

---

---

**REPORT OF THE SUBJECT COMMITTEE  
ON  
THE KERALA TAXATION LAWS (AMENDMENT)  
BILL, 2014  
AND  
THE BILL AS REPORTED BY THE SUBJECT COMMITTEE**

---

---

©  
Kerala Legislature Secretariat  
2014

KERALA NIYAMASABHA PRINTING PRESS.

**REPORT OF THE SUBJECT COMMITTEE  
ON  
THE KERALA TAXATION LAWS (AMENDMENT)  
BILL, 2014  
AND  
THE BILL AS REPORTED BY THE SUBJECT COMMITTEE**

1443/2014.

## CONTENTS

|  | <i>Page</i> |
|--|-------------|
| 1. Composition                               | .. v        |
| 2. Report                                    | .. vii      |
| 3. Minutes of dissent                        | .. ix       |
| 4. Bill as reported by the Subject Committee | .. 1        |

SUBJECT COMMITTEE VIII  
(ECONOMIC AFFAIRS)  
(2013-16)

**Composition**

*Chairman :*

Shri K. M. Mani,  
Minister for Finance, Law and Housing.

*Ex-officio Members :*

Shri K. Babu,  
Minister for Fisheries, Ports and Excise

Shri Anoop Jacob,  
Minister for Food, Civil Supplies, Consumer Protection and  
Registration.

*Members :*

Shri V. Chenthamarakshan

” Kovoov Kunjumon

” Mullakkara Retnakaran

Prof. C. Raveendranath

Shri V. D. Satheesan

DR. T. M. Thomas Isaac

Shri P. Ubaidulla

” M. P. Vincent.

*Legislature Secretariat :*

Shri P. D. Sarangadharan, Secretary

” Thomas Chettuparambil, Joint Secretary

” N. Premachandran Nair, Deputy Secretary

” G. S. Sureshkumar, Under Secretary.

THE KERALA TAXATION LAWS (AMENDMENT) BILL, 2014

Report of the Subject Committee

The Kerala Taxation Laws (Amendment) Bill, 2014 (Bill No. 322) was referred to Subject Committee VIII (Economic Affairs) for joint consideration with Subject Committee II (Land Revenue and Devaswom) and Subject Committee V (Public Works, Transport and Communications). The joint meeting of Subject Committee II, V and VIII considered the Bill clause by clause and now submits this Report with the Bill as reported by the Subject Committee annexed thereto.

2. The Kerala Taxation Laws (Amendment) Bill, 2014 was published as a Gazette Extraordinary dated November 29, 2014. The Bill was introduced in the Assembly on December 4, 2014 and was referred to Subject Committee VIII for joint consideration with Subject Committee II and V on the same day.

3. The Committee considered the Bill clause by clause at the meeting held on December 8, 2014. The Committee recommends to adopt the Bill with the following modifications:

*Clause 2*

Sub-clause (3) shall be omitted.

*Clause 3*

In Schedule I of the Kerala Plantation Tax Act, 1960 (17 of 1960), proposed to be substituted by sub-clause (2), in serial No. 2:—

- (i) item (a) shall be omitted;
- (ii) items (b) to (f) shall be relettered as items (a) to (e);
- (iii) in item (a) so relettered, for the words “two hectares to four hectares”, the words “above two hectares and up to four hectares” shall be substituted.

4. All other changes are either verbal or consequential.

5. The Minutes of dissent are appended.

Thiruvananthapuram,  
8th December, 2014.

K. M. MANI,  
*Chairman,*  
*Subject Committee VIII.*

## MINUTES OF DISSENT I

We record our dissent on the Report of the Subject Committee on the bill for the following reasons:

1. This Bill seeks to replace ordinances which have been promulgated to enhance various tax rates. This enhancement of tax rates in the middle course of financial year shows the inept handling of the State Finances by the Government. As fallout of this inept handling, the State treasury is in the verge of closing down. To avert this, the Government has decided to burden the common people by implementing tax revisions. Moreover, these decisions have not been brought to a general discussion in this august house. We, therefore, strongly disapprove of the Government's decisions to enhance tax rates through this bill, and also the arbitrariness on the part of the Government in taking these decisions.

