

**Fourteenth Kerala Legislative Assembly**

**Bill No. 276**

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**THE KERALA GENERAL SALES TAX (AMENDMENT)  
BILL, 2021**

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*BILL*

*further to amend the Kerala General Sales Tax Act, 1963.*

*Preamble.*—*WHEREAS*, it is expedient further to amend the Kerala General Sales Tax Act, 1963 (15 of 1963) for the purposes hereinafter appearing;

BE it enacted in the Seventy-first Year of Republic of India as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Kerala General Sales Tax (Amendment) Act, 2021.

(2) It shall be deemed to have come into force on the 16<sup>th</sup> day of May, 2020.

2. *Amendment of the Schedule.*—*In the Kerala General Sales Tax Act, 1963 (15 of 1963) (hereinafter referred to as the principal Act) in the SCHEDULE, in serial number 2, under the heading 'Foreign Liquor', for the entries "27, 80, 102, 72, 212, 202" against sub-entries (i), (ii), (iii), (iv) and sub-items (a) and (b) of sub-entry (v), the entries "37, 115, 112, 82, 247, 237" shall, respectively, be substituted.*

3. *Repeal and saving.*—(1) The Kerala General Sales Tax (Amendment) Ordinance, 2020 (48 of 2020) is hereby repealed.

(2) Notwithstanding such repeal, anything deemed to have been done or any action deemed to have been 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

Schedule to the Kerala General Sales Tax Act, 1963 provides for the rate of tax of Petroleum Products and Foreign Liquor. As per the Schedule, the rate of tax of Aviation Turbine Fuel is 34 per cent, High Speed Diesel Oil is 40 per cent, Motor Spirit (commonly known as petrol) is 50 per cent; under Foreign Liquor, the rate of tax of Bottled Wine, imported from outside the country and has suffered duty under the Customs Act, 1962 is 27 per cent, Bottled Foreign Liquor other than wine, imported from outside the country and has suffered duty under the Customs Act, 1962 is 80 per cent, Beer not covered under sub-entry (ii) is 102 per cent, Wine not covered under sub-entry (i) is 72 per cent and Foreign Liquor not covered under sub-entries (i),(ii), (iii) and (iv) for which purchase value incurred is above rupees 400 per case is 212, per cent and for which purchase value incurred is upto rupees 400 per case is 202 per cent.

2. In view of the lock down imposed to prevent the spread of COVID-19 disease all revenue collections had come down sharply with the closure of lottery sales, liquor shops and decrease in GST revenues. A major portion of the revenue collected are utilized for preventing the spread of the pandemic COVID-19 disease. Additional revenue mobilization is necessary to overcome this situation. For getting additional revenue, it has become imperative to make an increase in the rate of sales tax on sale of foreign liquor such as bottled wine, bottled foreign liquor other than wine imported from outside the country for beer etc. and to make consequential amendment in the Kerala General Sales Tax Act, 1963 (15 of 1963).

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 General Sales Tax (Amendment) Ordinance, 2020 was promulgated by the Governor of Kerala on the 15<sup>th</sup> day of May, 2020 and the same was published as Ordinance No. 33 of 2020 in the Kerala Gazette Extraordinary No. 1197 dated 16<sup>th</sup> May, 2020.

4. A Bill to replace the said Ordinance by an Act of the State Legislature could not be introduced in, and passed by, the Legislative Assembly of the State of Kerala during its session which was convened on the 24<sup>th</sup> day of August, 2020.

5. As the provisions of the said Ordinance are to be kept alive and the Legislative Assembly of the State of Kerala was not in session, the Governor of Kerala promulgated the Kerala General Sales Tax (Amendment) Ordinance, 2020 (48 of 2020) was promulgated by the Governor on the 26<sup>th</sup> day of September, 2020 and the same was published in the Kerala Gazette ExtraOrdinary No. 2213 dated 29<sup>th</sup> September, 2020.

6. The Bill seeks to replace Ordinance No. 48 of 2020 by an Act of the State Legislature.

#### FINANCIAL MEMORANDUM

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

DR. T. M. THOMAS ISAAC.

**EXTRACT FROM THE RELEVANT PORTIONS OF THE  
KERALA GENERAL SALES TAX ACT, 1963  
( 15 OF 1963)**

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**SCHEDULE**

[Section 5(1)]

Goods in respect of which tax is leviable under section 5

<i>Sl No.</i>	<i>Sub-entry Description of Goods</i>	<i>Rate of Tax (per cent)</i>
1	<b>Petroleum Products</b>	
	(i) Aviation Turbine Fuel	34
	(ii) High Speed Diesel Oil	40
	(iii) Motor Spirit (Commonly known as petrol)	50
2	<b>Foreign Liquor</b>	
	(i) Bottled Wine, imported from outside the Country and has suffered duty under the Customs Act, 1962	27
	(ii) Bottled Foreign liquor other than wine, imported from outside the country and has suffered duty under the Customs Act, 1962	80
	(iii) Beer not covered under sub-entry (ii) above	102
	(iv) Wine not covered under sub-entry (i) above	72
	(v) Foreign liquor not covered under sub-entries (i), (ii), (iii) and (iv) above	
	(a) for which purchase value incurred is above Rupees 400 per case	212
	(b) for which purchase value incurred is upto Rupees 400 per case	202

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