

THE KERALA FINANCE BILL, 2022

(As Passed by the Assembly)

A

*BILL*

*to give effect to certain financial proposals of the Government of Kerala for the Financial Year 2022-2023.*

*Preamble.*— WHEREAS, it is expedient to give effect to certain financial proposals of the Government of Kerala for the Financial Year 2022-2023;

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

1. *Short title and commencement.*—(1) This Act may be called the Kerala Finance Act, 2022.

(2) Save as otherwise provided in this Act,—

(a) sub-section (1) of section 4 shall be deemed to have come into force on the 18th day of March, 2022;

(b) section 7 shall come into force on such date as the Government may, by notification in the Official Gazette, appoint:

Provided that different dates may be appointed for different provisions of this section and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision;

(c) the remaining provisions of this Act, shall be deemed to have come into force on the 1st day of April, 2022.

2. *Amendment of Act 11 of 1957.*— In the Kerala Surcharge on Taxes Act, 1957 (11 of 1957), in section 3A,—

(1) in sub-section (5),—

(a) for the words and figures “30th November, 2021”, occurring at both the places, the words and figures “31st August, 2022” shall be substituted;

(b) for the words and figures “31st March, 2022”, the words and figures “31st December, 2022” shall be substituted;

(2) in sub-section (7), for the words and figures “31st March, 2022”, the words and figures “31st December, 2022” shall be substituted.

3. *Amendment of Act 13 of 1961.*— In the Kerala Land Tax Act, 1961 (13 of 1961), in section 6, for sub-section (1) and the proviso thereunder, the following sub-section and the TABLE 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 rates as mentioned in the TABLE.

TABLE

Sl. No.	Area	Extent	Rate
1	Panchayat Area	Up to 8.1 Ares	Rs. 5 per Are per annum
		Above 8.1 Ares	Rs. 8 per Are per annum
2	Municipal Council Area	Up to 2.43 Ares	Rs. 10 per Are per annum
		Above 2.43 Ares	Rs. 15 per Are per annum
3	Municipal Corporation Area	Up to 1.62 Ares	Rs. 20 per Are per annum
		Above 1.62 Ares	Rs. 30 per Are per annum”;

4. *Amendment of Act 15 of 1963.*— In the Kerala General Sales Tax Act, 1963 (15 of 1963),—

(1) in section 7A, in clause (iii) of sub-section (1),—

(a) in sub-clause (a), for the words and figures “30th September, 2021”, the words and figures “31st March, 2022” shall be substituted;

(b) in sub-clause (d), for the words and figures “31st October, 2021”, the words and figures “30th April, 2022” shall be substituted;

(2) in section 23B,—

(i) in sub-section (1), in clause (ii), for the words and figures “31st March, 2021”, the words and figures “31st March, 2022” shall be substituted;

(ii) in sub-section (5),—

(a) for the words and figures “30th November, 2021”, occurring at both the places, the words and figures “31st August, 2022” shall be substituted;

(b) for the words and figures “31st March, 2022”, the words and figures “31st December, 2022” shall be substituted;

(iii) in sub-section (7), for the words and figures “31st March, 2022”, the words and figures “31st December, 2022” shall be substituted.

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

(1) in section 3A, for the existing TABLE, the following TABLE shall be substituted, namely:—

“TABLE

<i>Sl. No.</i>	<i>Class and age of Vehicle</i>	<i>Rate of Green Taxation (in Rupees)</i>	<i>Incidence of levy</i>
(1)	(2)	(3)	(4)
1.	Non Transport Vehicles having four or more wheels and completed 15 years from the date of its registration	600 for every five years	At the time of renewal of registration.

