

## PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

**Sub: Karasamadhana Scheme, 2023– reg.**

**Read:** Para No. 445 of the Budget Speech for the year 2023-24 made on 17<sup>th</sup> February, 2023.

### PREAMBLE:

In the Budget Speech for the year 2023-24 made on 17<sup>th</sup> February, 2023 it was announced that a “**Karasamadhana Scheme, 2023**” would be introduced in order to expeditiously resolve pre-GST legacy tax disputes and to collect arrears promptly without litigation. Accordingly, a Scheme for waiver of penalty and interest under the provisions of the following Acts is required to be formulated.

- a) The Karnataka Sales Tax Act, 1957,
- b) The Karnataka Value Added Tax Act, 2003,
- c) The Central Sales Tax Act, 1956,
- d) The Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976,
- e) The Karnataka Tax on Luxuries Act, 1979,
- f) The Karnataka Agricultural Income Tax Act, 1957,
- g) The Karnataka Entertainment Tax Act, 1958 and
- h) The Karnataka Tax on Entry of Goods Act, 1979.

Hence, the Government is pleased to pass the following order.

### **ORDER NO. FD 07 CSL 2023, BENGALURU, DATED 18.07.2023.**

The Government hereby accords approval to the Scheme called Karasamadhana Scheme, 2023. Features of the scheme are as follows:

1. It grants waiver of 100% of arrears of penalty and interest payable by a dealer under the Karnataka Sales Tax Act, 1957 (hereinafter referred to as the KST Act) and Central Sales Tax Act, 1956 (hereinafter referred to as the CST Act) relating to the assessments / re-assessments/ rectification/ revision/ appeal orders already completed and as the case may be, to be completed on or before **31-10-2023** under the KST regime.

2. It grants waiver of 100% of arrears of penalty excluding those specifically mentioned and interest payable by a dealer under the Karnataka Value Added Tax Act, 2003 (hereinafter referred to as the KVAT Act) and CST Act relating to the assessments / re-assessments / rectification/ revision / appeal orders already completed and to be completed on or before **31-10-2023**.

3. It grants waiver of

- a. penalty levied under Section 72 relating to returns and assessments under the KVAT Act and consequential interest subject to the condition that the amount of tax as admitted in the return or assessed is paid in full.
- b. penalty levied under Section 74(4) for failure to submit copy of the audited statement of accounts in FORM VAT 240 under the KVAT Act and consequential interest subject to the condition that admitted tax liability, if any, as per FORM VAT 240 is paid in full.

4. It grants waiver of 100% of arrears of penalty and interest payable by a dealer or person or proprietor as the case may be relating to the assessments / re-assessments/ rectification/ revision/ appeal orders already concluded and to be concluded upto **31-10-2023** under following Acts also, namely.-

- a. Karnataka Tax on Entry of Goods Act, 1979, (hereinafter referred to as KTEG Act);
- b. Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976, (hereinafter referred to as KTPTC & E Act);
- c. Karnataka Tax on Luxuries Act, 1979 (hereinafter referred to as KTL Act);
- d. Karnataka Agricultural Income Tax Act, 1957( hereinafter referred to as KAIT Act); and
- e. Karnataka Entertainments Tax Act, 1958, (hereinafter referred to as KET Act).

5. It grants 100% waiver of arrears of interest and penalty excluding those specifically mentioned, payable by a dealer or person or proprietor as the case may be relating to

- a. revision orders already concluded; or
- b. revision proceedings initiated prior to the date of issuance of this Government Order and revision orders to be completed on or before **31-10-2023**

in respect of all the Acts mentioned in the Preamble.

**6. Conditions:** Grant of waiver of penalty and interest is subject to the following conditions:

6.1 Any dealer or person or proprietor, as the case may be, who makes full payment of arrears of tax on or before **31-12-2023** shall be granted waiver of 100% of arrears of penalty and interest payable. However, any penalty levied by the Registering Authority under section 10-A of the CST Act shall not be eligible for benefit of waiver under this Scheme and also the penalties levied under section 73, section 75, section 76, section 77 and section 79 of the KVAT Act, 2003.

