

# THE KARNATAKA TAX ON LUXURIES ACT, 1979

## ARRANGEMENTS OF SECTIONS

### Statements of Objects and Reasons

#### **Sections:**

1. Short title, extent and commencement.

#### **CHAPTER I**

##### **PRELIMINARY**

2. Definitions.

2A. Instructions to subordinate authorities.

2B. Jurisdiction of Officers.

2C. Change of Incumbent of an Office.

#### **CHAPTER II**

##### **LEVY OF TAX ON LUXURY PROVIDED IN HOTELS, LODGING HOUSES, HEALTH CLUBS, ETC. AND MARRIAGE HALLS.**

3. Levy and collection of tax on luxury provided in a hotel.

3A. Omitted

3B. Tax on luxuries like health club etc.

3C. Levy and collection of tax on charges for marriage hall.

3D. Levy and Collection of Tax on Luxury provided in a club.

3E. Levy and Collection of Tax on Luxury provided in a hospital.

4. Mode of collection of tax.

4A. Registration of proprietors [xxx]

4AA. Declaration of charges for marriage hall.

#### **CHAPTER III Omitted**

4B. [xxx]

4C. [xxx].

## **CHAPTER IV**

### **RETURN ASSESSMENT, PAYMENT, RECOVERY AND COLLECTION OF TAXES**

- 5. Returns.
- 5A. Payment of tax in advance.
- 6. Assessment and collection of tax.
- 6A. Collection of tax by a registered proprietor [xxx] and forfeiture of illegal or excess collection of taxes
- 7. Imposition of penalty in certain cases.
- 7A. Assessment of escaped tax.
- 8. Payment of tax and penalty.
- 8A. Recovery of tax from certain other persons.
- 8B. Liability of firms.
- 8C. Tax payable on transfer of business etc.

## **CHAPTER V**

### **APPEALS AND REVISIONS**

- 9. Appeal.
- 10. Revisional powers of Joint Commissioner and Commissioner.
- 10A. Rectification of mistakes.
- 11. Appeal to the Appellate Tribunal.

## **CHAPTER VI**

### **MISCELLANEOUS**

- 11A. Revision by High Court.
- 11B. Appeal to High Court.
- 12. Payment of interest.
- 12A. Power of State Government to exempt or reduce tax.
- 12B. Maintenance of Accounts and issue of sale bills or cash memorandum.

13. Offences and Penalties.

14. Offences by companies.

15. Compounding of offences.

16. Powers to enforce attendance etc.

17. Powers of inspection of accounts and documents and search of hotels,  
etc.

17A. [xxx]

18. [xxx]

18A. Assessment, etc. not to be questioned in prosecution.

19. Bar of proceedings.

20. Power to make rules.

20A. Laying of notifications before the State Legislature.

21. Power to remove difficulties.

SCHEDULE Omitted.

\* \* \* \*

**STATEMENT OF OBJECTS AND REASONS****I**

**Act 22 of 1979.-** In order to augment the revenues of the State it is proposed to levy a tax on luxuries provided in hotels and lodging houses.

Hence this Bill.

(Published in the Karnataka Gazette Part IV-2A (Extraordinary) No. 261 dated 27-3-1979 at page 15.)

**II**

**Amending Act 9 of 1981.-** According to the existing provisions of Karnataka Tax on Luxuries (Hotels and Lodging Houses) Act, 1979, tax ranging from 1 1/2 % to 7% of the lodging charges is collected if the charges per person per day are Rs. 30/- and above. In the Budget speech for the year 1981-82, it has been indicated that the tax on luxuries shall be increased, so as to include hotels with lodging charges of Rs 20/- per day, per person and above. The luxury tax proposed to be levied ranges from 5% to 10% of the lodging charges and it will cover a larger number of hotels. This is proposed in order to augment the revenues of the State by an amount of Rs. 30 lakhs per annum.

Hence this Bill.

(Published in the Karnataka Gazette Part IV-2A (Extraordinary) No. 198 dated 26-3-1981.)

**III**

**Amending Act 18 of 1982.-** According to the existing provisions of the Karnataka Tax on Luxuries (Hotel and Lodging houses) Act, 1979 tax ranging from 5 per cent of the lodging charges is collected if the charges per person per day are Rs. 20 and above. It has been decided to raise the minimum limit of lodging charges from Rs. 20 to Rs. 25 per day per head in respect of liability to pay tax for the reason that a room with a rent of Rs. 20 per person per day can hardly be regarded as a 'Luxury' at the current price levels. The financial implication on account of the enhancement of the limit from Rs. 20 to Rs. 25 may be about Rs. 10 lakhs per annum.

Hence the Bill.

(Published in the Karnataka Gazette (Extraordinary) Part IV-2A dated 27-3-1982 as, No 226.)

(Obtained from L.A. Bill No. 11 of 1982.)

#### IV

**Amending Act 21 of 1985.-** In the Budget-Speech for the year 1985-86 the Chief Minister indicated that the levy and collection of tax on luxury provided in the Hotels are on as based charges, collected per room per day.

Hence this Bill.

(Published in the Karnataka Gazette Part IV-2A (Extraordinary) No. 414 dated 1-8-1985 at page 5.)

#### V

**Amending Act 10 of 1986.-** It is proposed to amend the Karnataka Tax on Luxuries (Hotel and Lodging Houses) Act, 1979 empowering the Government to collect tax from registered proprietors and to streamline the tax collection procedure.

Hence the Bill.

(Obtained from L.A. Bill No. 25 of 1986.)

#### VI

**Amending Act 12 of 1987.-** To give effect to the proposal made in the budget speech, it is proposed to amend the Karnataka Tax on Luxuries (Hotel and Lodging Houses) Act, 1976. Hence the Bill.

(Obtained from L.A. Bill No. 16 of 1987.)

#### VII

**Amending Act 17 of 1989.-** To give effect to the proposals made in the Budget speech it is proposed to amend the Karnataka Tax on Luxuries (Hotels and Lodging Houses) Act, 1979.

Hence this Bill.

(Published in the Karnataka Gazette Part IV-2A (Extraordinary) No.163 dated 27-3-1989 at page 3.)

**VIII**

**Amending Act 11 of 1993.-** It is considered necessary to amend the Karnataka tax on Luxuries (Hotel and Lodging Houses) Act, 1979, the Karnataka Tax on Professions, Trades Callings and Employments Act, 1976, the Karnataka Entertainments Tax Act, 1958 and the Karnataka Sales Tax Act, 1957 to give effect to the proposals made in the budget speech and matters connected therewith.

Hence the Bill.

(Obtained from L.A. Bill No. 15 of 1993.)

**IX**

**Amending Act 6 of 1995.-** It is considered necessary to amend the Karnataka Sale Tax Act, 1957, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, the Karnataka Entertainment Tax Act, 1958, the Karnataka Tax on Entry of Goods Act, 1979, Karnataka Tax on Luxuries, (Hotels and Lodging House) Act, 1979, the Mysore Betting Tax Act, 1932 and to give effect to the proposals made in the Budget speech and matters connected therewith.

Hence this Bill.

(Obtained from L.A. Bill No. 4 of 1995.)

**X**

**Amending Act 5 of 1996.-** It is considered necessary to amend the Karnataka Tax on Luxuries (Hotels and Lodging Houses) Act, 1979, the Karnataka Tax on professions, Trades, Callings and Employments Act, 1976, the Karnataka Entertainments Tax Act, 1958, the Karnataka Agricultural Income Tax Act, 1957, and the Karnataka Sales Tax Act, 1957 to give effect to the proposals made in the Budget speech and matters connected therewith proposals made in the Budget speech and matters connected therewith.

Hence this Bill.

(Obtained from L.A. Bill No. 12 of 1996.)

**XI**

**Amending Act 15 of 1996.-** It is considered necessary to make amendments to the following enactments.

1. xxx
2. Consequent to the amendment of section 3 of the Karnataka Tax on Luxuries (Hotels and Lodging Houses) Act, 1979, Clause (5) of section 2 thereof is proposed to be amended.
3. xxxx
5. Certain consequential amendments are also made.

(Obtained from L.A Bill No. 23 of 1996)

**XII**

**Amending Act 7 of 1997.-** It is considered necessary to amend the Karnataka Tax on Luxuries (Hotels, Lodging Houses and Marriage Halls) Act, 1979 (Karnataka Act 22 of 1979), the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979), the Karnataka Tax on Professions, Trades, callings and Employments Act, 1976 (Karnataka Act 35 of 1976), the Karnataka Excise Act 1966 (Karnataka Act 21 of 1966), the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957), the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), the Mysore Betting Tax Act 1932 (Mysore Act IX of 1932, and to give effect to the proposals made in the budget speech and matters connected therewith. Certain consequential amendments are also made.

Hence this Bill.

(Obtained from L.A. Bill No. 12 of 1997 )

**XIII**

**Amending Act 3 of 1998.-** It is considered necessary to amend the Karnataka Taxation Laws Amendment Act, 1997. (Karnataka Act 27 of 1979). the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979), the Karnataka Tax on Luxuries (Hotels, Lodging Houses and Marriage Halls) Act, 1979 (Karnataka Act 22 of 1979) the Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976 (Karnataka Act 35 of 1976). the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of

1958), the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) and to give collect to the proposals made in the Budget Speech and matters connected therewith. Certain consequent amendments are also made.

Hence this Bill.

(Published in the Karnataka Gazette Part IV-2A (Extraordinary) No. 349, dated 26-3-1998.)

#### XIV

**Amending Act 4 of 1999.-** It is considered necessary to amend the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957), the Karnataka Tax on entry of goods Act 1979 (Karnataka Act 27 of 1979) the Karnataka Tax on Luxuries (Hotel, Lodging Housed and Marriage Halls) Act, 1979 (Karnataka Act 22 of 1979) and the Karnataka Entertainment Tax Act, 1958 (Karnataka Act 30 of 1958) to give effect to the proposals made in the Budget Speech and matters connected therewith. Certain consequential amendments are also made.

Hence, the Bill.

(Obtained from L.A. Bill No. 6 of 1999.)

#### XV

**Amending Act 5 of 2000.-** It is considered necessary to amend the Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 25 of 1957), the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979) and the Karnataka Entertainment Tax Act, 1958 (Karnataka Act 30 of 1958) to give effect to the proposals made in the Budget Speech and matters connected therewith. Certain consequential amendments are also made.

Hence, the Bill.

(Obtained from L.A. Bill. No. 6 of 2000.)

#### XVI

**Amending Act 2 of 2001.-** Gutkha which is a product containing among other mainly arecanut and tobacco was subject to sales tax at 15%

till 31.3.2000 and at 16% from 1.4.2000 under the Karnataka Sales Tax, 1957. Apart from this, gutkha is also liable for 4% entry tax under the Karnataka Tax on Entry of Goods Act, 1979 and in cases where entry tax is not payable it is liable for 4% luxuries tax under the Karnataka Tax on Luxuries Act, 1979.

As per the agreement made with the Union Government by all States, the States have agreed for levy and collection of Additional Duty of Excise in lieu of sales tax by the Union Government under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 on tobacco (and also on tobacco products, textiles and sugar). The Additional duty of Excise so collected by the Union Government is shared among all the States and any state levying sales tax on these goods would lose its share from such Additional duty of Excise collected.

Till 31.3.1992 tobacco and its products, textiles and sugar had been generally exempted from sales tax under the Karnataka Sales Tax, 1957. However by an amendment to the Fifth Schedule with effect from 1.4.92, exemption of sales tax was confined only to the goods which are specified from time to time in the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957. This was done to empower the State to levy sales tax on those goods on which no Additional Duty of Excise in lieu of sales tax, was proposed to be levied by the Union Government. Accordingly sales tax was being levied by the State on tobacco and its products.