(1)	(2)	(3)	(4)
2.	(i) Light Transport Vehicles having four or more wheels and have completed 10 years from the date of its registration	200 for every year	} At the time of renewal of fitness certificate
	(ii) Light Transport Vehicles having four or more wheels and have completed 15 years from the date of its registration	300 for every year	
3.	(i) Medium Transport Vehicles which have completed 10 years from the date of its registration	300 for every year	} At the time of renewal of fitness certificate
	(ii) Medium Transport Vehicles which have completed 15 years from the date of its registration	450 for every year	
4.	(i) Heavy Transport Vehicles which have completed 10 years from the date of its registration	400 for every year	} At the time of renewal of fitness certificate
	(ii) Heavy Transport Vehicles which have completed 15 years from the date of its registration	600 for every year	
5.	Diesel powered Light Motor Vehicles	1000	At the time of new registration
6.	Diesel powered Medium Motor Vehicles	1500	At the time of new registration
7.	Diesel powered Heavy Motor Vehicles	2000	At the time of new registration
8.	Other diesel powered vehicles except Motor Cycles	1000	At the time of new registration”;

(2) in the proviso to the SCHEDULE, after paragraph (7), the following paragraph shall be added, namely:—

“(8) in the case of Caravan coming under item (iii) of serial number 11 of the SCHEDULE, the trimonthly tax rate will be reduced to fifty per cent for the rental and contract Caravans of Tourism Department subject to the conditions as may be specified by the Government.”;

(3) in Annexure I, in serial number A,—

(a) in item 1, in column 3, for the figures and symbol “10%”, the figures and symbol “11%” shall be substituted;

(b) in item 2, in column 3, for the figures and symbol “12%”, the figures and symbol “13%” shall be substituted.

6. *Amendment of Act 15 of 1991.*—In the Kerala Agricultural Income Tax Act, 1991 (15 of 1991), in section 37C,—

(1) in sub-section (5),—

(a) for the words and figures “30th November, 2021”, occurring at both the places, the words and figures “31st August, 2022” shall be substituted;

(b) for the words and figures “31st March, 2022”, the words and figures “31st December, 2022” shall be substituted;

(2) in sub-section (7), for the words and figures “31st March, 2022”, the words and figures “31st December, 2022” shall be substituted.

7. *Amendment of Act 20 of 2017.*—In the Kerala State Goods and Services Tax Act, 2017 (20 of 2017),—

(1) in section 16,—

(a) in sub-section (2),—

(i) after clause (b), the following clause shall be inserted, namely:—

“(ba) the details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted;”;

(ii) in clause (c), the words, figures and letter “or section 43A” shall be omitted;

(b) in sub-section (4), for the words and figures “due date of furnishing of the return under section 39 for the month of September”, the words “30th day of November” shall be substituted;

(2) in section 29, in sub-section (2),—

(a) in clause (b), for the words “returns for three consecutive tax periods”, the words “the return for a financial year beyond three months from the due date of furnishing the said return” shall be substituted;

(b) in clause (c), for the words, “a continuous period of six months”, the words “such continuous tax period as may be prescribed” shall be substituted;

(3) in section 34, in sub-section (2), for the word “September”, the words “the 30th day of November” shall be substituted;

(4) in section 37,—

(a) in sub-section (1),—

(i) after the words “shall furnish, electronically,”, the words “subject to such conditions and restrictions and” shall be inserted;

(ii) for the words “shall be communicated to the recipient of the said supplies within such time and in such manner as may be prescribed”, the words “shall, subject to such conditions and restrictions, within such time and in such manner as may be prescribed, be communicated to the recipient of the said supplies” shall be substituted;

(iii) the first proviso shall be omitted;

(iv) in the second proviso, for the words “Provided further that”, the words “Provided that” shall be substituted;

(v) in the third proviso, for the words “Provided also that”, the words “Provided further that” shall be substituted;

(b) sub-section (2) shall be omitted;

(c) in sub-section (3),—

(i) the words and figures “and which have remained unmatched under section 42 or section 43” shall be omitted;

(ii) in the first proviso, for the words and figures “furnishing of the return under section 39 for the month of September”, the words “the 30th day of November” shall be substituted;

(d) after sub-section (3), the following sub-section shall be inserted, namely:—

“(4) A registered person shall not be allowed to furnish the details of outward supplies under sub-section (1) for a tax period, if the details of outward supplies for any of the previous tax periods has not been furnished by him:

Provided that the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the details of outward supplies under sub-section (1), even if he has not furnished the details of outward supplies for one or more previous tax periods.”;

(5) for section 38, the following section shall be substituted, namely:—

“38. *Communication of details of inward supplies and input tax credit.*—(1) The details of outward supplies furnished by the registered persons under sub-section (1) of section 37 and of such other supplies as may be prescribed, and an auto-generated statement containing the details of input tax credit shall be made available electronically to the recipients of such supplies in such form and manner, within such time, and subject to such conditions and restrictions as may be prescribed.