6.2 Where the dealer has no arrears of tax but has arrears of penalty and interest only, relating to the assessments / re-assessments/ rectification/ revision/ appeal orders already completed and to be completed, as the case may be, on or before **31-10-2023**, such arrears of penalty and interest shall be eligible for waiver.

6.3 Where a dealer has filed an appeal or any application against the order or proceedings relating to arrears of tax and/or arrears of penalty and interest before any Appellate Authority or Court and disposal of such application is still pending, the dealer shall withdraw such appeal or other application before availing the benefit of waiver of arrears of penalty and interest under this Scheme. The dealer shall file a declaration in support of withdrawal of appeal or other application in **Annexure-II** along with application for waiver of arrears of penalty and interest in **Annexure-I** appended to this Order. Such application and declaration shall be filed for each year separately.

6.4 After the appeal or other application is withdrawn, the amount of arrears of penalty and interest shall be considered for waiver under the Scheme. Any amount of penalty and interest paid at the time of filing an appeal or other application shall be eligible for adjustment towards arrears of tax outstanding for the assessment year for which the benefit of waiver is claimed. However, the dealer shall not be eligible for refund of any amount that may become excess as a result of such adjustment under this Scheme.

6.5 In respect of cases where any Appeal or other application is not filed, the dealer shall not be eligible for refund of any penalty or interest already paid, either in full or partially, under this Scheme.

6.6 The dealer shall not file an appeal or other application before any Appellate Authority or Court or shall not seek rectification of orders/proceedings, after filing application for availing the benefits of this Scheme or after availing the benefits of this Scheme, for whatever reasons.

6.7 The dealer shall not be eligible to avail the benefits of this Scheme in relation to an order giving rise to arrears of tax, penalty and interest where:

- a. the State has filed an appeal before the Karnataka Appellate Tribunal or the Central Sales Tax Appellate Authority; or
- b. the State has filed an appeal or revision or any kind of application before the High Court or the Supreme Court; or
- c. any competent authority has initiated suomotu revision proceedings as on the date of this Government Order and pending for disposal as on **31-10-2023**; or
- d. any rectification is made after **31-10-2023**.

## **7. Procedure.-**

7.1 Procedure for this Scheme is as follow:-

- a) The dealer opting for this Scheme shall submit separate application in the format **Annexure-I** appended to this order under the KST and CST Acts for each year relating to the assessment electronically through the website <http://ctax.kar.nic.in> or <http://gst.kar.nic.in> on or before **31-12-2023** in the manner as specified in the website. Duly signed copy of the said application downloaded shall be submitted to the concerned Assessing Authority/ Recovery Officer as prescribed.