2. It has been stated in the statement of objects and reasons to the Bill that the Government decision to enhance the tax rates were taken due to the "financial crisis" and "revenue crunch" being faced by the State, and the need for "additional revenue mobilization". In contrary to this view, the Government has informed the members through answers to Legislative interpellation that there is no such situation as financial crisis etc., existing in the state. We strongly take exception to this double-speaking by the Government.

3. The decision of the Government to raise the tax of liquor including those of the beer and wine to such level, will lead the common people to the illegal bootleggers. The Government should have taken a more rational view in this regard.

4. We also disagree with the Government in causing hardship to the farmers in the plantation sector, who are in great distress due to the fall in prices of rubber and other commercial crops. It is also not prudent to increase the motor vehicles tax, as this sector is now in the path of negative growth.

We, therefore, strongly oppose this report:

1. DR. T. M. THOMAS ISAAC (Sd.)
2. V. CHENTHAMARAKSHAN (Sd.)
3. MULLAKKARA RETNAKARAN (Sd.)

## MINUTES OF DISSENT II

We record our dissent on the report of the Subject Committee on the bill for the following reasons:

1. In the context of the acute resource crunch prevailing in the state (as has been stated in the Statement of Objects and Reasons of the Bill), The Government have decided to enhance the rate of tax from 15% to 20% in respect of certain classes of motor vehicles by amending Annexure I of the Kerala Motor Vehicles Taxation Act, 1976. The context of the acute resource crunch prevailing in the state has arisen due to gross financial mismanagement of the Government. The admission of the Government in this regard shows how grave the financial crisis is. The receipt on motor vehicles tax is already on negative side. In this circumstance, we could not understand why the Government has taken a decision to increase the motor vehicles tax. It is erroneous to infer that increasing tax rate at this juncture will lead to increased collection of motor vehicles tax.

2. The Bill also proposes to amend section 2(a) of the Kerala Tolls Act, 1976. By this, Government intends to enhance the ceiling amount of construction cost of bridges from rupees five crore to rupees ten crore, for which toll may be levied. The cost of land acquisition and construction of approach roads has also been included for the purpose of fixing the cost of construction of a bridge, for which toll may be levied. This inclusion offsets the benefit accruing from the enhancement in the ceiling amount of construction cost of bridge. We are of the opinion that the cost of land acquisition should not be included in the cost of construction or else, the ceiling amount should be increased further.

We, therefore, strongly oppose this report:

1. K. V. ABDUL KHADER (Sd.)
2. K. KUNHIRAMAN (TRIKKARIPUR) (Sd.)
3. K. K. LATHIKA (Sd.)

## MINUTES OF DISSENT III

We record our dissent on the report of the Subject Committee on the bill for the following reasons:

1. The Bill, among other things, proposes to amend the Kerala Plantation Tax Act, 1960. By amending this Act, the Government proposes to levy around 100 crore as enhanced plantation tax from the farmers of the plantation sector in the state. These farmers are in distress, due to the alarming fall of price of rubber and other cash crops. The Government in this hour of distress ought to have provided succour to these farmers by implementing effective procurement steps to raise the price of rubber. But, this Government, not only failed in this count, but also is further burdening these distressed farmers by enhancing the plantation tax. We strongly disapprove of this decision by the Government.

2. The Government also has decided to enhance the rate of land as a measure for additional revenue mobilization by amending section 6 of the Kerala Land Tax Act, 1961. Also the provision regarding these aggregate extents of land has also been altered to burden the common man. These steps have been taken to overcome the financial crisis being faced by the state, as has been stated in the Statement of Objects and Reasons. The financial crisis prevailing in the state is due to the inept handling of the state finance by the Government. The common man has been forced to pay for this. We therefore strongly disapprove of the Government decision.

