



An Amnesty Scheme by the State Government of Karnataka for the Pre-GST Tax Disputes

Pursuant to the announcement of the “Karasamadhana Scheme, 2023” in the Budget Speech for the year 2023-24 on February 17, 2023, the State Government of Karnataka vide Order No. FD 07 CSL 2023, dated July 18, 2023 (the ‘Order’), issued an amnesty scheme to expeditiously collect arrears and resolve Pre-GST legacy tax disputes without litigation. The key features of the Scheme are as follows:

1. Applicability:

- The Scheme is applicable in respect of Assessments / Rectifications / Revisions / Appeals / Orders completed or to be completed on or before October 31, 2023, under the various Acts given below.
- Cases where no arrears of tax but only penalties and interests are outstanding are also eligible.
- Any dealer whose proceedings are pending before any Appellate Authority or Court shall be eligible for this scheme upon withdrawal of appeal or application. Any amount of penalty or interest paid at the time of filing an appeal or application shall be eligible for adjustment towards arrears of tax. However, the dealer shall not be eligible for a refund of any amount that may become excess as a result of such adjustment under the Scheme.
- Unregistered dealers who have received notices are also eligible for this scheme (procedures given in the Order to be followed).
- Cases where Assessments / Re-assessments / Rectification Orders / any other orders passed pursuant to remanding orders by Tribunals or Courts are also eligible for this scheme.

2. **Relief:** 100% waiver of penalty and interest upon payment of arrears of tax on or before December 31, 2023, under the following Acts.

Acts	Interest	Penalty	Other Benefit
The Karnataka Sales Tax Act, 1957	100%	100%	-
The Karnataka Value Added Tax Act, 2003	100%	100%	Waiver of penalty under Section 72 relating to returns and assessments including consequential interest.



Acts	Interest	Penalty	Other Benefit
			Waiver of penalty under Section 74(4) for failure to submit copy of the audited statement of accounts including consequential interest.
The Central Sales Tax Act, 1956	100%	100%	-
The Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976	100%	100%	-
The Karnataka Tax on Luxuries Act, 1979	100%	100%	-
The Karnataka Agricultural Income Tax Act, 1957	100%	100%	-
The Karnataka Entertainment Tax Act, 1958	100%	100%	-
The Karnataka Tax on Entry of Goods Act, 1979	100%	100%	-
Specific exclusions			
Penalties levied by the Registering Authority under Section 10-A of the Central Sales Tax Act, 1956 and under Section 73, 75, 76, 77, and 79 of the Karnataka VAT Act, 2003 shall not be waived.			

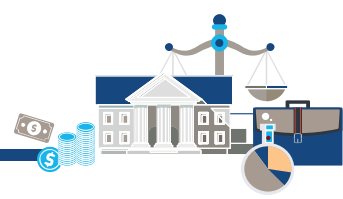
3. Restrictions:

- The benefits under the scheme shall not be available:
 - Where the State has filed an appeal before the Karnataka Appellate Tribunal, Central Sales Tax Tribunal, High Court, or the Supreme Court.
 - Where the State has filed a revision or any kind of application before the High Court or the Supreme Court.
 - Where any competent authority has initiated any revision proceedings as on the date of the Order and pending for disposal as on October 31, 2023; or
 - Any rectification is made after October 31, 2023.

The dealer cannot file an appeal or other application before any Appellate Authority or Court or seek rectification of orders / proceedings after filing an application for availing the benefits of the Scheme or after availing the benefits of the Scheme.

4. Process: Procedure to avail benefits under the Scheme:

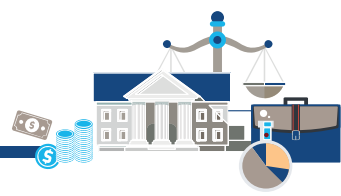
- The dealers to make an online application in the prescribed format along with tax paid challan.
- A signed copy of said application is also required to be submitted to the concerned officer.
- Upon scrutiny, if any discrepancies are found, the officer shall communicate the same to the dealer within 15 days from the date of application. The dealer shall be liable to make the balance payment, if any, within 15 days of such communication or January 15, 2024, whichever is earlier.
- The dealer shall become ineligible for the scheme if there remains any outstanding amount as arrears on a specified date.



- The officer shall issue a waiver order within 30 days from the date of submission of a duly signed copy in the case where no discrepancies are found, or within 30 days from the date of making payment in the case where discrepancies are found.

Dhruva Comments

This is a welcome move from the State Government of Karnataka to dispose of the pending cases of the pre-GST regime and reduce pending litigation. In addition to helping dealers get rid of their past demands, the Scheme will be instrumental in expeditious realisation of tax revenues.



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