



ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ

ಅಧಿಕೃತವಾಗಿ ಪ್ರಕಟಿಸಲಾದುದು

ಬಿಶೇಷ ರಾಜ್ಯ ಪತ್ರ

ಭಾಗ-I	ಬೆಂಗಳೂರು, ಬುಧವಾರ, ಮಾರ್ಚ್ ೧೩, ೨೦೧೯ (ಫಾಲ್ಗುಣ ೨೨, ಶಕ ವರ್ಷ ೧೯೪೦)	ನಂ. ೨೪೦
Part-I	Bengaluru, Wednesday, March 13, 2019 (Palguna 22, Shaka Varsha 1940)	No. 240

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA FINANCE SECRETARIAT

Sub: KTEG Act, 1979 – Waiver of interest payable by M/s. GAIL (India) Limited for the years 2011-12 and 2012-13 – reg.

READ:

1. Representation of M/s. GAIL (India) Limited vide Letter No.GAIL/F&A/TAX/2018-19, dtd:26/03/2018 and 30/05/2018.
2. Certificate of Entry Tax exemption No.IDD.14.UIP 2008 (P-IV) Dated 04/02/2010.
3. Report of the Commissioner of Commercial Taxes dated 25/07/2018 and 29/10/2018 vide letter No. KSA.CR.31/2017-18.

PREAMBLE:

M/s. GAIL (India) Limited is a Government of India undertaking which has taken up the project of laying two pipe lines, one from Dabhol to Bengaluru (Bidadi), (750 Kms) to transport Natural Gas and another from Cochin Petronet LNG Terminal to Bengaluru. Towards this, the Company has been laying the Pipelines with various Spur lines (650 Kms) enroute to connect the demand centres. Total length of the Pipeline is 1400 Kms being implemented at an estimated project cost of Rs.3,500 to 4,000 Crore.

As per the Certificate issued by the Department of Infrastructure Development dated 04/12/2010, read at (2) above, the Company is eligible for exemption from Entry Tax in respect of Machinery and Equipment to the extent of Rs.25 lakhs and Rs.1 lakh for Construction Materials and Equipment. This Certificate of exemption is valid for the period from the date of commencement of the Project for a period of 3 years i.e., from November 2010 to November 2013 or till the date of completion of the project whichever is earlier. Further, it has been stipulated in Notification No: FD 25 CET 2007 (I) dated: 04-05-2009 issued under section 11(a) of the KTEG Act, 1979 that the value of any machinery or equipment eligible for Tax exemption shall not be less than Rs.25 lakhs per purchase invoice and in respect of construction materials, their value shall not be less than Rs.1 lakh per invoice.

However, in the case of GAIL GAS LIMITED which is yet another Government of India Undertaking has been granted Entry Tax exemption irrespective of purchase value mentioned in the invoice, on entry of Machinery and Parts, Material Handling Equipments, Boilers, Compressors, DG Sets, Tools, Jigs, Fixtures, Dyes and Cranes into local area for the purpose of implementation of City Gas Distribution Project in Bengaluru Rural and Urban Districts vide Notification No. FD 07 CET 2016 dated 18-04-2017 from the date of commencement of the Project till the Goods and Services Tax Law came into effect.

The applicant- M/s. GAIL (India) Limited, Bengaluru was expecting the interpretation of their Notification on the lines of the one issued to M/s. GAIL GAS LIMITED. The wordings of the Notification in the applicant's case did not permit to do so. M/s. GAIL(India) Limited also contended that the exemption should be applicable to each invoice upto 25 lakhs for machinery and equipment and for each invoice upto 1 lakh for construction material.

In the meantime assessment orders have been passed for the years 2011-12 and 2012-13 levying Entry Tax, Penalty and interest as under:

Assessment Year	Entry Tax	Penalty	Interest	Remarks
2011-12	Rs.7,32,644/-	Rs.73,264/-	Rs.10,40,354/-	Paid tax & penalty vide CTD Ref No.1869952329 dated 07/04/2018
2012-13	Rs.4,02,719/-	Rs.40,247/-	Rs. 4,75,232/-	Paid tax & penalty vide CTD Ref No.1889952393 dated 07/04/2018
TOTAL	Rs.11,35,363/-	Rs.1,13,511/-	Rs.15,15,586/-	
Paid	Rs.11,35,363/-	Rs.1,13,511/-	-	
Balance payable	-	-	Rs.15,15,586/-	

Considering the fact that GAIL (India) Limited is a Government of India undertaking and the Project being implemented by M/s.GAIL (INDIA) LIMITED is towards achieving cleaner environment as well as the fact that tax and penalty amounts have already been paid based on the assessments made, the Commissioner of Commercial Taxes recommended vide letter read at (3) above that the Government may favourably consider the waiver of interest amount of Rs.10,40,354/- and Rs.4,75,232/- for the years 2011-12 and 2012-13 respectively by making necessary adjustments in Government accounts by grant route.

Taking the above facts into consideration, the Government has decided to waive-off the interest amount of **Rs.15,15,586/-** through the grant route. For this purpose provision of Rs.15.16 lakhs by including in the Supplementary Estimate-II during the year 2018-19. Hence the following order:

**GOVERNMENT ORDER NO. FD 2 CET 2017,
BANGALORE, DATED: 13/03/2019**

In the circumstances explained in the preamble above, Government is pleased to sanction a sum of **Rs.15,15,586/-** towards the interest payable by M/s. GAIL (India) Limited under section 8(3) of the KTEG Act, 1979 debit to the Head of Account "2043-00-800-0-01-100 Financial Relief /Assistance - GAIL (India) Ltd.," and contra credit to the Receipt Head of Account "0049-04-800-5-08-other receipts" involving no cash outflow.

The Accountant General is requested to carry out necessary adjustments in the Books of accounts for 2018-19.

By Order and in the name of the Governor of Karnataka,

NETRAPRABHA M.DHAYAPULE
Under Secretary to Government (I/c)
Finance Department (C.T-1).