

Government of Karnataka notifies the Karnataka Karasamadhana Scheme, 2023

In the budget speech for the year 2023-24 made on 17 February 2023, the Government of Karnataka announced that a 'Karasamadhana Scheme, 2023' would be introduced in order to resolve pre-GST legacy tax disputes expeditiously and to collect arrears promptly without litigation. Pursuant to this, the Government of Karnataka has notified the 'Karnataka Karasamadhana Scheme, 2023' for waiver of penalty and interest under the provisions of the following pre-GST legacy acts:

- The Karnataka Sales Tax Act, 1957,
- The Karnataka Value Added Tax Act, 2003 (KVAT Act),
- The Central Sales Tax Act, 1956 (CST Act),
- The Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 (Profession Tax Act),
- The Karnataka Tax on Luxuries Act, 1979) (Luxuries Tax Act),
- The Karnataka Agricultural Income Tax Act, 1957 (Agricultural IT Act),
- The Karnataka Entertainment Tax Act, 1958 (Entertainment Tax Act),
- The Karnataka Tax on Entry of Goods Act, 1979 (Entry Tax Act).

Key features of the scheme:

Benefits:

- Waiver of 100% of arrears of penalty and interest under the aforementioned legacy Tax Acts relating to the assessments / re-assessments / rectification/ revision / appeal orders already completed and to be completed on or before **31 October 2023**.
- 100% waiver of arrears of interest and penalty, excluding those specifically mentioned, relating to:
 - Revision orders already concluded; or
 - Revision proceedings initiated before the date of issuance of this government order and revision orders are to be completed on or before **31 October 2023** in respect of the aforementioned acts.

- Waiver of penalty levied under Section 72 relating to the 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.
- Waiver of penalty levied under Section 74(4) for failure to submit a 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.

Eligibility criteria and conditions:

- Any person who makes full payment of tax arrears on or before **31 December 2023** shall be granted a waiver of 100% of arrears of penalty and interest payable.
- Only arrears of penalty and interest relating to the assessments/re-assessments/rectification/ revision/ appeal orders already completed and to be completed, on or before **31 October 2023**, shall also be eligible for waiver.
- The applicant shall withdraw any pending appeal or other application before availing the benefit of waiver of arrears of penalty and interest under this scheme.
- Penalty and interest paid at the time of filing an appeal or other application shall be adjusted towards arrears of tax outstanding for the assessment year for which the benefit of waiver is claimed.
- Under this scheme, there is no refund of any penalty or interest already paid, either in full or partially.

Procedure:

- A separate application needs to be filed for each year relating to the assessment and each assessment/reassessment order relating to the tax periods for the years commencing from 1 April 2005, which have already been completed and are to be completed up to **31 October 2023** electronically through the website <http://ctax.kar.nic.in> or <http://gst.kar.nic.in> on or before **31 December 2023**.