(2) The auto-generated statement under sub-section (1) shall consist of:—

(a) details of inward supplies in respect of which credit of input tax may be available to the recipient; and

(b) details of supplies in respect of which such credit cannot be availed, whether wholly or partly, by the recipient, on account of the details of the said supplies being furnished under sub-section (1) of section 37,—

(i) by any registered person within such period of taking registration as may be prescribed; or

(ii) by any registered person, who has defaulted in payment of tax and where such default has continued for such period as may be prescribed; or

(iii) by any registered person, the output tax payable by whom in accordance with the statement of outward supplies furnished by him under the said sub-section during such period, as may be prescribed, exceeds the output tax paid by him during the said period by such limit as may be prescribed; or

(iv) by any registered person who, during such period as may be prescribed, has availed credit of input tax of an amount that exceeds the credit that can be availed by him in accordance with clause (a), by such limit as may be prescribed; or

(v) by any registered person, who has defaulted in discharging his tax liability in accordance with the provisions of sub-section (12) of section 49 subject to such conditions and restrictions as may be prescribed; or

(vi) by such other class of persons as may be prescribed.”;

(6) in section 39,—

(a) in sub-section (5), for the word “twenty”, the word “thirteen” shall be substituted;

(b) in sub-section (7), for the first proviso, the following proviso shall be substituted, namely:—

“Provided that every registered person furnishing return under the proviso to sub-section (1) shall pay to the Government, in such form and manner, and within such time, as may be prescribed,—

(a) an amount equal to the tax due taking into account inward and outward supplies of goods or services or both, input tax credit availed, tax payable and such other particulars during a month; or



(b) in lieu of the amount referred to in clause (a), an amount determined in such manner and subject to such conditions and restrictions as may be prescribed.”;

(c) in sub-section (9),—

(i) for the words and figures “Subject to the provisions of sections 37 and 38, if”, the word “Where” shall be substituted;

(ii) in the proviso, for the words “the due date for furnishing of return for the month of September or second quarter”, the words “the 30th day of November” shall be substituted;

(d) in sub-section (10), for the words “has not been furnished by him”, the following shall be substituted, namely:—

“or the details of outward supplies under sub-section (1) of section 37 for the said tax period has not been furnished by him:

Provided that the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the return, even if he has not furnished the returns for one or more previous tax periods or has not furnished the details of outward supplies under sub-section (1) of section 37 for the said tax period.”;

(7) for section 41, the following section shall be substituted, namely:—

“41. *Availment of input tax credit.*—(1) Every registered person shall, subject to such conditions and restrictions as may be prescribed, be entitled to avail the credit of eligible input tax, as self-assessed, in his return and such amount shall be credited to his electronic credit ledger.

(2) The credit of input tax availed by a registered person under sub-section (1) in respect of such supplies of goods or services or both, the tax payable whereon has not been paid by the supplier, shall be reversed along with applicable interest, by the said person in such manner as may be prescribed:

Provided that where the said supplier makes payment of the tax payable in respect of the aforesaid supplies, the said registered person may re-avail the amount of credit reversed by him in such manner as may be prescribed.”;

(8) sections 42, 43 and 43A shall be omitted;

(9) in section 47, in sub-section (1),—

(a) the words “or inward” shall be omitted;

(b) the words and figures “or section 38” shall be omitted;

(c) after the words and figures “section 39 or section 45”, the words and figures “or section 52” shall be inserted;

(10) in section 48, in sub-section (2), the words and figures, “the details of inward supplies under section 38” shall be omitted;