Similarly, certain other states were also levying sales tax on tobacco and its products, which were not specified under the Additional duties of Excise (Goods of Special Importance) Act, 1957. The levy of Sales Tax by the State of Andhra Pradesh on gutkha, which was not specified under the Additional Duties of Excise (Goods of special Importance) Act, 1957. The levy of sales tax by the State of Andhra Pradesh on gutkha, which was not specified under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 was questioned before Supreme Court in *M/s Kothari Products Limited Vs. Govt. of Andhra Pradesh* and the Apex Court in its judgement dated 25.1.2000 has held that gutkha is tobacco specified under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 and therefore not liable for sales tax. As the ratio of the aforesaid

case is also applicable to the State, it is not possible to continue to levy of sales tax on gutkha in the State.

Discontinuance of sales tax on gutkha would entail a revenue loss of about rupees thirty crores per annum.

It was therefore considered necessary to increase the rate of luxury tax on gutkha from 4% to 20% by amending the Karnataka Luxuries Tax Act, 1979 which was in addition to the existing entry tax at 4%.

As the matter was urgent, the Karnataka Tax on Luxuries (Amendment) Ordinance, 2001 was promulgated.

This Bill seeks to replace the said Ordinance.

Hence the Bill.

(Vide L.A. Bill No. 3 of 2001 File No. SAMVYASHAE 4 SHASANA 2001)

#### XVII

**Amending Act 5 of 2001.-** To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957), the Karnataka Tax on Entry of Goods Act, 1979 (Karnataka Act 27 of 1979), the Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979), the Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958), the Karnataka Tax on Professionals, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976) and the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957). Certain consequential amendments are also made.

Hence the Bill.

(Vide L.A. Bill No. 7 of 2001 File No. SAMVYASHAE 9 SHASANA 2001)

#### XVIII

**Amending Act 5 of 2002.-** It is considered necessary to amend the Karnataka Agricultural Income Tax, 1957, the Karnataka Sales Tax Act, 1957, the Karnataka Taxes on Luxuries Act, 1979, the Karnataka Taxes on Entry of Goods Act, 1979 and the Karnataka Entertainment Tax Act, 1958

to give effect to the proposal made in the Budget speech and matters connected therewith.

Certain consequential and incidental amendments are also made

Hence the Bill.

(Vide L.A. Bill No. 12 of 2002 File No. SAMVYASHAE 18 SHASANA 2002)

### XIX

**Amending Act 7 of 2003.-** To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Agricultural Income Tax Act, 1957, the Karnataka Sales Tax Act, 1957, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976, the Karnataka Tax on Luxuries Act, 1979, the Karnataka Tax on Entry of Goods Act, 1979 and the Karnataka Electricity (Taxation on Consumption) Act, 1959.

Hence the Bill.

[L.A. Bill No. 9 of 2003]

(Entries 46, 52, 53, 54, 60 and 62 of List-II of the Seventh Schedule to the Constitution of India)

### XX

**Amending Act 3 of 2004.-** The Hon'ble High Court of Karnataka in S.T.R.P. numbers 46 to 57/2003 has held that tax cannot be levied on civil works like asphaltting and repairing of roads under the existing provisions of the Karnataka Sales Tax Act, 1957. However, taxes have been levied and collected on such civil works from 1<sup>st</sup> April 1986 relying on the existing entries. In view of the decision of the Hon'ble High Court, it is considered necessary to incorporate an enabling provision to levy such tax by amending the Karnataka Sales Tax Act, 1957 with retrospective effect.

Similarly, the Hon'ble High Court of Karnataka in W. P. Nos. 8607-8608/2003 has held that the tax cannot be levied on works contract of processing and supplying of photographs, photo prints and photo negatives under the existing provisions of the Karnataka Sales Tax Act, 1957. The Hon'ble High court has held that though the State Legislature has the power to levy tax on such works contracts, in view of the relevant entry having

been struck down by the Hon'ble Supreme Court, in September 1999, tax cannot be levied and collected on such works contracts till the relevant entry is re-introduced in the Karnataka Sales Tax Act, 1957. Taxes have been levied and collected on such works contracts from 1<sup>st</sup> July 1989. In view of the decision of the Hon'ble Supreme Court and the High Court, it is considered necessary to amend the Karnataka Sales Tax Act, 1957 with retrospective effect.

It is also considered necessary that there should be a provision under the Karnataka Sales Tax Act, 1957 to constitute a Settlement Commission to reduce long pending disputes and recover tax arrears expeditiously.

The rate of sales tax being levied at present on Camphor is 5%. Whereas the Empowered Committee of State Finance Ministers has appealed to all the States / UTs to adopt the floor rates on all items. Hence, the rate of sales tax on Camphor is being increased to the floor rate of 8% by amending the Karnataka Sales Tax Act, 1957.

It is also considered necessary to amend the Karnataka Tax on Luxuries Act, 1979, to give tax relief to clubs situated within areas outside municipal corporations and to give tax relief to senior citizens and members of a youth club registered or recognised by the Department of Youth Services.

It is also considered necessary to omit the provisions under the Karnataka Entertainments Tax Act, 1958 relating to collection of service charges by the owners of theatres.

Hence the Bill.

[L.A. BILL No. 6 OF 2004]

## XXI

**Amending Act 26 of 2004.-** To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Mysore Betting Tax Act, 1932(Mysore Act IX of 1932), the Karnataka Sales Tax Act, 1957(Karnataka Act 25 of 1957), the Karnataka Entertainments Tax Act, 1958(Karnataka Act 30 of 1958), the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976(Karnataka Act 35 of 1976), the

Karnataka Tax on Luxuries Act, 1979) and the Karnataka Tax on Entry of Goods Act, 1979(Karnataka Act 27 of 1979).

Opportunity is also taken to rationalize certain provisions of the said Acts and also to codify and make certain consequential amendments to implement reliefs already announced.

Hence the Bill.

[ L.A. BILL No. 18 OF 2004 ]

## XXII

**Amending Act 5 of 2006.-** It is considered necessary to amend the Karnataka Agriculture Income Tax Act, 1957, the Karnataka Sales Tax Act, 1957, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions Trades, Callings and Employments Act, 1976, the Karnataka Tax on Luxuries Act, 1979 and the Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposal made in the Budget and matters connected therewith.

Certain consequential and incidental amendments are also made.

Hence the Bill.

[ L.A. Bill No. 6 of 2006 ]

## XXIII

**Amending Act 5 of 2007.-** It is considered necessary to amend the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 and the Karnataka Tax on Luxuries Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith and also to amend the Karnataka Sales Tax Act, 1957 to provide for a provision for empowering the State Government to withdraw any notification issued under section 8-A either prospectively or retrospectively to give effect to the decision taken by the State Government with regard to discontinuance of sales tax based incentives to industries as a part of national consensus to bring in reforms in State taxes.

Certain consequential and incidental amendments are also made.

Hence the Bill.

[L.A.Bill No. 22 of 2007]

[Entries 54, 60 and 62 of List II of the Seventh Schedule to the Constitution of India.]

#### XXIV

**Amending Act 6 of 2008.**-It is considered necessary to amend the Karnataka Sales Tax Act, 1957, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 and the Karnataka Tax on Luxuries Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith or incidental thereto.

Opportunity is also taken to rationalise taxation and make certain consequential amendments also.

Hence the Bill.

(LA Bill No. 3 of 2008, File No.DPAL 11 Shasana 2008)

[Entry 62 of List II of the Seventh Schedule to the Constitution of India.)

#### XXIV

**Amending Act 7 of 2009.**- It is considered necessary to amend the Mysore Betting tax Act, 1932, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions Trades, Callings and Employments Act, 1976 and the Karnataka Tax on Luxuries Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith.

Certain consequential and incidental amendments are also made.

Hence the Bill.

(LA Bill No. 21 of 2009, File No.DPAL 13 Shasana 2009)

[Entry 62 List II of the Seventh Schedule to the Constitution of India.)

#### XXV

**Amending Act 5 of 2010.**- It is considered necessary to amend the Karnataka Sales Tax Act, 1957, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, the Karnataka Tax on Luxuries Act, 1979 and the Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith and specifically to,

- (i) amend the Karnataka Sales Tax Act, 1957 to provide for levy of tax on supply of goods by an association or a body of persons like clubs, registered or unregistered, to its members retrospectively from second day of February, 1983 from which day by the forty-sixth amendment to the Constitution of India, the State Legislature was

empowered to levy tax on such transactions so as to remove doubts raised in this regard because of the judgment of the Hon'ble High Court of Karnataka in the case of Century Club and Others versus The State of Mysore and another, declaring the provisions made in the Karnataka Sales Tax Act, 1957 before such constitutional amendment for levy of tax on such transactions as void and inoperative.

- (ii) provide for collection of entry tax in advance under the Karnataka Tax on Entry of Goods Act, 1979 at the point of sugar factories selling sugar to dealers who subsequently cause entry of such sugar into any local area in the State.

Certain consequential and incidental amendments are also made.

Hence the Bill.

[L.A. Bill No. 9 of 2010, File No. DPAL 12 Shasana 2010]

[Entries 52, 54, 60 and 62 of List II of the Seventh Schedule to the Constitution of India.]

## XXVI

**Amending Act 15 of 2011.-** It is considered necessary to amend the Mysore Betting Tax Act, 1932, the Mysore Race Courses Licensing Act, 1932, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, the Karnataka Tax on Luxuries Act, 1979 and the Karnataka Tax on Entry of Goods Act, 1979 to,

- (i) extend the application of the Betting Tax Act, 1932 and the Mysore Race Courses Licensing Act, 1952 for the whole of State of Karnataka;
- (ii) to omit certain redundant provisions and the Schedules in the Betting Tax Act, 1932 and the Mysore Race Courses Licensing Act, 1952;
- (iii) to repeal certain redundant enactments; and
- (iv) give effect to the proposals made in the Budget and matters connected therewith.

Certain consequential and incidental amendments are also made.

Hence the Bill.

[L.A. Bill No. 11 of 2011, File No. Samvyashae 13 Shasana 2011]

[Entries 34, 52, 60 and 62 of List II of the Seventh Schedule to the Constitution of India.]

**XXVII**

**Amending Act 18 of 2012.-** It is considered necessary to amend the Karnataka Agricultural Income Tax Act, 1957, the Karnataka Entertainments Tax Act, 1958, the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, the Karnataka Tax on Luxuries Act, 1979 and the Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith.

Certain consequential and incidental amendments are also made.  
Hence the Bill.

[L.A. Bill No. 4 of 2012, File No. Samvyashae 24 Shasana 2012]

[Entries 46, 52, 60 and 62 of List II of the Seventh Schedule to the Constitution of India.]

**XXVIII**

**Amending Act 14 of 2014.-** It is considered necessary to amend the Karnataka Tax on Luxuries Act, 1979 and Karnataka Tax on Entry of Goods Act, 1979 to give effect to the proposals made in the Budget and matters connected therewith

Hence, the Bill.

[L.A. Bill No.32 of 2014, File No. Samvyashae 11 Shasana 2014]

[Entries 52 and 62 of List II of the Seventh Schedule to the Constitution of India.]

**XXIX**

**Amending Act 05 of 2016.-** To give effect to the proposals made in the Budget Speech, it is considered necessary to amend the Karnataka Entertainment Tax Act, 1958 (Karnataka Act 30 of 1958), Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976), the Karnataka Tax on luxuries Act, 1979 (Karnataka Act 22 of 1979) and the Karnataka Tax on Entry of Goods Act, 1979(Karnataka Act 27 of 1979). Opportunity is also taken to rationalize certain provisions of the said Acts and repeal The Karnataka Agriculture Income-Tax 1957 (Karnataka Act 22 of 1957).

Hence the Bill

[L.A. Bill No.11 of 2016, File No. Samvyashae 19 Shasana 2016]

[entries 46, 52,60 and 62 of List II of the Seventh Schedule to the Constitution of India.]