- b) The dealer opting for this Scheme shall submit separate application in the format **Annexure-IA** appended to this order under KVAT Act and CST Acts relating to each assessment/reassessment order relating to the tax periods for the years commencing from 01.04.2005 which have been already completed and to be completed upto **31-10-2023**, electronically through the website <http://ctax.kar.nic.in> or <http://gst.kar.nic.in> on or before **31-12-2023** in the manner as specified in the website. Duly signed copy of the said application downloaded shall be submitted to the concerned Assessing Authority/Prescribed Authority/ Recovery Officer as prescribed.
- c) The dealer or person or proprietor as the case may be, opting for this Scheme shall submit separate application in the format **Annexure-IB** appended to this order under the KTEG Act/KTPTC&E Act/KTL Act/KAIT Act for each assessment year relating to the assessments / re-assessments/ rectification/ revision/ appeal orders already completed and to be completed upto **31-10-2023** electronically through the website <http://ctax.kar.nic.in> or <http://gst.kar.nic.in> on or before **31-12-2023** in the manner as specified in the website. Duly signed copy of the said application downloaded shall be submitted to the concerned Assessing Authority/ Recovery Officer/Prescribed Authority as prescribed.
- d) The proprietor opting for this Scheme shall submit separate application in the format **Annexure-IC** appended to this order under the KET Act for each week or month as applicable relating to the assessments / re-assessments/ rectification/ revision/ appeal orders for the years already completed and to be completed up to **31-10-2023** electronically through the website <http://ctax.kar.nic.in> or <http://gst.kar.nic.in> on or before **31-12-2023** in the manner as specified in the website. Duly signed copy of the said application downloaded shall be submitted to the concerned Assessing Authority/ Recovery Officer as prescribed.
- e) The dealer opting for this Scheme shall submit separate application in Format **Annexure-ID** appended to this order under KVAT Act relating to penalty levied under Section 72 and Section 74(4) and interest accrued relating to the tax periods for the years commencing from 01.04.2005 to 30.06.2017, electronically through the web site <http://ctax.kar.nic.in> or <http://gst.kar.nic.in> on or before **31-12-2023** in the manner as specified in the website. Duly signed copy of the said application downloaded shall be submitted to the Prescribed Authority.

7.2 The concerned Assessing Authority/Recovery Officer/Prescribed Authority shall scrutinize the application and work out the actual arrears of tax, penalty and interest payable by the dealer or person or proprietor as the case may be upto the date of filing of application and if any discrepancies are found in the amount of 'arrears of tax' and 'arrears of penalty and interest' payable upto the date of application as declared by the dealer or person or proprietor in his application, then the concerned Assessing Authority/Recovery

Officer/Prescribed Authority shall inform the dealer or person or proprietor within 15 days from the date of filing of application about the discrepancies.

7.3 After receipt of information from the Assessing Authority/Recovery Officer/Prescribed Authority, the dealer or person or proprietor, as the case may be, at his option may pay the balance amount of tax to avail of the benefits of this Scheme. All payments should be made within fifteen days from the date of receipt of information or on or before **15-01-2024** whichever is earlier in cases where information received is from Assessing authority/Recovery Officer/Prescribed Authority. The applicant shall become ineligible to avail this Scheme if any partial amount is still outstanding as arrears on the specified date.

7.4 The dealer or person or proprietor, as the case may be, shall file a declaration in support of withdrawal of appeal or other application as per **Annexure-II** along with application for waiver of 'arrears of penalty and interest'. Such declaration shall be filed separately under relevant Act for each year relating to 'arrears of penalty and interest'.

If the dealer or person or proprietor, as the case may be, fails to do so, the Assessing Authority/ Recovery Officer / Prescribed Authority shall pass a speaking order rejecting the application.

7.5 On satisfaction that the applicant-dealer or person or proprietor, as the case may be, is eligible for the benefits of this Scheme, the Assessing Authority/Recovery Officer/Prescribed Authority shall pass the order waiving the balance amount of arrears of penalty and interest payable by the dealer or person or proprietor, as the case may be, as per **Annexure-III** separately under relevant Act for each assessment year/each assessment or reassessment order relating to the relevant tax periods/week/month of the year.

7.6 The order of waiver shall be passed within 30 days from the date of making payment as specified in Para 7.3. In respect of no discrepancy cases, Order of waiver shall be passed within 30 days of submission of duly signed copy of the downloaded application.

7.7 The order of waiver shall be served on the dealer or person or proprietor, as the case may be, within ten days from the date of such order.

7.8 The Assessing Authority/Recovery Officer/Prescribed Authority shall help the dealer or person or proprietor, as the case may be, in correct quantification of the amount of interest and penalty.

## **8. Special Provisions:**

8.1 In respect of assessments/ re-assessments/ rectification orders passed in the case of unregistered dealers/ persons under any of the Acts mentioned in the preamble are eligible to avail the benefits under this scheme subject to fulfillment of conditions specified therein. In the absence of RC Number or Tax Payer's Identification Number (TIN) or Enrolment

Number, as the case may be, the four digit number **2900** shall be entered in the applicable Annexure so as to consider the case for waiver of penalty and interest under the relevant act.

