

## **Proposals for Additional Resource Mobilisation in the Budget for 2012-13** **including taxation**

### REVENUE

- Land tax, which is less than Rs. 1 a cent now, to be doubled.

### REGISTRATION

- Registration fee will be levied at 2 percent of the stamp duty for the Power of Attorneys for sale of immovable properties executed in favour of persons other than family members. The disparity in levying stamp duty for Partition, Release, Gift and Settlement deeds among family members will be rectified.
- The Registration fee and related fee for various services under the Indian Partnership Act will be enhanced.

### MOTOR VEHICLES

- Tax structure for motor cars and private service vehicles for personal use will be restructured based on the purchase value, in the following manner:

Vehicles having purchase value up to Rs. 5 lakhs	6 per cent value
Vehicles having purchase value of more than Rs. 5 lakhs and up to Rs. 10 lakhs	8 per cent of value
Vehicles having purchase value of more than Rs. 10 lakhs and up to Rs 15 lakhs	10 per cent of value
Vehicles having purchase value of more than Rs. 15 lakhs	15 per cent of value

### COMMERCIAL TAXES

- The general rates of VAT which are currently 4 per cent and 12.5 per cent to be increased to 5 per cent and 13.5 per cent respectively.
- Tax on black gram, Bengal gram, green gram, lobia, other pulses, chillies, coriander, edible oil, flour, maida and sooji to be reduced from the existing 4% to 1% to bring it on par with rice and other essential food items. Social Security Cess of 1% on VAT, imposed at present, will be done away with.
- Tax on cigarettes and similar products, excluding beedies, is hiked from 12.5% to 15% and of other tobacco products like Panmasala, from 20% to 22.5%.

- Rate of tax on plastics increased from the existing 12.5% to 20% and cloth bags exempted from tax.
- Security cess of 6% imposed on foreign liquor increased to 10%.
- Tax on crusher metal stands at 13.5% and tax on compounding revised based on jaw size.

## CONCESSIONS

- Tamarind seed powder exempted from tax (currently 4%)
- Tax on value added ethnic foods of Kerala such as banana chips, tapioca chips, jackfruit chips, chukkucoffee powder etc. reduced from the existing 12.5% to 5%.
- Honey, honey bee box (hive) and accessories exempted from tax (currently 4%)
- Implants like intraocular lens, heart valves and cardiac stents exempted from tax.
- Tax on Ayurvedic cosmetics, now carrying levy of 12.5% , reduced to 5%.
- Halls and Auditoriums situated within the premises of place of worship, already exempted from payment of luxury tax, absolved from registration under Kerala Luxury Tax Act.
- Tax on electronic toilet reduced to 5%.
- Tax on cradles slashed to 5%.
- Tax concessions granted last year to central police canteen will be extended to the 14 subsidiary institutions in the districts.

## SIMPLIFICATION OF PROCEDURES

Certain practical difficulties exist in the KVAT Act for the continuance of input tax credit to the inheritors of the business, on the death of the sole proprietor. The present provision requires them to take out fresh registration in order to continue business. Necessary amendment will be made in the Act to facilitate the continuance of input tax credit, in these cases.

Amendments would be made in the Act to grant retrospective effect from 1.4.05, regarding the law brought in to grant the benefit of input tax credit to small dealers, who had continued business above the presumptive tax limit.

The time limit for completion of all assessments, reassessments and remanded assessments under KGST and KVAT Acts, pending from 31-3-2011, will be extended up to 31-3-2013.

A new provision will be made in the Act to facilitate the assessments done based on the audit objections by the Comptroller and Auditor General of India, whereby it will be mandated that such assessments shall be made only after hearing the dealer.

Provisions would be made in the KVAT Act and KGST Act to facilitate e-filing of documents and forms through the official website of Commercial Taxes Department and the powers will be delegated to the Commissioner to make necessary changes in the forms and procedures to suit electronic filing.

The trade sector has raised complaints that the processing of the refund applications submitted by them is being inordinately delayed. It would be prescribed that the refund application should be disposed off by the authority within two months from the date of submission. It will be mandated that delay in disposing off the application beyond the prescribed period can only be condoned by the Deputy Commissioner for reasons to be stated in writing.

In order to ensure the authentication of the data submitted to the Department, dealers will be provided with Digital Signatures at a nominal cost.

Necessary amendments will be made in the Kerala Value Added Tax Act 2003 to include the concept of limited liability partnership.

Steps will be taken, for detecting and taking action on modern technology aided tax evasion techniques and also to modernize and improve the efficiency of the department. As a part of this, Economic Intelligence Wing will be set up in the Taxes Department.

A cyber forensic lab to detect electronic malpractices like parallel billing software, bogus transactions etc. will be setup with an outlay of Rs. 2 crores.

Infrastructure facility will be expanded with additional office blocks in Ernakulam, Palakkad and Kottayam and a new office complex at Wayanad. Rs. 3 crore is provided for this purpose.

As a first step towards the modernization of check posts by incorporating the functions of various departments, an integrated checkpoint started functioning at Amaravila on 1-9-2011. Action will be initiated for model reform and modernization programmes of the checkpoints by removing the archaic systems, installing modern infrastructure like weigh bridges, CCTVs and facilities for conducting joint inspections by departments.

Rs. 3 crores will be allotted for establishing an integrated checkpoint at Manjeswaram on the land already acquired for the purpose. Rs. 15 crores is allotted for changing the present checkpoint and establishing integrated check post in its places with weigh bridges at Muthanga, Vazhikkadavu and Aryankavu.

Rs. 1.5 core will be allotted for installing weighing machines and connected facilities at Perla, Combummettu and Bodimettu. For the purchase of mobile weigh bridge on an experimental basis, Rs. 30 lakhs will be set apart.

The Act for the protection of the interest of the depositors with a provision for the attachment and sale of properties of the individuals/establishments who defraud the public and distribute the proceeds to depositors will be implemented.

The special courts will also be established to try such criminal offences. An amount of Rs. 1 crore is set apart for this purpose.

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