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**KARNATAKA ACT No. 22 OF 1979**

*(First published in the Karnataka Gazette Extraordinary on the Thirty First day of March 1979)*

**THE KARNATAKA TAX ON LUXURIES ACT, 1979**

*( Received the assent of the Governor on the Thirty-first day of March 1979)*

(As Amended by Acts 9 of 1981, 18 of 1982, 21 of 1985, 10 of 1986, 12 of 1987, 17 of 1989, 11 of 1993, 6 of 1995, 5 of 1996, 15 of 1996, 7 of 1997, 3 of 1998, 4 of 1999, 5 of 2000, 2 of 2001, 5 of 2001, 5 of 2002, 7 of 2003, 3 of 2004, 26 of 2004, 5 of 2006, 5 of 2007, 6 of 2008, 7 of 2009, 5 of 2010, 15 of 2011, 18 of 2012, 14 of 2014 and 05 of 2016.)

**An Act to provide for the levy and collection of a tax on luxuries**  
1[x x x]1.

WHEREAS it is expedient to provide for the levy and collection of tax on luxuries 1[x x x]1 and for matters connected therewith:

BE it enacted by the Karnataka State Legislature in the Thirtieth Year of the Republic of India as follows :-

1. Omitted by Act 7 of 1997 w.e.f. 1.4.1997

**1. Short title, extent and commencement.-** (1) This Act may be called the Karnataka Tax on Luxuries 1[x x x]1 Act, 1979.

1. Omitted by Act 7 of 1997 w.e.f. 1.4.1997.

(2) It extends to the whole of the State of Karnataka.

(3) It shall come into force on such 1[date]1 as the State Government may, by notification in the official Gazette, appoint.

1. Act came into force on 1.6.1979 Text of notification is at the end of the Act.

**1[CHAPTER I**

**PRELIMINARY]1**

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997.

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

<sup>1</sup>[(1)“**Charges for lodging**” include charges for air-conditioning, telephone, telephone calls, television, radio, music, extra beds and the like but do not include any charges for food, drink, laundry or other amenities]<sup>1</sup>;

1. Substituted by Act 7 of 2003 w.e.f. 1.4.2000

**Explanation.-** If any question arises whether any charges are charged for lodging, such question shall be referred to the State Government and the decision of the State Government shall be final and shall not be called in question in any court ;

<sup>1</sup>[(1A) "Charges for marriage hall" include charges for air conditioning, chairs, utensils and vessels, shamiana, electricity, water, fuel, interior or exterior decoration <sup>2</sup>[or any amount received by way of donation or charity or by whatever name called in relation to letting out the marriage hall]<sup>2</sup> but do not include any charges for food and drinks;

**Explanation.-** If any question arises whether any charges are charges for marriage hall, such question shall be referred to <sup>3</sup>[the Commissioner]<sup>3</sup> and decision of <sup>3</sup>[the Commissioner]<sup>3</sup> shall be final and shall not be called in question in any Court]<sup>1</sup> ;

1. Clause 1A and explanation inserted by Act 6 of 1995 w.e.f. 1.4.1995

2. Substituted by Act 5 of 2000 w.e.f. 1.4.2000

3. Substituted by Act 4 of 1999 w.e.f. 1.4.1999

<sup>1</sup><sup>2</sup>[(1B)]<sup>2</sup> "Commisioner" means the Commissioner of Commercial Taxes appointed under section 3 of Karnataka Sales Tax Act, 1957;]<sup>1</sup>

1. Inserted by Act 10 of 1986 w.e.f. 31.3.1986

2. Renumbered by Act 6 of 1995 w.e.f. 1.4.1995.

<sup>1</sup>[(1-C) <sup>2</sup>["**Charges for luxuries provided in a hospital**"]<sup>2</sup> means charges for accommodation provided in a hospital for any patient or inmate or resident, by whatever name called and his attendant including charges for air-conditioning, telephone, telephone calls, television, radio, music, extra beds and the like but does not include any charges for food, drink, laundry or other amenities, medicines, medical including consultation, testing, diagnostic and nursing services, therapeutic services or other similar services;]<sup>1</sup>

1. Inserted by Act 26 of 2004 w.e.f. 1.8.2004.

2. Deemed always to have been Substituted by Act 5 of 2007 w.e.f. 1.6.1979.

<sup>1</sup>[(1-D) “**Additional Commissioner**” means the Additional Commissioner of Commercial Taxes appointed under the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957) or the Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004);]<sup>1</sup>

1. Inserted by Act 15 of 2011 w.e.f. 1.4.2011.

(2) "concessional rate" in relation to luxury provided <sup>1</sup>[in a hotel or a marriage hall]<sup>1</sup> means a rate lower than the normal rate fixed for such luxury <sup>1</sup>[by the proprietor of a hotel or a marriage hall]<sup>1</sup> or lower than that fixed by the Government or any other authority under any law for the time being in force;

1. Substituted by Act 5 of 2001 w.e.f. 1.4.2001.

<sup>1</sup>[(3) "Hospital" includes a nursing home, therapy center, rejuvenation or recuperation center, nature care or cure center, ayurvedic cure or care or any treatment center, personal care center and beauty treatment center, by whatever name called]<sup>1</sup>;

1. Inserted by Act 26 of 2004 w.e.f. 1.8.2004.

(4) "hotel" means a building or part of a building where lodging accommodation, with or without board is by way of business provided for a monetary consideration, and includes a lodging house <sup>1</sup>[club]<sup>1</sup> <sup>2</sup>[and holiday resorts]<sup>2</sup>;

1. Inserted by Act 5 of 2000 w.e.f. 1.6.1979.

2. Inserted by Act 6 of 1995 w.e.f. 1.4.1995.

<sup>1</sup>[**Explanation.-** A club, a lodging house and a holiday resort for which charges are collected for providing accommodation whether or not in the course of business shall be deemed to be a hotel for the purpose of this Act.]<sup>1</sup>

1. Inserted by Act 5 of 2000 w.e.f. 1.6.1979.

<sup>1</sup>[(4A) "Joint Commissioner" means the Joint Commissioner of Commercial Taxes appointed under section 3 of the Karnataka Sales Tax Act, 1957;]<sup>1</sup>

1. Inserted by Act 10 of 1986 w.e.f. 31.3.1986.

<sup>1</sup>[(4B) "Luxuries" means <sup>2</sup>[services]<sup>2</sup> ministering to enjoyment, comfort or pleasure extraordinary to necessities of life;]

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Substituted by Act 5 of 2006 w.e.f. 1.4.2006

<sup>1</sup>[(5) "luxury provided in a hotel" means,-

(i) accommodation for lodging provided in a hotel, the rate of charges for which (including charges for air-conditioning, telephone, television, radio, music, extra beds and other amenities for which charges are compulsorily payable, but excluding charges for food and drinks) is not less than <sup>2</sup>[one hundred and fifty]<sup>2</sup> rupees per room per day;

(ii) provision in hotels, whether to residents or others of such facility as health club, beauty parlour, swimming pools, conference hall and the like for which charges are separately made;]

1. Substituted by Act 6 of 1995 w.e.f. 1.4.1995.

2. Substituted by Act 15 of 1996 w.e.f. 1.4.1996.

<sup>1</sup>[(5A) "**Luxury Tax Officer**" <sup>2</sup>[means a Commercial Tax Officer or an]<sup>2</sup> Assistant Commissioner of Commercial Taxes or Deputy Commissioner of Commercial Taxes appointed under Section 3 of the Karnataka Sales Tax Act, 1957 (Karnataka Act 25 of 1957)]<sup>1</sup>

1. Inserted by Act 10 of 1986 w.e.f. 31.3.1986 and substituted by Act 5 of 2001 w.e.f. 1.4.2001.

2. Substituted by Act 5 of 2006 w.e.f. 1.4.2006

<sup>2</sup><sup>1</sup>[(5-B) "**Marriage Hall**" means,-

- (i) Kalyana Mantap, Shadi Mahal, Community Hall, a building or part of a building or a temporary structure or a property as defined in section 3 of the Transfer of Property Act, 1882 where accommodation is provided for marriage or reception or matters related therewith or for organizing any official, social or business function whether functions are conducted in such place regularly or not;
- (ii) Seminar, convention, banquets, meeting or exhibition hall or a temporary structure or a property as defined in section 3 of the Transfer of Property Act, 1882 where accommodation is provided for marriage or reception or matters related therewith or for organizing any official, social or business function whether functions are conducted in such place regularly or not;
- (iii) Any other place or temporary structure as may be specified by the Commissioner, where accommodation is provided for marriage or reception or matters related therewith or for

organizing any official, social or business function whether functions are conducted in such place regularly or not.]<sup>1</sup><sup>2</sup>

1. Inserted by Act 6 of 1995 w.e.f. 1.4.1995.

2. Substituted by Act 18 of 2012 w.e.f. 1.4.2012.

<sup>1</sup>[(6) "**Proprietor, in relation to a Hotel or a Marriage Hall or a Club or a Hospital**" means any person who is owning or holding a hotel or a marriage hall or hospital in any capacity recognized by law or the Secretary or Manager or any other person entrusted with the management of a club or hospital, and includes, the person who for the time being is in-charge of the management of the hotel or marriage hall or club or hospital;"]<sup>1</sup>

1. Substituted by Act 26 of 2004 w.e.f. 1.8.2004.

(6A) <sup>1</sup>[xxx]<sup>1</sup>

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(6B) <sup>1</sup>[xxx]<sup>1</sup>

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(7) "tax" means the luxury tax levied and collected under this Act.;

<sup>1</sup>[(8) <sup>1</sup>[xxx]<sup>1</sup>

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(9) <sup>1</sup>[xxx]<sup>1</sup>

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(10) "year" means the year commencing on the first day of April;

(11) Words and expressions used in this Act, but not defined shall have the meaning assigned to them in the Karnataka Sales Tax Act, 1957 (Karanataka Act 25 of 1957);]<sup>1</sup>

<sup>1</sup>[**2A. Instructions to subordinate authorities.-** (1) The State Government or the Commissioner may, from time to time, issue such orders, instructions and directions to all officers and persons employed in the execution of this Act, as they may deem fit for the administration of this Act, and all such officers and persons shall observe and follow such orders, instructions and directions of the State Government and the Commissioner:

Provided that no such orders, instructions, or directions shall be issued so as to interfere with the discretion of any Appellate Authority in the exercise of its appellate functions.

(2) All officers and persons employed in the execution of this Act, shall observe and follow such administrative instructions as may be issued to them for their guidance by the Joint Commissioner within whose jurisdiction they perform their functions.]<sup>1</sup>

<sup>1</sup> Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

<sup>1</sup>**2-B. Jurisdiction of officers.-** (1) The Joint Commissioners shall perform their functions in respect of such areas or of such proprietors or stockist or classes of proprietors or stockists or of such cases or classes of cases as the Commissioner may direct.

(2) The Luxury Tax Officers shall perform their functions in respect of such areas or of such proprietors or stockists or classes of proprietors or stockists or such cases or classes of cases as the Commissioner may direct.

**2-C. Change of incumbent of an office.** - Whenever in respect of any proceeding under this Act, a Luxury Tax Officer or any other officer ceases to exercise jurisdiction and is succeeded by another who has and exercises jurisdiction, the authority or officer so succeeding may continue the proceeding from the stage at which the proceeding was left by his predecessor:

Provided that the proprietor or stockist may demand that before the proceeding is so continued the previous proceedings or any part thereof be re-opened or that before any order of assessment is passed against him, he be re-heard.]<sup>1</sup>

<sup>1</sup> Sections 2-B and 2-C inserted by Act 5 of 2001 w.e.f. 1.4.2001.

## <sup>1</sup>[CHAPTER II

### LEVY OF TAX ON LUXURY PROVIDED IN HOTELS, LODGING HOUSES, HEALTH CLUBS, ETC. AND MARRIAGE HALLS]<sup>1</sup>

<sup>1</sup> Inserted by Act 7 of 1997 w.e.f. 1.4.1997.