8.2 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.

**9. 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.

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



(KAVITHA L.)

Under Secretary to Government,  
Finance Department (C.T-1)

To:

12/11/23

The Compiler, Karnataka Gazette, Bengaluru – to publish in the next Gazette.

**Copy to:**

1. The Principal Accountant General (A&E)/Principal Accountant General (C&CA) Bengaluru.
2. The Commissioner of Commercial Taxes, Gandhinagar, Bengaluru – 09.
3. The Commissioner of Treasuries, 6th Floor, K.P.C.L. Green Building, Drugs Control Office Compound, Palace Road, Bengaluru-01.
4. The PS to Additional Chief Secretary/ Secretary (B&R)/Deputy Secretary (B&R) to Government, Finance Department.
5. SGF/Spare copies.

## ANNEXURE-I

(Government Order No. FD 07 CSL 2023, dated 18.07.2023)

### Application for waiver of arrears of penalty and interest under the Karasamadhana Scheme, 2023

1	Name and address of the dealer	
2	Registration Certificate Number under the KST / CST Act	
3	Name of the office in which registered	
4	(a) Assessment year	
	(b) Assessment order issued by	
	(c) Date of assessment/re-assessment order/rectification/revision/appeal order	
	(d) Date of penalty order	
	(e) Date of order of interest	
5	(a) (i) Arrears of tax as per assessment/ re-assessment/ rectification revision/appeal order passed on or before 31-10-2023	Rs....
	(ii) Details of payment of arrears of tax as prescribed in this G.O.(CTD Ref. No. and date)	
	(b) (i) Arrears of interest as per assessment/ re-assessment/ rectification revision/appeal order passed on or before 31-10-2023.	Rs....
	(ii) Arrears of penalty as per assessment/ re-assessment/ rectification revision/appeal order passed on or before 31-10-2023.	Rs.....
6	Date of withdrawal of the appeal or other application, if any	

### DECLARATION

I..... do hereby solemnly declare that to the best of my knowledge and belief the information furnished above is true and complete.

Date:

Signature

Place:

Name and status of the person signing.

Name and full address of the business

- NOTE:**
1. Application to be filed separately for each assessment year under the KST and CST Act electronically.
  2. Copy of the relevant assessment/re-assessment/ rectification order and penalty order and proof of withdrawal of appeal or any other proceeding to be enclosed to the copy of the application required to be submitted to the Assessing Authority.
  3. Strike out whichever is not applicable.

## ANNEXURE-IA

(Government Order No. FD 07 CSL 2023, dated 18.07.2023)

### Application for waiver of arrears of penalty and interest under the Karasamadhana Scheme, 2023.

1	Name and address of the dealer	
2	Registration Certificate Number under the KVAT Act / CST Act	
3	Name of the office in which registered	
4	(a) Assessment year	
	(b) Assessment order issued by	
	(c) Date of assessment/re-assessment order/rectification revision/appeal order	
	(d) Date of penalty order	
	(e) Date of order of interest	
5	(a) (i) Arrears of tax as per assessment/ re-assessment/ rectification revision/appeal order passed on or before 31-10-2023.	Rs....
	(ii) Details of payment of arrears of tax as prescribed in this G.O.(CTD Ref. No. and date)	
	(b) (i) Arrears of interest as per assessment/ re-assessment/ rectification revision/appeal order passed on or before 31-10-2023.	Rs....
	(ii) Arrears of penalty as per assessment/ re-assessment/ rectification revision/appeal order passed on or before 31-10-2023.	Rs.....
6	Date of withdrawal of the appeal or other application, if any	

### DECLARATION

I..... do hereby solemnly declare that to the best of my knowledge and belief the information furnished above is true and complete.

Date:

Signature

Place:

Name and status of the person signing.

