) one per cent on the turnover of taxable goods, for the total turnover determined in excess of the total turnover limit specified under sub-section (5) of section 6 of the former Act and up to rupees one crore, in addition to the tax due under clause (i) above;

(iii) two per cent on the turnover of taxable goods, for the total turnover determined above rupees one crore, in addition to the tax due under clauses (i) and (ii) above,

and on payment of such tax, all penalties and interest including penalty under sub-section (7) of section 22 of the former Act, shall stand waived.

Explanation.—Notwithstanding anything contained in clause (ii) of section 2 of the former Act, for the purpose of this section, 'total turnover determined' shall be the total turnover obtained by adding unaccounted purchases detected or declared with five per cent gross profit to the total turnover declared as per the returns filed:

Provided that the dealers who had failed to take registration under the former Act may also settle their cases relating to the period up to 30th June, 2017, under this section on payment of registration fee at the prescribed rate for each such year and an amount equal to registration fee as penalty, in addition to the tax payable under this section.

(2) For settling the cases under sub-section (1), the assessee shall file option before the assessing authority on or before 30th November, 2020. The assessee shall withdraw all the cases pending before any appellate or revisional authority, tribunal or courts for opting for settling the arrears under this section and shall file a declaration to this effect along with the option mentioned under this sub-section.

(3) Such option and settlement shall cover all the financial years in which unaccounted purchases have been detected.

(4) The assessing authority shall intimate the dealer, the amount to be paid under sub-section (1), within fifteen days from the date of receipt of the option.

(5) Thirty per cent of the amount due under this scheme shall be paid within fifteen days from the date of receipt of the intimation under sub-section (4) and the balance amount shall be paid on or before 31st March, 2021 in equal monthly instalments, subject to a maximum of four instalments.

(6) Without prejudice to the provisions of this section, the Commissioner may issue such instructions to the assessing authorities and the dealers for the effective implementation of the scheme.

(7) No further action under any of the provisions of the former Act shall be initiated by the assessing authority with regard to the unaccounted purchases settled by the dealer under this section or other irregularities in accounts which resulted from such unaccounted purchases, and no appeal or revision shall lie against the amount so settled under this section.

(8) Dealers who have opted to pay tax under sub-section (5) of section 6 of the former Act and with regard to whom unaccounted purchases have not been detected by the assessing authority for the period up to 30th June, 2017, may also voluntarily declare such unaccounted purchases, and opt for the scheme mentioned in sub-section (1), and on doing so, no further action under this Act shall be initiated against such dealers with regard to the same.

(9) The dealers who had opted to settle their arrears under sub-section (5) of section 6 of the former Act and opted to settle their arrears under any previous scheme, but had failed to make payments may also opt to settle their cases under this section, and the amounts, if any, paid earlier shall be adjusted towards the amount to be paid under this section, provided that no refunds shall be allowed.

(10) Notwithstanding anything contained in this Act, or in any judgment, decree or order of any court, tribunal or appellate authority, there shall not be any refund or any adjustment subsequently for the amount settled under this scheme, under any circumstances.

(11) The provisions of the Kerala Value Added Tax Act, 2003 (30 of 2004) and the rules made thereunder, including those relating to definitions, authorities, power to rectification of error, powers of revision *suo-motu* shall, as far as may be, *mutatis mutandis*, apply, in relation to the settlement of arrears under this section.

12. *Waiver of certain arrears and penalty.*—(1) Notwithstanding anything contained in sub-section (1) of section 174 of the Kerala State Goods and Services Tax Act, 2017 (20 of 2017) and in the Kerala Value Added Tax Act, 2003 (30 of 2004) (hereinafter referred to as the former Act) or rules made thereunder, the interest accrued under sub-sections (5) and (6) of section 31 of former Act, on tax due or accrued under sub-section (2) of section 8 of the Central Sales Tax Act, 1956 (Central Act 74 of 1956) and penalty under section 67 and section 68 of the former Act, imposed on non-payment or short payment of tax due or assessed under sub-section (2) of section 8 of the Central Sales Tax Act, 1956 (Central Act 74 of 1956) on the inter-state sale of arecanut shall be waived subject to the following conditions,—

(a) the dealers who have received assessment orders before 30th April, 2020 shall file their option for waiver before the assessing authority on or before 30th September, 2020;

(b) dealers who receive assessment orders after 30th April, 2020 shall file the option within a month from the date on which the assessment orders are received on or before 31st March, 2021, whichever is earlier;

(c) such dealers shall pay the entire tax assessed in lump sum or in thirty six equal monthly instalments, starting on the date on which the assessing authority intimates the tax amount to be paid under the option;

(d) The assessee shall withdraw all the cases pending before any appellate or revisional authority, tribunal or courts for opting for settling the arrears under this section and shall file a declaration to this effect along with the option mentioned under clause(a) of sub-section (1);

(e) Penalties and interest already remitted before 20th March, 2018 will not be readjusted towards tax liability.

(2) The provisions of the Kerala Value Added Tax Act, 2003 (30 of 2004) and the rules made thereunder, including those relating to definitions, authorities, power to rectification of error, powers of revision *suo-motu* shall, as far as may be, *mutatis mutandis*, apply, in relation to the settlement of arrears under this section.

13. *Revision of returns*.—Notwithstanding anything contained in sub-section(1) of section 174 of the Kerala State Goods and Services Tax Act, 2017 (20 of 2017) and in the Kerala Value Added Tax Act, 2003 (30 of 2004) or rules made thereunder, the last date for applying for revision of returns before the assessing authority under the first proviso to sub-section (2) of section 42 of the Kerala Value Added Tax Act, 2003 (30 of 2004) is extended from 30th September, 2019 to 31st December, 2020.

14. *Extension of time limit*.—Where, any time limit has been specified in, or prescribed, under the specified Act terminates on the 31st day of March, 2020 for the completion or compliance of such action, as completion of any proceeding or passing of any order or issuance of any notice relating to any assessment, proceeding to determine, any tax, penalty or other amounts or such other action, by whatever name called, by any authority, under the provisions of the specified Act and where completion or compliance or such action has not been made within such time, then, the time limit for completion or compliance of such action shall, notwithstanding anything contained in the specified Act, stand extended to the 31st day of March, 2021.

Explanation.—For the purpose of this section, specified Act means the Kerala General Sales Tax Act, 1963, (15 of 1963), the Kerala Tax on Luxuries Act 1976 (32 of 1976) (former Act), the Kerala Agricultural Income Tax Act, 1991 (15 of 1991), the Kerala Value Added Tax Act, 2003 (30 of 2004) (former Act).

15. *Validation.*—Notwithstanding anything contained in the Kerala Building Tax Act, 1975 (7 of 1975) any tax collected or paid under section 5, at the rate specified in Schedule I of the said Act, at such higher rates, by virtue of the provisions of the Kerala Finance Bill, 2020 (Bill No. 257 of XIV Kerala Legislative Assembly) in respect of the period with effect from 1st day of April, 2020 to the date of publication of this Act, shall be deemed to have been validly collected or paid and the tax so collected shall not be refunded.