<sup>1</sup>**[3. Levy and collection of tax on luxury provided in a hotel.-**  
(1) Subject to the provisions of this Act, there shall be levied and collected a

tax on the luxury provided in a hotel in respect of every room (to be known as 'Luxury Tax') at the following rates, namely:-

Serial Number	Charges	Rate of tax
1	Where the charges for lodging per room per day are not less than <sup>3</sup> [seven hundred and fifty rupees] <sup>3</sup> but not more than one thousand rupees	Four per cent of such charges
2	Where the charges for lodging per room per day are more than one thousand rupees but not more than two thousand rupees	<sup>2</sup> [Eight per cent of such charges] <sup>2</sup>
3	Where the charges for lodging per room per day are more than two thousand rupees	<sup>2</sup> [Twelve per cent of such charges] <sup>2</sup>

Provided that where charges for lodging are payable otherwise than on daily basis, then, for the purposes of determining the tax liability under this section, the charges shall be computed as for a day, based on the period of lodging for which the charges are payable.

Provided further that where any charges for lodging are paid by any person who is a member of the Foreign Diplomatic Mission in India, other than such foreign diplomatic mission as may be notified then such person shall be exempt from payment of tax.];<sup>1</sup>

1. Substituted by Act 7 of 2009 w.e.f. 1.4.2009.

2. Substituted by Act 5 of 2010 w.e.f.1.4.2010.

3. Substituted by Act 14 of 2014 w.e.f.1.03.2014.

<sup>1</sup>[Proviso x x x]<sup>1</sup>

1. Inserted by Act 5 of 2001 w.e.f. 30.11.1998 and Omitted by the same Act w.e.f. 31.3.2000.

<sup>1</sup>[(1A) tax levied under sub-section (1), shall be paid by every proprietor.]<sup>1</sup>

1. Inserted by Act 4 of 1999 w.e.f. 1.4.1999.

<sup>1</sup>[<sup>2</sup>[(1B)]<sup>2</sup> Notwithstanding anything contained in sub-section (1), no tax shall be levied and collected from a hotelier to the extent of tax not

collected by him during the period from the 1st day of August, 1985 to the 31st day of March, 1986.]<sup>1</sup>

1. Inserted by Act 12 of 1987 w.e.f. 1.4.1987.

2. Renumbered by Act 4 of 1999 w.e.f. 1.4.1999.

<sup>1</sup>[(2) x x x]<sup>1</sup>

1. Omitted by Act 21 of 1985 w.e.f. 1.8.1985

(3) In computing the amount of tax payable under this section, the amount shall, if it is not a multiple of five paise, be increased to the next higher multiple of five paise.

<sup>1</sup>[<sup>2</sup>3A. x x x]<sup>2</sup>

1. Section 3A to 3C Inserted by Act 6 of 1995 w.e.f. 1.4.1995

2. Omitted by Act 3 of 1998 w.e.f. 1.4.1998.

**3B. Tax on luxuries like health club etc.-** There shall be levied and collected a tax at the rate of <sup>1</sup>[ten per cent]<sup>1</sup> on the charges collected for luxuries provided in a hotel for residents or others such as health club, beauty parlour, swimming pool, conference hall and the like when such charges are collected separately.

1. Substituted by Act 7 of 2009 w.e.f. 1.4.2009.

<sup>1</sup>**3C. Levy and collection of tax on charges for marriage hall.-** Subject to the provisions of this Act, where charges for luxury provided in a marriage hall are not less than <sup>2</sup>[five thousand]<sup>2</sup> rupees per day there shall be levied and collected a tax at the rate of <sup>3</sup>[ten per cent]<sup>3</sup> of such charges.]<sup>1</sup>

1. Substituted by Act 5 of 2000 w.e.f. 1.4.2000.

2. Substituted by Act 7 of 2003 w.e.f. 1.4.2003.

3. Substituted by Act 7 of 2009 w.e.f. 1.4.2009.

Provided that where charges for marriage hall are payable otherwise than on daily basis, then for the purposes of determining the tax liability under this section, the charges shall be computed as for a day based on the period of occupancy for which the charges are payable.]<sup>1</sup>

<sup>1</sup>**3-D. Levy and collection of tax on luxury provided in a club.-**  
(1) There shall be levied and collected a tax on luxuries provided in a club to the members who are required to pay any amount as fee, deposit, donation or any other such charges by whatever name called, at the rate as specified in column (3) of the table below.

Sl. No.	Location of club	Rate of tax
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(1)	(2)	(3)
1.	Corporation area	Six hundred rupees per member per annum
2.	Other areas	Three hundred rupees per member per annum

Provided that no tax shall be payable in respect of a member who has attained sixty five years of age and who is not a corporate member subject to such conditions as may be prescribed.

Provided further that no tax shall be payable in respect of a member of a Youth club registered or recognised as such by the Department of Youth Services.

(2) The tax levied under sub-section (1) shall be paid by every proprietor within such period and in such manner as may be prescribed.

**Explanation I.-** For the purpose of this Section, luxuries means more than one of the facilities like card room, bar, billiards room, snooker room, tennis court, swimming pool, sauna, jacuzzi and the like, gymnasium, golf course, internet facility, video, video compact disk, digital video disk and computer games.

**Explanation II.-** Where any corporate membership or similar membership allows use of luxuries provided in a club by more than one person (other than a person who is a dependent of the member), tax shall be levied and collected in respect of every such person.”<sup>1</sup>

1. Inserted by Act 7 of 2003 w.e.f. 1.4.2003 and deemed to have been substituted by Act 3 of 2004 w.e.f. 1.4.2003.

<sup>1</sup>["**3-E. Levy and collection of tax on luxury provided in a hospital.-** <sup>2</sup>(1) There shall be levied and collected a tax at the rate of eight per cent on the charges collected for luxuries provided in a hospital in a room such as accommodation, air conditioning, telephone, telephone calls, television, radio, music, extra beds and the like, <sup>3</sup>[other than facilities provide in a Intensive Care Unit(ICU)]<sup>3</sup> where such charges are more than one thousand rupees per day per room.]<sup>2</sup>

(2) The tax levied under sub-section (1) shall be paid by every proprietor within such period and in such manner as may be prescribed.”<sup>1</sup>

1. Inserted by Act 26 of 2004 w.e.f. 1.8.2004.
2. Deemed always to have been Substituted by Act 5 of 2007 w.e.f.1.6.1979
3. Inserted by Act, 05 of 2016 w.e.f 01.04.2016.

**4. Mode of collection of tax.-** (1) Where the rate of charges for luxury provided in a hotel is inclusive of the charges for food or drink or other amenities, if any (being amenities referred to in clause (5) of section 2), then the <sup>1</sup>[Luxury Tax Officer]<sup>1</sup> may, from time to time, after giving the proprietor an opportunity of being heard, fix separate rates of charges for such luxury and for food or drink or other amenities, if any, being amenities referred to in clause (5) of section 2, for the purpose of calculating the tax under this Act.

1. Substituted by Act 10 of 1986 w.e.f. 31.3.1986.

(2) Where, in addition to the charges for luxury provided in a hotel, service charges are levied and appropriated to the proprietor and not paid to the staff, then, such charges shall be deemed to be part of the charges for luxury provided in the hotel.

<sup>1</sup>[(3) Where luxury provided in a hotel to any person is charged at a concessional rate, then the tax on such luxury, shall be levied and collected on such lower charges where such lower charges are allowed as a result of any discount allowed in general or is in accordance with the terms of a contract or agreement entered into in a particular case and also where such discount allowed is published in tariff cards or displayed or disclosed in writing, in any manner for information.;]<sup>1</sup>

1. Substituted by Act 7 of 2009 w.e.f. 1.4.2009.

(4) Where luxury provided in a hotel for a specified number of persons is shared by more than the number specified, then, in addition to the tax paid for the luxury provided to such specified number of persons, there shall also be levied and collected separately, the tax in respect of the charges made for the additional number of persons accommodated.

<sup>1</sup>[(5) x x x]<sup>1</sup>

1. Omitted by Act 10 Of 1986 w.e.f. 31.3.1986

<sup>1</sup>**4A.** <sup>2</sup>[**Registration of proprietors** <sup>3</sup>[xxx]<sup>3</sup>]<sup>2</sup>-(1) Every proprietor <sup>3</sup>[xxx]<sup>3</sup> liable to pay tax under this Act shall get himself registered under this Act in such manner and within such period as may be prescribed and shall pay a registration fee of two hundred and fifty rupees.

<sup>4</sup>[Provided that the Commissioner may notify the website in which an application for registration shall be made electronically in the manner specified in the said notification.]<sup>4</sup>

1. Sub-section 1 to 6 Inserted by Act 21 of 1985 w.e.f. 1.8.1985.

2. Substituted by Act 7 of 1987 w.e.f. 1.4.1987.

4. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

5. Inserted by Act 15 of 2011 w.e.f. 1.4.2011.

(2) The registration granted shall be valid for one year and shall be renewed from year to year on payment of the fee specified in sub-section (1).

(3) Where, however, the proprietor <sup>1</sup>[xxx]<sup>1</sup> is already registered under the Karnataka Sales Tax Act, 1957, then, he shall not be liable to pay the registration or renewal fee prescribed under this section.

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(4) The <sup>1</sup>[Luxury Tax Officer]<sup>1</sup> may for good and sufficient reasons, demand from a proprietor <sup>2</sup>[xxx]<sup>2</sup> liable to pay tax under this Act, security for due payment of tax and on such demand the proprietor <sup>2</sup>[xxx]<sup>2</sup> shall furnish security within eight days from the date of receipt of the order demanding security.

1. Substituted by Act 10 of 1986 w.e.f. 31.3.1986.

2. Inserted by Act 7 of 1997 w.e.f. 1.4.1997 and Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(5) The amount of security payable under sub-section (4) shall not exceed an amount equivalent to one fourth of tax anticipated for the year from the proprietor <sup>1</sup>[xxx]<sup>1</sup>. The <sup>2</sup>[Luxury Tax Officer]<sup>2</sup> may demand an additional security, if he has reason to believe that the security furnished already is inadequate.

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997 and Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

2. Substituted by Act 10 of 1986 w.e.f. 31.3.1986.

(6) The security furnished shall be maintained in full unless the <sup>1</sup>[Luxury Tax Officer]<sup>1</sup> is satisfied that there are no reasons for its continuance or until the registration certificate is cancelled.]<sup>1</sup>

1. Substituted by Act 10 of 1986 w.e.f. 31.3.1986.

<sup>1</sup>[(7) Where a proprietor <sup>2</sup>[xxx]<sup>2</sup> has more than one place of business, the registration certificate shall cover all such places of business. The Luxury Tax Officer shall issue copies of the registration certificates to the proprietor or the stockist for exhibition at each of his places of business.

1. Sub-sections (7) to (10) Inserted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(8) A proprietor <sup>1</sup>[xxx]<sup>1</sup> registered under sub-section (1) shall be entitled to have his registration cancelled if he is able to prove to the

satisfaction of the Luxury Tax Officer that he has discontinued, transferred or otherwise disposed off his business.

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(9) The Luxury Tax Officer shall have power, for good and sufficient reasons, to cancel, modify or amend any registration certificate issued by it.

(10) A certificate of registration shall be personal to the proprietor <sup>1</sup>[xxx]<sup>1</sup> to whom it is granted and shall not be transferable.]<sup>1</sup>

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

**<sup>1</sup>[4-AA. Declaration of charges for marriage hall.-** (1) Every proprietor of a marriage hall liable to pay tax under this Act, shall declare the normal rate fixed for luxury provided by him in such manner and within such period as may be prescribed.

