

No.C1-1/2015/CT

Office of the Commissioner of
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Dtd.09-04-2015

CIRCULAR No.09 / 2015

Sub:- Salient Features of Kerala Finance Bill, 2015 and Operational instructions
– reg.

Kerala Money Lenders Act

The amount of security to be deposited in the Government Treasury U/s 4(2A) has been revised. The method of calculating the security amount has also been amended. As per the new provision, section 4(2B) regarding the amount lent by a licensee for the year for the purpose of determination of the security amount U/s 4(2A) is to be determined as the aggregate amount lent by him during the previous year. All Inspecting Asst. Commissioners are instructed to demand the additional security at the time of renewal of the license, as contemplated in the Kerala Money Lending Rules.

The fines/penalties payable under various Sections 11(1)(b), 13, 17, 18(1), 18A, 18B(1) and 18C(1) of the Act has been revised

Kerala General Sales Tax Act

- An additional sales tax of Rupees one per litre is imposed on HSD and PETROL. Sec.5D of the KGST Act has been amended to this effect.

Kerala Tax on Luxuries Act

- A 12.5% luxury tax will be levied on the charges of accommodation and other amenities provided in a Serviced Villa. Definitions and registration provisions will be similar to that of a serviced apartment.
- The rent limit for levying luxury tax in respect of charitable hospital exempted under Sec.18C of KVAT Act, will be Rs.2000/- per day in lieu of Rs.1000/- per day for normal hospitals.
- Registration / Renewal fees for hotels, auditorium, hall, kalyanamandapam, service apartments and villas, house boats, hospitals and home-stay stand enhanced as follows:

a) Hotels

	Fees
Star hotels	Rs.9375
Other hotels situated within Municipal Corporation area	Rs.1875
Other hotels situated within Municipal Council or Township area	Rs.1500
Other hotels situated within Grama Panchayat area	Rs.1125

b) Halls, Auditorium, Kalyanamandapam etc.

	Fees
Situated within Municipal Corporation area	Rs.1500
Situated within Municipal Council or Township area	Rs.1125
Situated within Grama Panchayat area	Rs.750

c) The registration and renewal fee for hospitals, home stays and serviced apartments / villas is Rs.1500/-.

d) For house boats, the registration fee is Rs.1500/- and renewal fee is Rs.750/-.

- Suo-motu revisional power to granted to Deputy Commissioner if the order passed by the lower authority is prejudicial to revenue.

Kerala Value Added Tax Act

- Multi Level Marketing entity, their distributors / agents are made liable to take registration and pay tax irrespective of their turnover.
- A clarificatory amendment has been introduced in definition of 'total turnover' in Sec.2(ii) of the KVAT Act specifying that in contracts involving sub-contracts, principal contractor is liable to pay KVAT on the differential amount after deducting the sub-contract amount as per Rules.
- Explanation II to Sec.6(5) regarding the determination of total turnover for opting presumptive tax is given retrospective effect from 01-04-2005.
- A negative list has been included on contractors having CST registration and such contract works were made ineligible for payment of tax under compounding scheme. The following are the items included in the negative list.

interior decoration and furnishing contracts, electrical, refrigeration or air conditioning contracts or contracts relating to supply and installation of plant, machinery, rolling shutters, cranes, hoists, elevators (lifts), escalators, generators, generating sets, transformers, weighing machines, air conditioners and air coolers, deep freezers, laying of all kinds of tiles (except brick tiles) slabs and stones (including marble).

As per Bill provisions, the negative list will be applicable ongoing works, which remain unexecuted fully or partly, during this year.

A composite contract for the construction of building which involves works included in the negative list also is excluded from the operation of above clause.

- Dealers in cooked food is permitted to compound under Sec.8(c)(i) subject to eligibility, for the periods prior to their registration under the Act.
- TDS rate for works contract executed under Sampoora Gramin Rosgar Yojana or Beneficiary Committee is also made 5% at par with schedule rate.
- Job worker receiving goods from outside the State for job works are made liable to take registration irrespective of the turnover limit.
- For first time registrants, there is no change in the registration fees.
- Registration renewal fees has been increased:
 - Dealers having VAT registration alone
 - Turnover upto Rs.25 lakhs – no change (Rs.500/-)
 - Turnover above Rs.25 lakhs – Rs.1000/-
 - Dealers having VAT and CST registration – Rs.3000/-
- It is clarified that the exemption to charitable hospitals under Sec.18C will be applicable to all hospitals run by charitable institution registered before the Income Tax authorities under Section 12(AA) of Income Tax Act.
- Period for completion of assessments under Sec.24 and Sec.25 including those extended under Sec.25B, which expires on 31-03-2015 has been extended upto 31-03-2016.
- Transporting agencies are made liable to take registration under Sec.52 of the Act.