We, therefore, strongly oppose this report:

1. BABU M. PALISSERY (Sd.)
2. A. PRADEEPKUMAR (Sd.)
3. V. S. SUNIL KUMAR (Sd.)
4. C. K. NANU (Sd.)

THE KERALA TAXATION LAWS (AMENDMENT) BILL, 2014  
(As reported by the Subject Committee)

[The words underlined indicate the modifications suggested by the Committee. Omissions are indicated by asterisks.]

A

*BILL*

*further to amend the Kerala Stamp Act, 1959, the Kerala Plantation Tax Act, 1960, the Kerala Land Tax Act, 1961, the Kerala General Sales Tax Act, 1963, the Kerala Motor Vehicles Taxation Act, 1976, the Kerala Tolls Act, 1976, the Kerala Value Added Tax Act, 2003 and the Kerala Finance Act, 2008.*

*Preamble.*—WHEREAS, it is expedient further to amend the Kerala Stamp Act, 1959, the Kerala Plantation Tax Act, 1960, the Kerala Land Tax Act, 1961, the Kerala General Sales Tax Act, 1963, the Kerala Motor Vehicles Taxation Act, 1976, the Kerala Tolls Act, 1976, the Kerala Value Added Tax Act, 2003 and the Kerala Finance Act, 2008, for the purposes hereinafter appearing;

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

1. *Short title and commencement.*—(1) This Act may be called the Kerala Taxation Laws (Amendment) Act, 2014.

(2) Clause (a) of sub-section (2) of section 8 shall be deemed to have come into force on the 3rd day of September, 2014, sections 3 and 4 shall be deemed to have come into force on the 30th day of September, 2014, sub-section (3) of section 2, section 5, sub-section (1) and clause (b) of sub-section (2) of section 8 and section 9 shall be deemed to have come into force on the 8th day of October, 2014, section 7 shall be deemed to have come into force on the 30th day of October, 2014, sub-section (1) of section 2 and section 6 shall be deemed to have come into force on the 13th day of November, 2014 and the remaining sections shall come into force at once.

2. *Amendment of Act 17 of 1959.*—In the Kerala Stamp Act, 1959 (17 of 1959),—

(1) in section 28A, after sub-section (4), the following sub-section shall be inserted, namely:—

“(5) After the publication of the increased fair value of land under sub-section (1B), any person aggrieved by the fixation of fair value of land in an

appeal under sub-section (4) may, within a period of one year from the date of publication of the notification under sub-section (1B), file an application to the Collector to review the order passed in appeal and the Collector shall dispose of the same in such manner and within such period as may be prescribed.”;

(2) in section 45B, in sub-section (3), for the words “two years” the words “five years” shall be substituted;

[\*\*\*]

3. *Amendment of Act 17 of 1960.*—In the Kerala Plantation Tax Act, 1960 (17 of 1960),—

(1) in section 3, the proviso to sub-section (1) shall be omitted;

(2) for Schedule I, the following Schedule shall be substituted, namely:—

“SCHEDULE I  
[See section 3 (1)]

|  | <i>Rate</i>  |
|--|--|
| 1. Where the aggregate extent of plantations held by a person does not exceed two hectares | Nil  |
| 2. Where the aggregate extent of plantations held by a person is,—                         |  |
| [***]  |  |
| (a) <u>above</u> two hectares <u>and up</u> to four hectares                               | two hundred rupees for each one hectare above two hectares   |
| (b) <u>above</u> four hectares and up to eight hectares                                    | three hundred rupees for each one hectare above two hectares |
| (c) <u>above</u> eight hectares and up to fifteen hectares                                 | four hundred rupees for each one hectare above two hectares  |

- |  |   |
|--|---|
| <u>(d)</u> above fifteen hectares and up to twenty five hectares | five hundred rupees for each one hectare above two hectares     |
| <u>(e)</u> above twenty five hectares                            | seven hundred rupees for each one hectare above two hectares.”. |

4. *Amendment of Act 13 of 1961.*—In the Kerala Land Tax Act, 1961 (13 of 1961), in section 6, for sub-section (1) and its proviso, the following sub-section and proviso shall be substituted, namely:—