(2) Where luxury provided in a marriage hall to any person is not charged at all, or is charged at a concessional rate, then the tax on such luxury, shall be levied and collected as if full charges for such luxury were paid to the proprietor of the marriage hall.]<sup>1</sup>

1. Section 4AA Inserted by Act 5 of 2001 w.e.f. 1.4.2001.

**4B.**<sup>1</sup>[xxx]<sup>1</sup>

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

**<sup>1</sup>[4-C.**<sup>1</sup>[xxx]<sup>1</sup>

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

## CHAPTER IV

### RETURN, ASSESSMENT, PAYMENT, RECOVERY AND COLLECTION OF TAXES]<sup>1</sup>

**<sup>1</sup>[5. Returns.-** (1) Notwithstanding anything contained in section 5A, every <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup> liable to pay tax under this Act shall furnish to the assessing authority within sixty days of the expiry of the year, a return in the prescribed form.

<sup>3</sup>[Provided that the specified class of proprietors as may be notified by the Commissioner shall submit the return in the prescribed form, electronically through internet in the manner specified in the said notification.]<sup>3</sup>

1. Section 5 and 5A Substituted by Act 6 of 1995 w.e.f. 1.4.1995.

2.Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

3.Inserted by Act 5 of 2010 w.e.f.1.4.2010.

(2) Before any <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup>, submits any return under sub-section (1), he shall in the prescribed manner, pay in advance the full amount of tax payable by him on the basis of such return as reduced by any tax already paid under section 5-A and shall furnish along with the return satisfactory proof of the payment of such tax, and a return without such proof of payment shall not be deemed to have been filed. After the final assessment is made, the amount of tax so paid shall be deemed to have been paid towards the tax finally assessed.

<sup>3</sup>[Provided that the specified class of proprietors as may be notified by the Commissioner shall pay the tax payable on the basis of the return under sub-section (1), by electronic remittance through internet in the manner specified in the said notification.]<sup>3</sup>

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

3. Inserted by Act 5 of 2010 w.e.f. 1.4.2010

(3) Every return shall be verified in the prescribed manner.

**5A. Payment of tax in advance.-** (1) Every <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup>, liable to pay tax under this Act shall furnish to the assessing authority within twenty days of the expiry of a month, a statement in the prescribed form, showing therein the whole amount of tax due from him according to such statement.

<sup>3</sup>[Provided that the specified class of proprietors as may be notified by the Commissioner shall submit the statement in the prescribed form, electronically through internet in the manner specified in the said notification.]<sup>3</sup>

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

3. Inserted by Act 5 of 2010 w.e.f.1.4.2010.

(2) Every statement under sub-section (1) shall be accompanied by a treasury challan in proof of payment of the full amount of tax due according to the statement, and a statement without such proof of payment shall not be deemed to have been duly filed and the amount so payable

shall for the purpose of section 7 and section 8 be deemed to be tax due under this Act from such <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup>.

<sup>3</sup>[Provided that the specified class of proprietors as may be notified by the Commissioner shall pay the tax payable on the basis of the statement under sub-section (1), by electronic remittance through internet in the manner specified in the said notification.]<sup>3</sup>

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.
2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.
3. Inserted by Act 5 of 2010 w.e.f. 1.4.2010.

<sup>1</sup>[(2-A) If default is committed in the payment of tax for any month beyond ten days whether or not a statement as required under sub-section (1) is filed; or if the amount of tax paid is less than the amount of tax payable for any month, the dealer defaulting payment of tax or making short-payment of tax shall, in addition to the tax, pay interest calculated at the rate of two per cent per month from the date of such default or short-payment to the date of payment of such tax or upto the date specified for payment of tax assessed under section 6, as the case may be.]<sup>1</sup>

1. Inserted by Act 5 of 2001 w.e.f. 1.4.2001.

(3) If no such statement is submitted by any <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup> under sub-section (1) before the date specified therein or if the statement submitted by him appears to the assessing authority to be incorrect or incomplete, the assessing authority may assess the <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup> provisionally for that month to the best of his judgement, recording the reasons for such assessment and proceed to demand and collect the tax on the basis of such assessment :

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.
2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

Provided that before taking action under sub-section (3) the <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup> shall be given an opportunity of being heard.]<sup>1</sup>

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.
2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

**6.Assessment and collection of tax.-** <sup>1</sup>[(1) Every proprietor shall be deemed to have been assessed to tax based on the return submitted by him under sub-section (1) of section 5, except in cases where the Commissioner

may notify the requirement of production of accounts by the proprietor before the Luxury Tax Officer within six months from the date of submitting the return, in support of a return submitted for any period and such authority shall proceed to assess such proprietor,-

- (a) on the basis of the return submitted where he is satisfied the return submitted is correct and complete, or
- (b) to the best of his judgment, where the return submitted appears to be incorrect or incomplete, after giving the proprietor a reasonable opportunity of showing cause against such assessment in writing.

Provided that nothing in this sub-section shall apply to a return submitted for any year upto the year ending 31<sup>st</sup> March, 2012.]<sup>1</sup>

1. Substituted by Act 18 of 2012 w.e.f. 1.4.2012.

(3) If a <sup>1</sup>[proprietor <sup>3</sup>[xxx]<sup>3</sup>]<sub>1</sub> liable to pay tax under this Act fails to furnish a return in respect of any period within the period specified in sub-section (1) of section 5, the <sup>2</sup>[Luxury Tax Officer]<sub>2</sub> shall, after giving the <sup>1</sup>[proprietor <sup>3</sup>[xxx]<sup>3</sup>]<sub>1</sub> a reasonable opportunity of being heard, assess to the best of his judgement, the amount of tax if any, due from him.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Substituted by Act 10 of 1986 w.e.f. 31.3.1986.

3. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(4) Any assessment made under this section shall be without prejudice to any penalty or prosecution for an offence under this Act.

**<sup>1</sup>[6A. Collection of tax by a registered <sup>2</sup>[proprietor <sup>3</sup>[xxx]<sup>3</sup>]<sub>2</sub> and forfeiture of illegal or excess collection of taxes.-** <sup>2</sup>[(1) A proprietor <sup>3</sup>[xxx]<sup>3</sup> who is not registered under this Act, shall not collect any amount by way of tax or purporting to be by way of tax under this Act, nor shall a registered proprietor <sup>3</sup>[xxx]<sup>3</sup> collect any amount by way of tax or purporting to be by way of tax at a rate exceeding the rate specified under this Act at which he is liable to pay tax.]<sub>2</sub>

1. Section 6A sub-sections (1) and (2) Clauses (a) and (b) Inserted by Act 10 of 1986 w.e.f.31.3.1986.

2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

3. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(2) If any <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup> contravenes the provisions of sub-section (1), the Luxury Tax officer, after giving such <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup> a reasonable opportunity of being heard,-

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(a) shall, by order in writing, forfeit in favour of the State Government the amount unauthorisedly collected or collected in excess of the prescribed rate ; and

(b) may, in addition, by order in writing, impose upon him by way of penalty a sum not exceeding one and a half times the amount so collected.]<sup>1</sup>

**7. Imposition of penalty in certain cases.-** Where any <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup> liable to pay tax under this Act,-

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

- (a) fails without sufficient cause or neglects to furnish a return as required by sub-section (1) of section 5, or
- (b) while furnishing a return under sub-section (1) of section 5 fails, without sufficient cause or neglects, to pay into government treasury the whole amount of tax due from him according to such return as required by sub-section (2) of section 5, or
- (c) fails without sufficient cause, to comply with the terms of notice issued to him under clause (a) of sub-section (2) of section 6, or
- (d) conceals the particulars of any transaction or deliberately furnishes inaccurate particulars of any transaction liable to tax,

the <sup>1</sup>[Luxury Tax Officer]<sup>1</sup> may impose upon such <sup>2</sup>[proprietor <sup>3</sup>[xxx]<sup>3</sup>]<sup>2</sup> by way of penalty, in addition to any tax assessed under section 6, a sum not exceeding one and a half times the amount of the tax.

1. Substituted by Act 10 of 1986 w.e.f. 31.3.1986.

2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

3. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

<sup>1</sup>[xxx]<sup>1</sup>

1. Proviso omitted by Act 5 of 2006 w.e.f. 1.4.2006.

**7A. Assessment of escaped tax.-** (1) Where for any reason the whole or any part of the <sup>2</sup>[charges for lodging, charges for luxuries provided in a hotel for residents or others, charges for luxuries provided in a marriage hall <sup>4</sup>[or charges for luxuries provided in a hospital or charges for luxuries provided in a club]<sup>4</sup> <sup>3</sup>[xxx]<sup>2</sup>]<sup>3</sup> has escaped assessment to tax or has been assessed at a lower rate than the rate at which it is assessable, the Luxury Tax Officer may, at any time within a period of five years from the expiry of the <sup>2</sup>[year]<sup>2</sup> to which the tax relates, proceed to assess to the best of his judgement the tax payable on such charges after issuing a notice to the <sup>2</sup>[proprietor <sup>3</sup>[xxx]<sup>3</sup>]<sup>1</sup> and after making such enquiry as he considers necessary.

1. Section 7A sub-sections (1) and (2) Inserted by Act 10 of 1986 w.e.f. 31.3.1986.
2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.
3. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.
4. Inserted by Act 05 of 2016 w.e.f 01.04.2011.

(2) In making an assessment under sub-section (1) the Luxury Tax Officer may, if he is satisfied that the tax escaped from assessment is due to willful non-disclosure of the charges for lodging by the proprietor <sup>1</sup>[xxx]<sup>1</sup>, after giving a reasonable opportunity of showing cause, direct the proprietor <sup>1</sup>[xxx]<sup>1</sup> to pay, in addition to the tax assessed under sub-section (1), a penalty not exceeding one and a half times the tax so assessed.]<sup>1</sup>

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

**8. Payment of tax and penalty.-** (1) (a) The amount of tax,-

- (i) due where returns have been furnished without full payment therefore ;
- (ii) assessed for any period <sup>1</sup>[x x x]<sup>1</sup> less any sum already paid by the <sup>2</sup>[proprietor <sup>3</sup>[xxx]<sup>3</sup>]<sup>2</sup> in respect of such period ;

1. Omitted by Act 10 of 1986 w.e.f. 31.3.1986.
2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.
3. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(b) the amount of penalty, if any, levied <sup>1</sup>[under this Act]<sup>1</sup>, shall be paid by the <sup>2</sup>[proprietor <sup>3</sup>[xxx]<sup>3</sup>]<sup>2</sup> <sup>1</sup>[in such manner as may be prescribed and]<sup>1</sup> by such date as may be specified in the notice issued by the <sup>1</sup>[Luxury Tax Officer]<sup>1</sup> for this purpose being a date not later than thirty days from the date of service of notice :

1. Substituted by Act 10 of 1986 w.e.f. 31.3.1986

2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

3. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

<sup>1</sup>[Proviso x x x]<sup>1</sup>

1. Omitted by Act 7 of 1997 w.e.f. 1.4.1977.

<sup>1</sup>[Provided that the specified class of proprietors as may be notified by the Commissioner shall pay the tax or any other amount due under this Act, by electronic remittance through internet in the manner specified in the said notification.]<sup>1</sup>

1. Inserted by Act 5 of 2010 w.e.f. 1..4.2010.

<sup>1</sup>[(1A) If default is made in making payment in accordance with sub-section (1),-

(i) the whole of the amount towards tax or penalty out-standing on the date of default shall become immediately due and shall be a charge on the properties of the proprietor liable to pay such tax or penalty, and

(ii) the proprietor liable to pay such tax or penalty shall be liable to pay simple interest at two per cent of the amount of the tax or penalty due for each month or part thereof for the period for which the tax or penalty remains unpaid.]<sup>1</sup>

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997.