- Officers not below the rank of assessing authorities are empowered for collection of information through survey or general inquiry with the prior approval of Officers of and above the rank of Deputy Commissioners.
- All companies and entities maintaining an e-Commerce website are made liable to file the details of goods sold through such sites which are both transported into and outside the State. They are also liable to register under KVAT Act for this purpose. Separate instructions will be issued.
- Section 94(2A) amended for payment of interest due along with the tax.

Change in tax rates

Textiles

- Section 6A of the Act, the enabling provisions for imposition of turnover tax on textiles, has been withdrawn. Instead, the entries of the First Schedule relating to textiles has been brought into the Second Schedule and thus made these commodities taxable at 1%.

Gold

- With respect to gold and other precious metals, the tax rate of 1% is limited only to 'gold bullion' sold by agencies notified by Director General of Foreign Trade and those authorized by RBI for import of gold into the Country, at the point of sale within the State. This entry is specific and without any HSN Codes assigned to it. All other bullions and articles of precious metals has been made taxable at 5%, at par with ornaments.

Cinematographic films

- Exemption given to sale of copy right and transfer of right of use of cinematographic films by virtue of 11th proviso to Sec.6(1) is withdrawn. Henceforth, to be taxable at 5% by virtue of Entry No.68 of Third Schedule and Section 6(1)(f).

Beedi and Beedi tobacco

- The tax rates of 'Beedi and beedi tobacco' is increased to 14.5% by omitting it from the First Schedule.

Printed flex and styrofoam

- The tax rate of 'Styrofoam and Styrofoam sheets' and 'Printed banners, hoardings and leaflets of poly vinyl chloride / polyethylene and other plastics sheets' has been increased to 20% by including the same in Section 6(1)(a).

Poultry feed

- A 1% tax is imposed on prepared poultry feed (Entry No.11 of the second schedule)

Liquefied Natural Gas

- Sale of Liquefied Natural Gas is exempted from tax for the period from 01-04-2015 to 31-03-2016 by the new eleventh proviso to Sec.6(1).

Toys

- By virtue of amendment in entry 130 of the Third Schedule, the tax rate of toys made of plastics is increased to 14.5%, at par with electronic toys.

The following items has been exempted from tax.

- Fabricated wall panels made of glass fibre reinforced gypsum (Entry 17A of 1st Sch.)
- Nylon ropes, polyesters ropes and polyester twines sold by Mathsyafed, Theeramythri units approved by Govt. and Fishermen Co-operation Societies (Entry No.18(5))
- Honey, honey bee box and accessories – Entry No.24B given retrospective effect from 01-04-2005.
- Plastic recycling plant and machinery (Entry 39A)
- Pyrolysis oil obtained from recycling of plastics at point of sale by such recycling units (Entry 39B)
- Rubber wood (Entry No.42C)
- Khadi products sold by manufacturing units approved by Khadi and Village Industries Commission also granted exemption (Entry No.55). As per Budget Speech this amendment will be granted retrospective effect. As such, no coercive action shall be taken till Kerala Finance Act, 2015.
- Used plastic and electronic waste (Entry No.63)

Others

- Brooms, brushes and mops made of plastic used for floor cleaning and toilet cleaning increased to 5% (New Entry No.18A of the Third schedule)
- Entry no.97A of the Third Schedule relating to pesticides, weedicides, insecticides given retrospective effect from 19-07-2011.

- Polyester ropes, nylon rope and polyester twines not included in the First Schedule increased to 5% (See the new entries 99A and 92A of the Third Schedule).
- Electronic goods and systems for defence purpose notified by the Govt. and manufactured by units situated in the State reduced to 5%. (See Entry 147 of Third Schedule)
- Entry No.84A of List A 'Lead Oxide' given retrospective effect from 01-04-2005.

Sd/-
COMMISSIONER