

Thirteenth Kerala Legislative Assembly

Bill No. 3

**THE KERALA TAX ON PAPER LOTTERIES
(AMENDMENT) BILL, 2011**

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**THE KERALA TAX ON PAPER LOTTERIES
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further to amend the Kerala Tax on Paper Lotteries Act, 2005.

Preamble.—WHEREAS, it is expedient further to amend the Kerala Tax on Paper Lotteries Act, 2005, for the purposes hereinafter appearing ;

BE it enacted in the Sixty-second Year of the Republic of India as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Kerala Tax on Paper Lotteries (Amendment) Act, 2011.

(2) It shall be deemed to have come into force on the 13th day of September, 2010.

2. *Amendment of section 6.*—In section 6 of the Kerala Tax on Paper Lotteries Act, 2005 (20 of 2005) (hereinafter referred to as the principal Act), in sub-section (1),—

(i) in clause (a), for the words “Seventeen lakh rupees”, the words “Fifty lakh rupees” shall be substituted;

(ii) in clause (b), for the words “Seven lakh rupees”, the words “Twenty five lakh rupees” shall be substituted.

3. *Amendment of section 10.*—In section 10 of the principal Act, after sub-section (4), the following sub-section shall be inserted, namely:—

“(5) Notwithstanding anything contained in sub-sections (1) to (3), in the case of a lottery organised, conducted or promoted on behalf of other State or Union Territory or any Country which had entered into a bilateral agreement or a treaty with the Government of India, the advance tax shall be received from the promoters submitting the applications or on their behalf only on being satisfied on verification of the applications submitted along with a certificate issued by the respective State Government or Union Territory or Country to the

effect that the provisions of the Lotteries (Regulation) Act, 1998 (Central Act 17 of 1998) or the rules made thereunder have been complied with and also the details stated below furnished by the respective Governments.

- (i) Name of the lottery ;
- (ii) Price of the lottery tickets ;
- (iii) Number of tickets printed ;
- (iv) Details of the printing press ;
- (v) Gross value of the tickets printed ;
- (vi) The address of the selling agents, distributors and promoters of the State Government ;
- (vii) Prize structure ;
- (viii) Amount offered as prize money ;
- (ix) Interval between the draws ;
- (x) Place where the draw is being conducted ;
- (xi) Manner in which draw is conducted.”.

4. *Repeal and saving.*—(1) The Kerala Tax on Paper Lotteries (Amendment) Ordinance, 2011 (29 of 2011) is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act as amended by the said Ordinance shall be deemed to have been done or taken under the principal Act as amended by this Act.

STATEMENT OF OBJECTS AND REASONS

At present, a promoter registered under the Kerala Tax on Paper Lotteries Act, 2005 (20 of 2005) has to remit tax of rupees seven lakhs for ordinary draws and rupees seventeen lakhs for bumper draws. As part of improving the financial income of the State, the Government have decided to enhance the present rate of tax for ordinary draw to rupees twenty five lakhs and for bumper draw to rupees fifty lakhs.

2. As per section 10 of the said Act, every promoter registered under section 7 shall submit on the first day of every month, to the Assistant Commissioner a statement containing such particulars, as may be prescribed, relating to the draws to be conducted during the month commencing from the next succeeding month and shall pay in advance the full amount of tax payable by him under the Act. The Government consider that in order to receive the advance tax in such way in respect of the lottery relating to which the tax is to

be paid, a provision that the concerned State Government or Union Territory or Country organising that lottery shall submit a certificate specifying that the provisions of the Lotteries (Regulation) Act, 1998 (Central Act 17 of 1998) and the Rules made thereunder have been complied with and also certain other details relating to the lottery, have to be incorporated in the said State Act.

3. As the Legislative Assembly of the State of Kerala was not in session and the above proposal had to be given effect to immediately, the Kerala Tax on Paper Lotteries (Amendment) Ordinance, 2010 (53 of 2010), was promulgated by the Governor of Kerala on the 12th day of September, 2010 and published in the Kerala Gazette Extraordinary No. 2076 dated 13th September, 2010.

4. Though a Bill to replace Ordinance No. 53 of 2010 by an Act of the State Legislature was published as Bill No. 393 of the Twelfth Kerala Legislative Assembly, the same could not be introduced in, and passed by, the Legislative Assembly of the State of Kerala during its session which commenced on the 21st day of December, 2010 and ended on the 3rd day of January, 2011. Therefore, the Kerala Tax on Paper Lotteries (Amendment) Ordinance, 2011 (4 of 2011) was promulgated by the Governor of Kerala on the 22nd day of January, 2011 and the same was published in the Kerala Gazette Extraordinary No. 150 dated 23rd January, 2011.

5. Though a Bill to replace Ordinance No. 4 of 2011 by an Act of the State Legislature was published as Bill No. 406 of the Twelfth Kerala Legislative Assembly, the same could not be introduced in, and passed by, the Legislative Assembly of the State of Kerala during its session which commenced on the 4th day of February, 2011 and ended on the 24th day of February, 2011. Therefore, in order to keep alive the provisions of the said Ordinance, the Kerala Tax on Paper Lotteries (Amendment) Ordinance, 2011 (29 of 2011) was promulgated by the Governor of Kerala on the 17th day of March, 2011 and the same was published in the Kerala Gazette Extraordinary No. 653 dated 18th March, 2011.

6. The Bill seeks to replace Ordinance No. 29 of 2011 by an Act of the State Legislature.

FINANCIAL MEMORANDUM

The Bill, when enacted and brought into operation, would not involve any additional expenditure from the Consolidated Fund of the State.

K. M. MANI.

EXTRACT FROM THE RELEVANT PORTIONS OF THE KERALA
TAX ON PAPER LOTTERIES ACT, 2005

(20 OF 2005)

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6. *Levy of Tax.*—(1) There shall be levied and collected a tax on paper lotteries at the following rates, namely:—

- (a) Seventeen lakh rupees for every bumper draw ; and
- (b) Seven lakh rupees in respect of any other draw ;

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10. *Payment of tax in advance.*—(I) Subject to such rules as may be prescribed, every promoter shall submit on the 1st day of every month, if the first day being a holiday on the immediate next working day to the Assistant Commissioner a statement containing such particulars as may be prescribed relating to the draws to be conducted during the month commencing from the next succeeding month and shall pay in advance the full amount of tax payable by him under this Act, in respect of the draws shown in the Statement and the amount so payable shall for the purpose of section 12, be deemed to be an amount due under this Act from such promoted.

(2) If default is committed in the payment of tax any month, whether a statement as required under sub-section (1) is filed or not, or if the amount of tax paid is less than the amount of tax payable for any month, the promoter 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.

(3) If no such statement is submitted by a promoter under sub-section (I) before the date specify or if the statement submitted by him appears to the Assistant Commissioner to be incorrect or in complete, the Assistant Commissioner may assess the promoter provisionally for that month to the best of his judgement, recording the reasons for such assessment, and proceed to demand and collect the tax forthwith on the basis of such assessment, the above said tax shall immediately be adjusted towards the security amount paid under sub-section (I) of section 7.

(4) Without prejudice to the actions contemplated under sub-sections (2) and (3) above, the Assistant Commissioner shall cancel the registration of the promoter granted under this Act and on such cancellation of registration, the promoter shall not be entitled to sell lottery tickets within the State :

provided that before taking action under this sub-sections (3) and (4), the promoter shall be given a reasonable opportunity of being heard :

Provided further that if the promoter makes payment of the defaulted tax with interest the Assistant Commissioner, on application, may register the promoter or such person on payment of registration/renewal fees and security at the prescribed rate.

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