<sup>1</sup>[(2) Any tax or penalty which remains unpaid on the date specified in the notice of payment <sup>2</sup>[x x x]<sup>2</sup> shall be recoverable,-

1. Sub-section (2) Clause (a) and (b) Substituted by Act 10 of 1986 w.e.f. 31.3.1986.

2. Omitted by Act 7 of 1997 w.e.f. 1.4.1997.

(a) as if it were an arrear of land revenue ; or

<sup>1</sup>[(aa) by attachment and sale or by sale without attachment of any property of such proprietor <sup>2</sup>[xxx]<sup>2</sup> or any other person by the Luxury Tax Officer or any prescribed officer in accordance with such rules as may be prescribed;]<sup>1</sup>

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(b) on application to any magistrate by such magistrate, as it it were a fine imposed by him.]<sup>1</sup>

<sup>1</sup>[(3) Notwithstanding anything contained in sub-section (1-A), where the amount of penalty does not exceed five lakh rupees, the Commissioner and in other cases, the State Government, may, subject to such conditions as

may be prescribed, remit the whole or any part of the penalty payable in respect of any period by any proprietor <sup>2</sup>[xxx]<sup>2</sup><sub>1</sub>

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

**1[8A. Recovery of tax from certain other persons.-** (1) The Luxury Tax Officer may, at any time or from time to time, by notice in writing (a copy of which shall be forwarded to the <sup>2</sup>[proprietor <sup>3</sup>[xxx]<sup>3</sup>]<sub>2</sub>, at his last address known to the Luxury Tax Officer) require any person from whom money is due to the <sup>2</sup>[proprietor <sup>3</sup>[xxx]<sup>3</sup>]<sub>2</sub> or any person who holds or may subsequently hold money for or on account of the <sup>2</sup>[proprietor <sup>3</sup>[xxx]<sup>3</sup>]<sub>2</sub> to pay to the Luxury Tax Officer either forthwith upon the money becoming due or being held at or within the time specified in the notice (not being before the money, becomes due or is held) so much of the money as is sufficient to pay the amount due by the <sup>2</sup>[proprietor <sup>3</sup>[xxx]<sup>3</sup>]<sub>2</sub> in respect of arrears of tax or penalty or the whole of the money when it is equal to or less than that amount.

1. Sections 8A to 8C inserted by Act 10 of 1986 w.e.f. 31.3.1986.

2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

3. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(2) The Luxury Tax Officer may at any time or from time to time, amend or revoke any such notice or extend the time for making any payment in pursuance of the notice.

(3) Any person making any payment in compliance with the notice under this section shall be deemed to have made the payment under the authority of the <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sub>1</sub> and the receipt of the Luxury Tax Officer shall constitute a good and sufficient discharge of the liability of such person to the extent of the amount referred to in the receipt.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(4) Any person discharging any liability to the <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sub>1</sub> after receipt of the notice referred to in this section shall be personally liable to the Luxury Tax Officer to the extent of the liability discharged or to the extent of the liability of the <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sub>1</sub> for the amount due under this Act, whichever is less.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(5) Where any person to whom a notice under this section is sent objects to it on the ground that the sum demanded or any part thereof is not due by him to the <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sub>1</sub> or that he does not hold any money for

or on account of the proprietor<sup>2</sup>[xxx]<sup>2</sup>, then nothing contained in this section shall be deemed to require such person to pay the sum demanded or any part thereof, to the Luxury Tax Officer.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(6) Any amount which a person is required to pay to the Luxury Tax Officer or for which he is personally liable to the Luxury Tax Officer under this section shall, if it remains unpaid be a charge on the properties of the said person and may be recovered in the manner specified in section 8.

**Explanation.-** For the purposes of this section, the amount due to proprietor<sup>2</sup>[xxx]<sup>2</sup> or money held for or on account of proprietor<sup>2</sup>[xxx]<sup>2</sup> shall be computed after taking into account such claims, if any, as may have fallen due for payment by such proprietor<sup>2</sup>[xxx]<sup>2</sup> to such person and as may be lawfully subsisting.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

**8B. Liability of firms.-** (1) Where any firm is liable to pay any tax or penalty or other amount under this Act, the firm and each of the partners of the firm shall be jointly and severally liable for such payment.

(2) Where a partner of a firm liable to pay any tax or penalty or other amount under this Act retires he shall, notwithstanding any contract to the contrary, be liable to pay the tax or penalty or other amount remaining unpaid at the time of his retirement and any tax or penalty or other amount upto the date of retirement, though unassessed.

(3) When a firm liable to pay the tax or penalty under this Act is dissolved or discontinued, the assessment of the tax and imposition of penalty shall be made as if no dissolution or discontinuance of the firm had taken place and every person who was, at the time of dissolution or discontinuance, a partner of the firm and the legal representative of any such person who is deceased, shall be jointly and severally liable to pay the tax or penalty assessed or imposed.

**8C. Tax payable on transfer of business etc.-** (1) When the ownership of the business of a proprietor<sup>2</sup>[xxx]<sup>2</sup> liable to pay tax or penalty or any other amount under this Act is transferred and the transferor and the transferee shall jointly and severally be liable to pay tax or penalty or any other amount under this Act in respect of such business which

remains unpaid at the time of transfer and for the purpose of recovery from the transferee, such transferee shall be deemed to be the <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup> liable to pay the tax or penalty or other amount under this Act.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(2) Where a <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup> dies, his executor, administrator or other legal representative shall be deemed to be the <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup> for the purpose of this Act and the provisions of this Act shall apply to him in respect of the business of the deceased <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup> :

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

Provided that, in respect of any tax or penalty assessed as payable by any such <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup> or any tax or penalty which would have been payable by him under this Act, if he had not died, the executor, administrator or other legal representative shall be liable only to the extent of the assets of the deceased in his hands.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(3) When an undivided Hindu family or Aliya Santhana family liable to pay tax or penalty is partitioned, the assessment of the tax and the imposition of the penalty shall be made as if no partition of the family has taken place, and every person who was a member of the family before the partition shall be jointly and severally liable to pay the tax or penalty assessed or imposed.]<sup>1</sup>

## <sup>1</sup>[CHAPTER V

### APPEALS AND REVISIONS]<sup>1</sup>

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997.

<sup>1</sup>[9. Appeals.- (1) Any proprietor objecting to any order or proceedings passed under the provisions of this Act, by the Luxury Tax Officer, may appeal to the Appellate Authority as may be prescribed.

(2) The appeal shall be preferred,-

(a) in respect of an order of assessment, within thirty days from the date on which the notice of assessment, was served on the appellant, and

- (b) in respect of any other order or proceedings, within thirty days from the date on which the order was communicated to the appellant:

Provided that the Appellate Authority may admit an appeal preferred after the period as aforesaid, but within a further period of one hundred and eighty days, if it is satisfied that the appellant had sufficient cause for not preferring the appeal within that period.

(3) (a) Notwithstanding that an appeal has been preferred under sub-section (1), the tax or other amount due shall be paid in accordance with the order or proceedings against which an appeal has been preferred.

(b) No appeal against an order of assessment shall be entertained by the Appellate Authority, unless it is accompanied by satisfactory proof of the payment of, tax and other amount due if any, not disputed in the appeal and one half of the tax or other amount disputed in appeal.

Provided that the Appellate Authority may, in its discretion, stay payment of the balance half of tax or other amount disputed in appeal, if the appellant furnishes security to its satisfaction in such form and in such manner as may be prescribed:

Provided further that where any application filed for staying proceedings of recovery of any tax or other amount has not been disposed of by the Appellate Authority within a period of thirty days from the date of such application, it shall be deemed that the Appellate Authority has made an order, staying proceedings of recovery of such tax or other amount subject to payment of one half of the tax or other amount disputed and furnishing of sufficient security to the satisfaction of the Luxury Tax Officer in regard to the remaining half of such tax or amount within a further period of fifteen days:

Provided also that where an order staying proceedings of recovery of any tax or other amount is passed in any proceedings relating to an appeal under sub-section (1), the Appellate Authority shall dispose of the appeal within a period of one hundred twenty days from the date of such order:

Provided also that if such appeal is not so disposed of within the period specified in third proviso, the order of stay shall stand vacated after the expiry of the said period and the Appellate Authority shall not make any further order staying proceedings of recovery of the said tax or other amount.

(4) The appeal shall be in the prescribed form and shall be verified in the prescribed manner.

(5) In disposing of an appeal, the Appellate Authority may, after giving the appellant a reasonable opportunity of being heard,-

(a) in the case of an order of assessment or penalty,-

(i) confirm, reduce or enhance the assessment including any part thereof whether or not such part is objected to in the appeal;

(ii) pass such other orders as it may think fit; and

(b) in the case of any other order or proceedings, confirm, cancel or vary such order.

Provided that in disposing of an appeal, the Appellate Authority shall not set aside any order or proceedings of assessment or any other order and direct the Luxury Tax Officer to make a fresh assessment or to make a fresh order:

Provided further that the Appellate Authority shall pass an order disposing of an appeal, within a period of thirty days from the date on which the hearing of the case was concluded and where it is not practicable so to do on the ground of the exceptional and extraordinary circumstances of the case, the Appellate Authority shall fix a future date for passing the order, and such day shall not be a day beyond sixty days from the date on which the hearing of the case was concluded, with due notice of the same to the appellant.

(6) Every order passed on appeal under this section shall, subject to the provisions of sections 11 and 11-A, be final.

**Explanation.-** Every appeal filed after the commencement of the Karnataka Taxation Laws (Amendment) Act, 2008 shall be subject to this section.];<sup>1</sup>

1. Substituted by Act 6 of 2008 w.e.f. 1.8.2008.

**1[10. Revisional powers of <sup>2</sup>[Joint Commissioner, Additional Commissioner and]<sup>2</sup> Commissioner.-** (1) The Joint Commissioner may of his own motion, call for and examine the records of any order passed or proceedings recorded under the provisions of this Act by a Luxury Tax Officer sub-ordinate to him, for the purpose of satisfying himself as to the legality or propriety of such orders or as to the regularity of such proceedings in so far as it is prejudicial to the interest of revenue, and may pass such order with reference thereto as he thinks fit.

1. Section 10 substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Substituted by Act 15 of 2011 w.e.f. 1.4.2011.

<sup>1</sup>[(1-A) The Additional Commissioner may of his own motion, call for and examine the record of any order passed or proceedings recorded under the provisions of this Act by any officer, who is not above the rank of a Joint Commissioner, for the purpose of satisfying himself as to the legality or propriety of such order or as to the regularity of such proceeding insofar as it is prejudicial to the interest of revenue, and pass such orders with reference thereto as he thinks fit.]<sup>1</sup>

1. Inserted by Act 15 of 2011 w.e.f. 1.4.2011.

(2) The Commissioner may of his own motion, call for and examine the record of any order passed or proceeding recorded under the provisions of this Act by a <sup>1</sup>[Additional Commissioner]<sup>1</sup> subordinate to him for the purpose of satisfying himself as to the legality or propriety of such order or as to the regularity of such proceeding in so far as it is prejudicial to the interest of revenue, and pass such orders with reference thereto as he thinks fit.

1. Substituted by Act 15 of 2011 w.e.f. 1.4.2011.

(3) The powers under <sup>1</sup>[sub-sections (1), (1-A) and (2)]<sup>1</sup> shall be exercisable only with a period of four years from the date on which the order was passed.

1. Substituted by Act 15 of 2011 w.e.f. 1.4.2011.

(4) No order shall be passed under <sup>1</sup>[sub-section (1),(1-A) or (2)]<sup>1</sup> enhancing any assessment, unless an opportunity has been given to the proprietor or the stockist to show cause against the proposed enhancement.

1. Substituted by Act 15 of 2011 w.e.f. 1.4.2011.

(5) The power under this section shall not be exercisable in respect of matters subjected to appeal under section 9.

(6) Every order passed in revision under <sup>1</sup>[sub-section (1) of (2)]<sup>1</sup> shall, subject to the provisions of section 10A and sub-section (2) of this section, be final.

1. Substituted by Act 15 of 2011 w.e.f. 1.4.2011.

(7) Every order passed in revision under sub-section (2), shall subject to the provisions of sections 10A and 11B, be final.