Name and full address of the business

- NOTE:** 1. Application to be filed separately for each assessment year under the KVAT / and CST Act electronically.
2. Copy of the relevant assessment/re-assessment/rectification order and penalty order and proof of withdrawal of appeal or any other proceeding to be enclosed to the copy of the application required to be submitted to the Assessing Authority.
3. Strike out whichever is not applicable.



## ANNEXURE-IB

(Government Order No. FD 07 CSL 2023, dated 18.07.2023)

### Application for waiver of arrears of penalty and interest under the Karasamadhana Scheme, 2023.

1	Name and address of the dealer	
2	Registration Certificate Number / Enrollment Number under the KTEG Act / KTPTC & E Act/ KLT Act / KAIT Act	
3	Name of the office in which registered	
4	(a) Assessment year	
	(b) Assessment order issued by	
	(c) Date of assessment/re-assessment order/rectification revision/appeal order	
	(d) Date of penalty order	
	(e) Date of order of interest	
5	(a) (i) Arrears of tax as per assessment/ re-assessment/ rectification revision/appeal order passed on or before 31-10-2023.	Rs....
	(ii) Details of payment of arrears of tax as prescribed in this G.O.(CTD Ref. No. and date)	
	(b) (i) Arrears of interest as per assessment/ re-assessment/ rectification revision/appeal order passed on or before 31-10-2023.	Rs....
	(ii) Arrears of penalty as per assessment/ re-assessment/ rectification revision/appeal order passed on or before 31-10-2023.	Rs.....
6	Date of withdrawal of the appeal or other application, if any	

### DECLARATION

I..... do hereby solemnly declare that to the best of my knowledge and belief the information furnished above is true and complete.

Date:

Signature

Place:

Name and status of the person signing.

Name and full address of the business

- NOTE:** 1. Application to be filed separately for each assessment year under the KTEG Act / KTPTC & E Act/ KLT Act / KAIT Act electronically.
2. Copy of the relevant assessment/re-assessment/ rectification order and penalty order and proof of withdrawal of appeal or any other proceeding to be enclosed to the copy of the application required to be submitted to the Assessing Authority.
3. Strike out whichever is not applicable.

## ANNEXURE-IC

**(Government Order No. FD 07 CSL 2023, dated 18.07.2023)**

**Application for waiver of arrears of penalty and interest under the  
Karasamadhana Scheme, 2023.**

1	Name and address of the dealer	
2	Permit / Registration Certificate Number under the KET Act	
3	Name of the office in which registered	
4	(a) Week/ Month / Year relating to assessment order	
	(b) Assessment order issued by	
	(c) Date of assessment/re-assessment order/rectification revision/appeal order	
	(d) Date of penalty order	
	(e) Date of order of interest	
5	(a) (i) Arrears of tax as per assessment/ re-assessment/ rectification/ revision/appeal order passed on or before 31-10-2023.	Rs....
	(ii) Details of payment of arrears of tax as prescribed in this G.O.(CTD Ref. No. and date)	
	(b) (i) Arrears of interest as per assessment/ re-assessment/ rectification revision/appeal order passed on or before 31-10-2023.	Rs....
	(ii) Arrears of penalty as per assessment/ re-assessment/ rectification revision/appeal order passed on or before 31-10-2023.	Rs.....
6	Date of withdrawal of the appeal or other application, if any	

### DECLARATION

I..... do hereby solemnly declare that to the best of my knowledge and belief the information furnished above is true and complete.

Date:

Signature

Place:

Name and status of the person signing.

Name and full address of the business

- NOTE:** 1. Application to be filed separately for each assessment Week / Month / Year under the KET Act electronically.  
2. Copy of the relevant assessment/re-assessment/ rectification order and penalty order and proof of withdrawal of appeal or any other proceeding to be enclosed to the copy of the application required to be submitted to the Assessing Authority.  
3. Strike out whichever is not applicable.