“(1) Subject to the provisions of sub-section (2) of section 7, the basic tax charged and levied under section 5 shall be at the rate of five rupees in Panchayat areas, ten rupees in Town Panchayat and Municipal Council areas and twenty rupees in Municipal Corporation areas, per Are per annum:

Provided that, where the aggregate extent of land held by a land holder does not exceed 8.1 Ares in a Panchayat area, 2.43 Ares in Town Panchayat and Municipal Council Area and 1.62 Ares in Municipal Corporation area, the basic tax charged and levied on such land shall be at the rate of two rupees and fifty paise in the Panchayat area, five rupees in the Town Panchayat and Municipal Council area and ten rupees in the Municipal Corporation area, per Are per annum.”.

5. *Amendment of Act 15 of 1963.*—In the Kerala General Sales Tax Act, 1963 (15 of 1963), in the SCHEDULE, in serial number “2. Foreign Liquor”,—

(i) against item “(i) Beer and Wine”, under the heading “Rate of tax (per cent)”, for the figure “50”, the figure “70” shall be substituted;

(ii) against item “(ii) other than Beer and Wine, for which purchase value incurred is rupees 400 per case or more,” under the heading “Rate of tax (per cent)”, for the figure “115”, the figure “135” shall be substituted;

(iii) against item “(iii) other Foreign Liquor, not covered under items (i) and (ii) above”, under the heading “Rate of tax (per cent)”, for the figure “105”, the figure “125” shall be substituted.

6. *Amendment of Act 19 of 1976.*—In the Kerala Motor Vehicles Taxation Act, 1976 (19 of 1976),—

(1) in section 4, after sub-section (8), the following proviso shall be added, namely:—

“Provided that the provisions of clause (b) of sub-section (3) and sub-section (7) and sub-section (8) shall not be applicable for remitting the tax at the reduced or modified rate allowed by the Government under section 22 of this Act in cases where the tax due was not paid within the prescribed period.”;

(2) in ANNEXURE I, in serial number A,—

(a) for serial number 7 and the entries against it in columns (2) and (3), the following serial numbers and entries shall, respectively, be substituted, namely:—

“7. Motor Cars and Private Service Vehicles 15% of the purchase for Personal Use (Non Transport Vehicles) having purchase value of more than rupees fifteen lakhs and up to rupees twenty lakh.

7A. Motor Cars and Private Service Vehicles 20% of the purchase for Personal Use (Non Transport Vehicles) having purchase value of more than rupees twenty lakh.

(b) for serial number 8 and the entries against it in columns (2) and (3), the following serial numbers and entries shall, respectively, be substituted, namely:—

“8. Motor Cabs having cubic capacity below 1500cc and having purchase value up to rupees twenty lakh. 6% of the purchase value of the vehicle

8A. Motor Cabs having cubic capacity below 1500cc and having purchase value more than rupees twenty lakh. 20% of the purchase value of the vehicle”;

(c) for serial number 10, and the entries against it in columns (2) and (3), the following serial numbers and entries shall, respectively, be substituted, namely:—

“10 Tourist Motor Cabs having cubic capacity below 1500cc and having purchase value above rupees ten lakh and up to rupees twenty lakh. 10% of the purchase value of the vehicle”

10A. Tourist Motor Cabs having cubic capacity below 1500cc and having purchase value more than rupees twenty lakh. 20% of the purchase value of the vehicle”;

(d) for serial number 12 and the entries against it in columns (2) and (3), the following serial numbers and entries shall, respectively, be substituted, namely:—

“12. Motor Cabs and Tourist Motor Cabs having cubic capacity 1500cc and above and having purchase value of more than rupees fifteen lakh and up to rupees twenty lakh. 15% of the purchase value of the vehicle”

12A. Motor Cabs and Tourist Motor Cabs having cubic capacity 1500cc and above and having purchase value of more than rupees twenty lakh. 20% of the purchase value of the vehicle.”.

