

## **Features of Karasamadhana Scheme under Commercial Taxes- 2021**

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### **Introduction**

With the implementation and operation of GST, the Karasamadhana scheme is introduced Fourth time under commercial Taxes in last three years with different features. In simple terms the word -Karaø means tax and -Samadhanaø means Relief. Basically, the scheme is introduced for giving relief to dealers registered under different Karnataka Commercial Taxes. The Karasamadhana Scheme is introduced by Government of Karnataka through Government order ORDER NO. FD 49 CSL 2021. BENGALURU, DATED 29.03.2021. This is second time in history of Karasamadhana scheme, wherein it is made applicable even for the assessment orders which are passed after the scheme is notified. This gives extensive relief to dealers to complete their pending assessment or withdraw their appeal already filed by getting relief of enormous interest and penalty as the case may be.

### **Waiver of Interest and Penalty:**

The scheme of waiver of Penalty and Interest as applicable under different commercial taxes i.e. The Karnataka Sales Tax Act 1957, The Karnataka Value Added Tax Act 2003, The Central Sales Tax Act 1956, The Karnataka Tax on Professions, Trades, Calling and Employments Act 1976, The Karnataka Tax on Luxuries Act 1979, The Karnataka Agriculture Income Tax Act 1957 , The Karnataka Entertainment Act 1958 and The Karnataka Tax on Entry of Goods Act 1979.

### **Due date for Assessment orders.**

The scheme grants waiver of 100% Interest and Penalty payable by the dealer under the above Acts relating to the Assessments/Re-Assessments/Rectifications already completed or to be completed on or before 31.7.2021.

### **Payment of tax dues:**

The Payment of arrears of tax should be made on or before 31.10.2021 and in case there are no arrears of tax and there is arrear of only penalty and interest then such penalty and interest will be waived.

### **Penalty for non- filing of Returns and VAT 240**

Under the Karnataka VAT Act, it also grants waiver of penalty of Section 72(1)(a) or 72(1)(b) and Section 74(4) and consequential Interest subject to that Returns and Form VAT 240 are filed and the taxes are admitted and paid in full.

### **No waiver of Penalty**

If the penalty is levied under section 10-A of CST Act 1956(**Imposition of penalty in lieu of Prosecution**) then such penalty is not eligible for waiver under this scheme.

### **Withdrawal of Appeal:**

If any appeal is filed to Appellate Authority or Court, then the appeal can be withdrawn before filing the application for waiver of Interest and Penalty in **Annexure-I**. Such appellant should file the declaration as specified in **Annexure-II**. Such application and declaration should be filed separately for each year.

**Amount paid at the time of Appeal:**

Any amount paid at the time of filing the appeal or other applications shall be eligible for adjustment towards arrears of tax outstanding for the assessment year for which the benefits are claimed. The dealer will not be eligible for refund of amount that may become excess as a result of adjustments under this scheme.

**Refund of Interest and Penalty already paid before introduction of Karasamadhana scheme:**

In respect of cases where any appeal or other application is not filed, the dealer is not eligible for refund of any penalty or interest already paid either in full or in part under this scheme.

**Can dealer file appeal after opting for this Scheme?**

The dealer shall not file the appeal or other applications before any Appellate Authority or Court or shall not seek rectification of orders/proceedings after filing application for availing the benefits of the scheme or after availing the benefits of this scheme.

**Not Eligible for this Scheme**

- Where state has filed an appeal before the Karnataka Appellate Tribunal or the Central Sales Tax Appellate Authority or
- Where State has filed an appeal or revision or any kind of application before the High Court or Supreme Court or
- The Competent Authority has initiated Suo Moto Revision proceedings as on the date of this Government order or
- Any rectification is made to the Assessment order after 31.7.2021

**Website to file Application**

- The website to file the application is <http://ctax.kar.nic.in> or <http://gst.kar.nic.in>

**Format of Annexure under Different Commercial Tax Acts**

<b>Sl. No</b>	<b>Particulars</b>	<b>Form No</b>
1	Applications under KST and CST	Annexure-I
2	Applications under KVAT and CST	Annexure-IA
3	Applications under KTEG Act/KTPTC&E/KTL Act/KAIT Act	Annexure-IB
4	Applications under KET	Annexure-IC
5	Specific Penalties under KVAT Act	Annexure-ID

**Verification and passing of order by Concerned Authority**

- After filing the application for waiver, the concerned authority will scrutinize and compute the actual arrears of tax, interest and penalty and if any discrepancy is found

then the concerned Authority shall intimate to the applicant within 15 days from the date of application.

- After receipt of information from the concerned Authority, the applicant can pay the balance taxes within 15 days from the date of receipt of application or on or before 15<sup>th</sup> November 2021 whichever is earlier.
- The applicant shall become ineligible to avail this scheme if any partial amount is still outstanding as arrears on the specified date.
- The Applicant should file the application for waiver of penalty and interest and declaration for withdrawal of appeal. If the applicant fails to do so then the concerned Authority shall pass the speaking order rejecting the application.
- On satisfaction of the eligibility of scheme of the applicant, the Assessing officer shall pass the order for waiving the balance amount of arrears of penalty and interest payable as per **Annexure III** separately under the Relevant Act for each Assessment year relating to the relevant tax periods.
- The order shall be passed within thirty days from the date of making payment and will be served within ten days of passing the order. The concerned Authority shall assist the applicant for correct quantification of interest and penalty.
- Assessments \ re-assessments done in the case of URDs/ in respect of Pre-registration periods under KVAT Act are eligible to avail the benefits available under the CKSS-2019 subject to fulfillment of other conditions. In the absence of TIN (Tax Payer's Identification Number) as in the case with URDs. The four digit number 2900 for URDs shall be entered. The above four digit Number (2900) is applicable to all the URD cases and under all the Acts. However the Act under which the application is being filed shall be specifically mentioned so as to consider the case for waiver under the relevant Act.
- If the Assessment or Re-assessments or Rectification Orders or any other proceedings passed pursuant to remanding of the cases by First Appellate Authority or Karnataka Appellate Tribunal or Revisional Authority or High Court or Supreme Court, as the case may be, are eligible for availing the benefits under the Scheme.
- **Removal of difficulties**
- If any difficulty arises in implementation of this order, the Commissioner of Commercial Taxes may issue such instructions as are necessary or expedient for removing such difficulty.