## ANNEXURE-ID

**(Government Order No. FD 07 CSL 2023, dated 18.07.2023)**

**Application for waiver of arrears of penalty under Section 72 / 74(4) and interest under the KVAT Act, 2003 under Karasamadhana Scheme, 2023.**

1	Name and address of the dealer	
2	TIN under the KVAT Act	
3	Name of the office in which registered	
4	(a) Tax Period / Tax Periods/ Assessment Year	
	(b) Penalty levied under Section 72	
	(c) Penalty levied under Section 74(4)	
	(d) Interest accrued	
5	(a) Admitted tax liability as per return / FORM VAT 240	Rs....
	(b) Details of payment of admitted tax liability prescribed in this G.O. on or before 31-12-2023 (CTD Ref. No. and date / Office Receipt No. and date)	
6	Date of withdrawal of the appeal or other application, if any	

### **DECLARATION**

I..... do hereby solemnly declare that to the best of my knowledge and belief the information furnished above is true and complete.

Date:

Signature

Place:

Name and status of the person signing.

Name and full address of the business

- NOTE:** 1. Application to be filed separately for tax period / tax periods in a year under the KVAT Act electronically.  
2. Copy of the relevant penalty order / intimation of penalty levied and proof of withdrawal of appeal or any other proceeding to be enclosed to the copy of the application required to be submitted to the Prescribed Authority.  
3. Strike out whichever is not applicable.

**ANNEXURE-II**

**(Government Order No. FD 07 CSL 2023, dated 18.07.2023)**

**Declaration**

I, Sri/Smt/Ms..... do hereby solemnly declare that I am / we are a assessee registered under the Karnataka Sales Tax Act, 1957/ Central Sales Tax Act, 1956/ Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976/ Karnataka Tax on Luxuries Act, 1979/Karnataka Agricultural Income Tax Act, 1957 and the Karnataka Entertainment Tax Act, 1958 with R.C. Number / TIN / Enrollment Number/ Permit Number..... on the files of the office of the .....

I have withdrawn the appeal/other application filed against the assessment /reassessment/ rectification/ revision/ appeal orders or other proceedings concluded for the year/tax periods .....of the assessment year under the KST Act / CST Act/ KVAT Act/ KTEG Act/ KTPTC & E Act/ KAIT Act/ KET Act which was pending before..... (specify the authority) to avail of the benefit of the Karasamadhana Scheme, 2023 offered by the Government of Karnataka vide order No.....dated....on....I enclose the documentary proof for the withdrawal of the appeal or other application.

Date:

Signature

Place:

Name and status of the person signing.

Name and full address of the business

- Note:** 1. Application to be filed separately for each assessment year.  
2. Strike out whichever is not applicable.

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### ANNEXURE-III

(Government Order No. FD 07 CSL 2023, dated 18.07.2023)

#### Order of Waiver

The application and declaration are verified and the assessee is found eligible for waiver of the arrears of penalty and interest for the assessment/reassessment/ rectification/ revision/ appeal order in terms of Government order No. FD 07 CSL 2023, dated 18.07.2023 and the same is accordingly ordered to be waived.

The details are as under:

Sl.No.	Particulars	Details
1	Name and address of the assessee	
2	Registration Certificate No. / TIN/ Enrollment No. / Permit No. under the KST Act / CST Act/ KVAT Act/ KTEG Act/ KTPTC & E Act/ KAIT Act/ KET Act	
3	Office in which registered /LGSTO	
4	Year / Month / Week / Tax Period	
5	Assessment order issued by	
6	Date of Assessment order	
7	Amount of arrears of tax paid in full	Rs....
8	Details of payment of arrears of tax paid in full (CTD Ref. No. and date)	
9	Amount of arrears of penalty	Rs....
10	Amount of arrears of interest	Rs....
11	Total arrears of penalty and interest waived (Sl. No. 9+ Sl. No.10)	Rs....

Date:

Place:

Signature,  
Name and Designation of the Authority.