**Explanation I.-** For the purposes of this section, "the record" shall include all records relating to any proceedings under this Act available at the

time of examination by the Commissioner or the <sup>1</sup>[Additional Commissioner or the Joint Commissioner.]<sup>1</sup>

1. Substituted by Act 15 of 2011 w.e.f. 1.4.2011.

**Explanation II.-** In computing the period of limitation under this section, the period during which any proceedings under this section is stayed by an order or injunction of any court shall be excluded.]<sup>1</sup>

**1[10A. Rectification of mistakes.-** (1) With a view to rectifying any mistake apparent from the record, the Luxury Tax Officer, the appellate authority or the revising authority may, at any time within five years from the date of an order passed by him or it as the case may be, amend such order:

1. Section 10A 1 to 3 Inserted by Act 10 of 1986 w.e.f. 31.3.1986.

Provided that an amendment which has the effect of enhancing an assessment or otherwise, increasing the liability of the <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup>, shall not be made unless the Luxury Tax Officer, the appellate authority or the revising authority, as the case may be, has given notice to the <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup> of his or its intention and has allowed the <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup> an opportunity of being heard.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(2) An order passed under sub-section (1) shall be deemed to be an order passed under same provision of law under which the original order, the mistake in which was rectified had been passed.

(3) Where such rectification has the effect of reducing an assessment or penalty, the assessing authority shall make any refund which may be due to the <sup>1</sup>[proprietor <sup>2</sup>[xxx]<sup>2</sup>]<sup>1</sup>.

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

**1[11. Appeal to the Appellate Tribunal.-** (1) Any officer empowered by the State Government in this behalf or any other person objecting to an order passed by the appellate authority under section 9 or an order passed by a revisional authority under sub-section (1) of section 10, may appeal to the Appellate Tribunal within a period of sixty days from the date on which the order was communicated to him:

1. Section 11 Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

Provided that the Appellate Tribunal may admit an appeal preferred after the period of sixty days aforesaid but within a further period of one hundred and eighty days, if it is satisfied that the appellant had sufficient cause for not preferring the appeal within that period.

(2) The officer authorised under sub-section (1) or the person against whom an appeal has been preferred, as the case may be, on receipt of notice that an appeal against the order of the Joint Commissioner has been preferred under sub-section (1) by the other party, may, notwithstanding that he has not appealed against such order or any part thereof, file at any time before the appeal is finally heard, a memorandum of cross-objections, verified in the prescribed manner, against any part of the order of the Joint Commissioner, as the case may be, and such memorandum shall be disposed of by the Appellate Tribunal as if it were an appeal presented within the time specified in sub-section (1).

(3) The appeal or the memorandum of cross-objections shall be in the prescribed form, shall be verified in the prescribed manner, and in the case of an appeal preferred by any person other than an officer empowered by the State Government under sub-section (1), shall be accompanied by <sup>1</sup>[proof of payment of one half of the tax or other amount disputed and also]<sup>1</sup> a fee equal to two per cent of the amount of assessment objected to: Provided that the sum payable shall in no case be less than two hundred rupees or more than one thousand rupees.

<sup>1</sup>. Inserted by Act 6 of 2008 w.e.f. 1.8.2008.

(4) Notwithstanding that an appeal has been preferred under sub-section (1), the payment of tax or penalty or any other amount, payable in accordance with any order passed by the Joint Commissioner under section 9 or sub-section (1) of section 10, shall not be stayed by the Appellate Tribunal during pendency of the appeal.

(5) The Appellate Tribunal shall, after giving both parties to the appeal a reasonable opportunity of being heard, pass such orders thereon as it thinks fit :

Provided that if the appeal involves a question of law on which the Appellate Tribunal has previously given its decision in another appeal and either a revision petition in the High court against such decision or an appeal in the Supreme Court against the order of the High Court thereon is

pending, the Appellate Tribunal may defer the hearing of the appeal before it till such revision petition in the High Court or the appeal in the Supreme Court is disposed of :

Provided further that if as a result of the appeal any change becomes necessary in the assessment which is the subject-matter of the appeal, the Appellate Tribunal may authorise the Luxury Tax Officer to amend the assessment and the Luxury tax Officer shall amend the assessment accordingly and, thereupon, any amount over-paid by the assessee shall be refunded to him without interest, or any additional amount of tax due from him shall be collected in accordance with the provisions of the Act, as the case may be.

<sup>1</sup>[(6) Notwithstanding that an appeal has been preferred under subsection (1), and notwithstanding anything contained in any other law, tax or any other amount shall be paid in accordance with the assessment or other order made in the case:

Provided that the Appellate Tribunal may, in its discretion, stay the payment of the balance half of the tax or other amount disputed, if the appellant furnishes sufficient security to its satisfaction in such form and in such manner as may be prescribed:

Provided further that the Appellate Tribunal shall dispose of such appeal within a period of one hundred eighty days from the date of the order staying proceedings of recovery of such half of the tax or other amount and, if such appeal is not so disposed of within the period specified, the order of stay shall stand vacated and the Appellate Tribunal shall not make any further order staying proceedings of recovery of the said tax or other amount.

**Explanation.-** Every appeal filed after the commencement of the Karnataka Taxation Laws (Amendment) Act, 2008 shall be subject to this section.]<sup>1</sup>

1. Substituted by Act 6 of 2008 w.e.f. 1.8.2008.

(7) (a) The Appellate Tribunal may, on the application either of the appellant or of the respondent, review any order passed by it under subsection (5) on the basis of facts which were not before it when it passed the order:

Provided that no such application shall be preferred more than once in respect of the same order.

(b) The application for review shall be preferred in the prescribed manner within six months from the date on which the order to which the application relates was communicated to the applicant and , where the application is preferred by any person other than an officer empowered by the State Government under sub-section (1), it shall be accompanied by a fee equal to that which had been paid in respect of the appeal :

Provided that if the application for review is preferred within ninety days from the date on which the order to which application relates is communicated to the applicant, the application shall be accompanied by half the fee which had been paid in respect of the appeal.

(8) With a view to rectifying any mistake apparent from the record, the Appellate Tribunal may, at any time, but within five years from the date of any order passed by it under sub-section (5) or sub-section (7), amend such order:

Provided that no order under this sub-section shall be made without giving the parties affected by the order a reasonable opportunity of being heard.

(9) Except as provided in the rules made under this Act, the Appellate Tribunal shall not have the power to award costs to either of the parties to the appeal or review.

(10) Every order passed by the Appellate Tribunal under sub-section (5) or sub-section (7) or sub-section (8), shall be communicated to the appellant, the respondent, the authority on whose order the appeal was preferred, the Joint commissioner concerned and the Commissioner.

(11) Every order passed by the Appellate Tribunal under sub-section (5) shall, subject to the provisions of sub-section (4) of section 11A, be final.]

## **1[CHAPTER VI**

### **MISCELLANEOUS**

**11A. Revision by High Court.-** (1) Within <sup>1</sup>[one hundred and eighty days] <sup>1</sup> from the date on which an order under section 11 was

communicated to him, the appellant or the respondent may prefer a petition to the High Court against the order on the ground that the Appellate Tribunal has either failed to decide or decided erroneously any question of law :

Provided that the High Court may admit a petition preferred after the period of <sup>1</sup>[one hundred and eighty days] <sup>1</sup>aforsaid, if it is satisfied that the petitioner has sufficient cause for not preferring the petition within that period.

1. Substituted by Act57 of 2010 w.e.f. 1.4.2010.

(2) The petition shall be in the prescribed form, shall be verified in the prescribed manner, and shall, when it is preferred by any person other than an officer empowered by the State Government under sub-section (1) of section 11, be accompanied by a fee of one hundred rupees.

(3) If the High Court, on perusing the petition, considers that there is no sufficient ground for interfering, it may dismiss the petition summarily:

Provided that no petition shall be dismissed unless the petitioner has had a reasonable opportunity of being heard in support thereof.

(4) (a) If the High Court does not dismiss the petition summarily, it shall, after giving both the parties to the petition a reasonable opportunity of being heard, determine the question or questions of law raised and either reverse, affirm or amend the order against which the petition was preferred, or remit the matter to the Appellate Tribunal with the opinion of the High Court on the questions or question of law raised or pass such other order in relation to the matter as the High Court thinks fit.

(b) Where the High Court remits the matter to the Appellate Tribunal under clause (a) with its opinion on question or questions of law raised, the latter shall amend the order passed by it in conformity with such opinion.

(5) Before passing an order under sub-section (4), the High Court may, if it considers necessary so to do, remit the petition to the Appellate Tribunal and direct it to return the petition with its finding on any specific questions or issue.

(6) Notwithstanding that a petition has been preferred under sub-section (1), the tax shall be paid in accordance with the assessment made in the case :

Provided that if as a result of the petition, any change becomes necessary in such assessment, the High Court may authorise the Luxury Tax Officer to amend the assessment and the Luxury Tax officer shall amend the assessment accordingly and thereupon the amount overpaid by the assessee shall be refunded to him without interest or the additional amount of tax due from him shall be collected in accordance with the provisions of this Act, as the case may be.

(7) With a view to rectify any mistake apparent from the record, the High Court may, at any time, within five years from the date of the order passed by it under sub-section (4), amend such order :

Provided that no order under this sub-section shall be made without giving to both parties affected by the order a reasonable opportunity of being heard.

(8) In respect of every petition preferred under sub-section (1) or (7), the costs shall be in the discretion of the High Court.

**11B. Appeal to High Court.**- (1) Any assessee objecting to an order passed under sub-section (2) of section 10, may appeal to the High Court within sixty days from the date on which the order was communicated to him :

Provided that the High Court may admit an appeal preferred after the period of sixty days aforesaid if it is satisfied that the assessee had sufficient cause for not preferring the appeal within that period.

(2) The appeal shall be in the prescribed form, shall be verified in the prescribed manner, and shall be accompanied by a fee of five hundred rupees.

(3) The High Court shall, after giving both parties to the appeal a reasonable opportunity of being heard, pass such order thereon as it thinks fit.]<sup>1</sup>

1. Chapter heading Sections 11A and 11B Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

**[12. Payment of interest.**- Where any amount refundable to any person under an order made under any provision of this Act is not refunded to him within ninety days,-

(a) of the date of such order, if that order is made by the refunding authority, or

(b) of the date or receipt of such order by the refunding authority, if that order is made by an authority other than the refunding authority, the refunding authority shall pay such person simple interest at the rate of twelve percent per annum on the said amount from the date immediately following the expiry of the said ninety days to the day of the refund :

Provided that the interest shall be calculated on the balance of the amount remaining after adjusting out of refundable amount any tax, penalty or other amount due under this Act, for any year by the person on the date from which such interest is calculable.

**Explanation.-** If the delay in granting the refund within the aforesaid period of ninety days is attributable to the person to whom the refund is payable, the period of such delay shall be excluded for the purpose of calculation of interest.]<sup>1</sup>

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997.

<sup>1</sup>[**12-A. Power of State Government to exempt or reduce tax or permit payment of composition amount.-** The State Government may, if in its opinion, it is necessary in the public interest so to do, by notification and subject to such restrictions and conditions and for such period as may be specified in the notification,-

- (a) exempt or reduce the tax payable under this Act in respect of specified class of hotels, marriage halls, clubs and hospitals; and,
- (b) permit payment of an amount by way of composition in lieu of the tax payable under this Act in respect of specified class of hotels.]<sup>1</sup>

1. Substituted by Act 15 of 2011 w.e.f. 1.4.2011.

<sup>1</sup>[**12B Maintenance of accounts and issue of sale bills or cash memorandum.-** (1) Every registered proprietor, <sup>2</sup>[and every proprietor]<sup>2</sup> liable to get himself registered under this Act shall maintain and keep true and complete accounts relating to his business as well as such other registers or records as may be prescribed in this regard. All such accounts, registers or records shall be retained by him in his safe custody till his assessment or re-assessment, as the case may be, for the relevant year is completed or, in cases where any appeal, revision or other proceedings in respect of such year has been filed and is pending, the same is disposed of.