7. *Amendment of Act 6 of 1977.*— In the Kerala Tolls Act, 1976 (6 of 1977), in section 2, for clause (a), the following clause shall be substituted, namely:—

“(a) “bridge” means any bridge on a highway, but does not include a bridge the cost of construction of which (including the cost of land acquisition and construction of approach roads necessary for connecting the bridge to the highway) is less than ten crore rupees;”.

8. *Amendment of Act 30 of 2004.*—In the Kerala Value Added Tax Act, 2003 (30 of 2004),—

(1) in clause (a) of sub-section (1) of section 6, in the Table, against serial number 1, under the heading “Rates of tax in percentage” in column (4), for the figure “22”, the figure “30” shall be substituted;

(2) in section 8,—

(a) in clause (a),—

(i) in sub-clause (i), for the words, figures and brackets “six per cent of the whole contract amount along with tax under sub-section (2) of section 6”, the words “seven per cent of the whole contract amount” shall be substituted;

(ii) in the proviso to sub-clause (i), for the words, figures and brackets “four per cent of the whole contract amount along with tax under sub-section (2) of section 6”, the words “five per cent of the whole contract amount” shall be substituted;

(iii) in sub-clause (ii), for the words, figures and brackets “at three per cent of the whole contract amount along with tax under sub-section (2) of section 6”, the words “at the rate of four per cent of the whole contract amount” shall be substituted;

(iv) the fourth proviso to sub-clause (ii) shall be omitted.

(b) in clause (h), for the figure “20”, the figure “30” shall be substituted.

9. *Amendment of Act 21 of 2008.*—In the Kerala Finance Act, 2008 (21 of 2008), in section 6,—

(a) for sub-section (2A), the following sub-section shall be substituted, namely:—

“(2A) (a) There shall be levied and collected from the Kerala State Beverages (Manufacturing and -Marketing) Corporation Limited, a cess, on the tax payable by them under clause (b) of sub-section (1) of section 5 of the Kerala General Sales Tax Act, 1963 (15 of 1963),—

(i) at the rate of one per cent, to be called a *Medical Cess* to fulfil the commitment of the Government to provide generic medicine free of cost to the patients of the Government Hospitals, who are not income tax payers;

(ii) at the rate of five per cent, to be called a *Rehabilitation Cess* to fulfil the commitment of the Government to provide for rehabilitation of bar hotel workers who had lost employment pursuant to the closure of bar hotels in the State as per Abkari policy;

(b) The cess so collected shall be in addition to the cess collected under sub-section (1).”.

(b) in sub-Section (3), for the words “*Social Security Cess* and the *Medical Cess*”, the words “ *Social Security Cess, Medical Cess* and the *Rehabilitation Cess*” shall be substituted.

10. *Repeal and saving.*—(1) The Kerala Value Added Tax (Amendment) Ordinance, 2014 (21 of 2014), the Kerala Land Tax (Amendment) Ordinance, 2014 (22 of 2014), the Kerala Plantation Tax (Amendment) Ordinance, 2014 (23 of 2014), the Kerala Taxation Laws (Amendment) Ordinance, 2014 (24 of 2014), the Kerala Tolls (Amendment) Ordinance, 2014 (26 of 2014), the Kerala Stamp (Amendment) Ordinance, 2014 (29 of 2014) and the Kerala Motor Vehicles Taxation (Amendment) Ordinance, 2014 (30 of 2014) are hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the Kerala Stamp Act, 1959 (17 of 1959), the Kerala Plantation Tax Act, 1960 (17 of 1960), the Kerala Land Tax Act, 1961 (13 of 1961), the Kerala General Sales Tax Act, 1963 (15 of 1963), the Kerala Motor Vehicles Taxation Act, 1976 (19 of 1976), the Kerala Tolls Act, 1976 (6 of 1977), the Kerala Value Added Tax Act, 2003 (30 of 2004) and the Kerala Finance Act, 2008 (21 of 2008) as amended by the said Ordinances shall be deemed to have been done or taken under the said Acts respectively as amended by this Act.

Secretariat of the Kerala Legislature,  
Thiruvananthapuram,  
8th December, 2014.

P. D. SARANGADHARAN,  
*Secretary.*