1. Substituted by Act 2 of 2001 w.e.f. 23.1.2001.

2. Substituted by Act 5 of 2006 w.e.f. 1.4.2006.

(2) Every proprietor liable to pay luxury tax under the Act shall issue a bill or cash memorandum in respect of the charges for lodging accommodation or charges for marriage hall recovered by him from a guest or any person and shall specify in such bill or cash memorandum, the full name of the hotel or marriage hall, the amount of luxury tax recovered, the name of the guest or any person from whom it is recovered and where the charges are recovered in any foreign exchange, the name of the currency.

(3) <sup>1</sup>[xxx]<sup>1</sup>

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

<sup>1</sup>[13. Offences and Penalties.- (1) Any proprietor <sup>2</sup>[xxx]<sup>2</sup> who.-

- (a) is obliged to get himself registered under this Act does not get so registered; or
- (b) fails to submit a return as required by the provisions of this Act, or the Rules made thereunder; or
- (c) fails to submit a statement as required under Section 5-A; or
- (d) fails to pay within the time allowed any tax assessed on him or any penalty levied on him under this Act; or
- (e) fails to keep true and complete accounts; or
- (f) fails to issue a bill or cash memorandum in accordance with the provisions of sub-sections (2) and (3) of Section 12-B; or
- (g) fails to comply with a notice issued under sub-section (1) of Section 17,

shall on conviction be punished with a simple imprisonment for a term which may extend to six months or with fine which shall not be less than one thousand rupees which may extend to five thousand rupees or with both.

1. Section 13 Substituted by Act 5 of 2001 w.e.f. 1.4.2001.

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(2) Any person who.-

(a) carries on business as a proprietor <sup>1</sup>[xxx]<sup>1</sup> without furnishing the security demanded under sub-section (4) of Section 4-A; or

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(b) willfully submits an untrue return, or not being already an assessee under this Act, fails to submit a return as required by the provisions of this Act or the rules made thereunder; or

(c) willfully submits an untrue statement under sub-section (1) of Section 5-A; or

(d) fraudulently evades the payment of any tax or other amount payable by him under this Act; or

(e) collects any amount by way of tax or purporting to be by way of tax in contravention of sub-section (1) of Section 6-A; or

(f) prevents or obstructs inspection, entry, search or seizure by an Officer empowered under this Act; or

(g) prevents or obstructs inspection of any vehicle or boat or goods transported otherwise or seizure of goods by an Officer-in-charge of a check post or barrier or any Officer empowered under this Act; or

(h) dishonestly objects to or fails to comply with the terms of a notice issued to him under Section 8-A; or

(i) willfully acts in contravention of any of the provisions of this Act or the rules made thereunder,

shall, on conviction in addition to the recovery of any tax or other amount that may be due from him, be punishable with simple imprisonment which may extend to twelve months or with a fine which shall not be less than five thousand rupees but which may extend to twenty-five thousand rupees or with both and when the offence is a continuing one, with a daily fine not exceeding two hundred rupees during the period of continuance of the offence.]<sup>1</sup>

**14. Offences by companies.-** (1) Where an offence under this Act has been committed by a company every person who, at the time when the offence was committed, was in charge of, and was responsible to the company, for the conduct of the business of the company, as well as the company shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly :

Provided that, nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall be liable to be proceeded against and punished accordingly.

**Explanation.-** For the purposes of this section-

(a) "company" means a body corporate, and includes a firm or other association of individuals, and

(b) "director", in relation to a firm means a partner in the firm

**15. Compounding of offences.-** (1) Subject to such conditions as may be prescribed, the <sup>1</sup>[Luxury Tax Officer or any officer authorised under sub-section (1) of section 17 may]<sup>1</sup>, either before or after the institution of proceedings for an offence under this Act, permit any person who has committed or is suspected to have committed the offence to compound the offence on payment of such sum, not exceeding double the amount of tax to which the offence relates <sup>1</sup>[as the Luxury Tax Officer or such authorised officer may]<sup>1</sup> determine.

1. Substituted by Act 10 of 1986 w.e.f. 31.3.1986.

(2) On payment of such sum as may be determined by the <sup>1</sup>[Luxury Tax Officer or the authorised officer]<sup>1</sup> under sub-section (1), no further proceedings shall be taken against the person in respect of the same offence.

1. Substituted by Act 10 of 1986 w.e.f. 31.3.1986.

**16. Powers to enforce attendance etc.-** All authorities under this Act, shall for the purpose of this Act, have the same powers as are vested in a court under the Code of Civil Procedure, 1908 (Central Act 5 of 1908) while trying a suit, in respect of enforcing the attendance of and examining, any person on oath or affirmation or for compelling the production of any document.

**17. Powers of inspection of accounts and documents and <sup>1</sup>[search of hotel, etc]<sup>1</sup>.**- (1) The <sup>1</sup>[Luxury Tax Officer or any officer authorised by the State Government in this behalf]<sup>1</sup> may, subject to such conditions as may be prescribed require any proprietor <sup>2</sup>[xxx]<sup>2</sup> to produce before him the working records of accounts, registers or other documents or to furnish any information relating to <sup>1</sup>[his business]<sup>1</sup> as may be necessary for the purposes of this Act.

1. Substituted by Act 5 of 2001 w.e.f. 1.4.2001

2. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(2) All working records of accounts, registers or other documents relating to the business of any hotel <sup>2</sup>[lodging house, health club, beauty parlour, swimming pool, conference hall and the like, business of marriage hall and]<sup>2</sup> <sup>3</sup>[management of hospital]<sup>3</sup> shall at all reasonable times be open to inspection by the <sup>1</sup>[Luxury Tax Officer or the authorised officer]<sup>1</sup> and the <sup>1</sup>[Luxury Tax Officer or the authorised officer]<sup>1</sup> may take or cause to be taken such copies or extracts of such records as may be necessary for the purpose of testing the accuracy of the charges for such luxury <sup>4</sup>[xxx]<sup>4</sup> or for informing himself as to the particulars regarding which information is required for the purpose of this Act or any rules thereunder as would appear to him necessary.

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997.

2. Substituted by Act 10 of 1986 w.e.f. 31.3.1986.

3. Substituted by Act 5 of 2006 w.e.f. 1.4.2006.

4. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

(3) If the <sup>1</sup>[Luxury Tax Officer or the authorised officer]<sup>1</sup> has reason to believe that any <sup>2</sup>[proprietor <sup>3</sup>[xxx]<sup>3</sup>]<sup>2</sup> has evaded or is attempting to evade the payment of tax due from him, he may for reasons to be recorded in writing, seize such records of accounts, registers or other documents of the <sup>2</sup>[proprietor <sup>3</sup>[xxx]<sup>3</sup>]<sup>2</sup> as may be necessary and shall grant a receipt for the same and shall retain the same so long only as may be necessary in connection with any proceeding under this Act or for a prosecution:

<sup>4</sup>[Provided that accounts, registers, records and other documents so seized shall not be retained by such officer for a period exceeding one hundred eighty days from the date of seizure, unless the reasons for retaining the same beyond the said period are recorded by him , in writing and the approval of the next higher authority is obtained and such approval in any case shall not be for more than sixty days at a time.]<sup>4</sup>

1. Substituted by Act 10 of 1986 w.e.f. 31.3.1986.

2. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

3. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

4. Inserted by Act 7 of 1997 w.e.f. 1.4.1997.

<sup>1</sup>[(4) For the purposes of this Act, the Luxury Tax Officer or the person authorised by him in this behalf or the officer authorised under sub-section (1), may enter and search any hotel or any place of business of the proprietor or any other place where the Luxury Tax Officer or the officer authorised under sub-section (1) has reason to believe that the proprietor keeps, or is for the time being keeping, any records of accounts, registers or other documents relating to his business.]<sup>1</sup>

1. Sub-section 4 Substituted by Act 5 of 2007 w.e.f. 1.4.2006.

<sup>1</sup>[17A xxx]<sup>1</sup>

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

<sup>1</sup>[18. xxx]<sup>1</sup>

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

<sup>1</sup>[**18A. Assessment, etc. not to be questioned in prosecution.-** The validity of the assessment of any tax or other amount made under this Act or the liability of any person to pay any tax or other amount so assessed or levied shall not be questioned in any criminal court in any prosecution or other proceedings whether under this Act or otherwise.]<sup>1</sup>

1. Substituted by Act 7 of 1997 w.e.f. 1.4.1997

**19. Bar of proceedings.-** (1) No suit shall lie in any Civil Court to set aside or modify an assessment made or order passed under this Act.

(2) No suit, prosecution or other legal proceeding shall lie against the State Government for anything which is in good faith done or intended to be done in pursuance of this Act or any rules made thereunder.

**20. Power to make rules.-** (1) The State Government may make rules for securing the payment of the tax and generally for carrying into effect the provisions of this Act.

(2) Any rule under this Act may be made with retrospective effect and when such rule is made, the reasons for making the rules shall be specified in a statement laid before both Houses of the State Legislature. Subject to any modification made under sub-section (3), every rule made under this Act shall have effect as if enacted in this Act.

(3) Every rule made under this section shall be laid as soon as may be after it is made, before each House of the State Legislature while it is in session for a total period of thirty days, which may be comprised in one session or in two or more successive sessions, and if before the expiry of the session in which it is so laid or the session, immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall, thereafter have effect only in such modified form or be of no effect as the case may be ; so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

**1[20A. Laying of notifications before the State Legislature.-** Every notification issued under the provisions of this Act shall be laid as soon as may be after it is published, before each House of the State Legislature while it is in session for a total period of thirty days which may be comprised in one session or two or more successive sessions immediately following, and if both Houses agree in making any modification in the notification or both Houses agree that the notification should not be made, the notification shall thereafter have effect only in such modified form or be of no effect, as the case may be, so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under the notification]1

1. Inserted by Act 7 of 1997 w.e.f. 1.4.1997

**21. Power to remove difficulties.-**If any difficulty arises in giving effect to the provisions of this Act, the State Government may, by notification, make such provisions as may appear to it to be necessary or expedient for removing the difficulty.

**1[SCHEDULE**

**xxx]**<sup>1</sup>

1. Omitted by Act 5 of 2006 w.e.f. 1.4.2006.

**NOTIFICATION**

**Bangalore dated 31-5-1979 [No. FD 54 CSL 79]**

**S.O. 1271.-** In exercise of the powers conferred by sub-section (3) of section of the Karnataka Tax on Luxuries (Hotels and Lodging Housed) Act, 1979 (Karnataka Act No. 22 of 1979), the Government of karnataka hereby appoints the 1st day of June, 1979 as the date on which the said Act shall come into force.

By Order and in the name of Governor of Karnataka,

(L.S. JAGIRDAR)

Secretary to Government,

Finance Department (CT).

**KARNATAKA ACT NO 14 OF 2014**

(First Published in the Karnataka Gazette Extra-ordinary on the Twenty eighth day of February, 2014)

**THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2014**

(Received the assent of the Governor on the Twenty eighth day of February, 2014)

An Act further to amend certain taxation laws in force in the State of Karnataka.

Whereas it is expedient further to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Sixty fifth year of the Republic of India, as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Taxation Laws (Amendment) Act, 2014.

(2) Section 1` and 2 shall come into force with effect from First day of March 2014 and Section 3 shall come into force with effect from First day of April 2014.

**Section 3 is incorporated in Principal Act**

**KARNATAKA ACT NO. 5 OF 2016**

(First Published in the Karnataka Gazette Extra-ordinary on the thirty first day of March, 2016)

**THE KARNATAKA TAXATION LAWS (AMENDMENT) ACT, 2016**

(Received the assent of the Governor on the thirty first day of March, 2016)

An Act further to amend certain taxation laws in force in the State of Karnataka.

Whereas, it is expedient further to amend certain taxation laws for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the Sixty seventh year of the Republic of India, as follows.-

1. Short title and commencement. - (1) This Act may be called the Karnataka Taxation Laws (Amendment) Act, 2016.

(2) It shall come into force with effect from First day of April 2016.

**Section 3E and 7A are incorporated in the Principle Act**

\* \* \* \*