(11) in section 49,—

(a) in sub-section (2), the words, figures and letter “or section 43A” shall be omitted;

(b) in sub-section (4), after the words, “subject to such conditions”, the words “and restrictions” shall be inserted;

(c) after sub-section (11), the following sub-section shall be inserted, namely:—

“(12) Notwithstanding anything contained in this Act, the Government may, on the recommendations of the Council, subject to such conditions and restrictions, specify such maximum proportion of output tax liability under this Act or under the Integrated Goods and Services Tax Act, 2017 (Central Act 13 of 2017) which may be discharged through the electronic credit ledger by a registered person or a class of registered persons, as may be prescribed.”;

(12) in section 50, for sub-section (3), the following sub-section shall be substituted namely:—

(3) Where the input tax credit has been wrongly availed and utilised, the registered person shall pay interest on such input tax credit wrongly availed and utilised, at such rate not exceeding twenty-four per cent as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed.

Note:—This sub-section shall be deemed to have come in to force on the 1st day of July, 2017.;

(13) in section 52, in the proviso to sub-section (6), for the words “due date for furnishing of statement for the month of September”, the words “30th day of November” shall be substituted;

(14) in section 54,—

(a) in sub-section (1), in the proviso, for the words and figures “the return furnished under section 39 in such”, the words “such form and” shall be substituted;

(b) in sub-section (2), for the words “six months”, the words “two years” shall be substituted;

(c) in sub-section (10), the words, brackets and figure “under sub-section (3)” shall be omitted;

(d) in the Explanation, in clause (2), after sub-clause (b), the following sub-clause shall be inserted, namely:—

“(ba) in case of zero-rated supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit where a refund of tax paid is available in respect of such supplies themselves, or as the case

may be, the inputs or input services used in such supplies, the due date for furnishing of return under section 39 in respect of such supplies;”;

*(15) Amendment of notification issued under section 146 of Kerala State Goods and Services Tax Act, 2017 read with section 20 of the Integrated Goods and Services Tax Act, 2017 retrospectively.*—(1) The notification issued under G. O. (P) No.99/2018/TAXES, dated the 11th July, 2018 and published as S.R.O.No. 476/2018 in the Kerala Gazette Extraordinary No. 1891 dated 13th July, 2018 issued by the Government of Kerala on the recommendations of the Council, under section 146 of the Kerala State Goods and Services Tax Act, 2017 read with section 20 of the Integrated Goods and Services Tax Act, 2017, shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (2) of the First Schedule, on and from the date specified in column (3) of that Schedule.

(2) For the purposes of sub-section (1), the Government of Kerala shall have and shall be deemed to have the power to amend the notification referred to in the said sub-section with retrospective effect as if the Government of Kerala had the power to amend the said notification under section 146 of the Kerala State Goods and Services Tax Act, 2017, retrospectively, at all material times;

*(16) Amendment of notification issued under sub-sections (1) and (3) of section 50, sub-section (12) of section 54 and section 56 of Kerala State Goods and Services Tax Act, 2017 retrospectively.*— (1) The notification issued under G.O.(P) No. 61/2017/TAXES, dated 30th June, 2017 and published as S.R.O.No.359/2017 in the Kerala Gazette Extraordinary No. 1349 dated 30th June, 2017 issued by the Government of Kerala, on the recommendations of the Council, under sub-sections (1) and (3) of section 50, sub-section (12) of section 54 and section 56 of the Kerala State Goods and Services Tax Act, 2017, shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (2) of the Second Schedule, on and from the date specified in column (3) of that Schedule.

(2) For the purposes of sub-section (1), the Government of Kerala shall have and shall be deemed to have the power to amend the notification referred to in the said sub-section with retrospective effect as if the Government of Kerala had the power to amend the said notification under sub-sections (1) and (3) of section 50, sub-section (12) of section 54 and section 56 of the Kerala State Goods and Services Tax Act, 2017, retrospectively, at all material times;

*(17) Retrospective exemption from, or levy or collection of, State tax in certain cases.*—(1) Notwithstanding anything contained in the notification issued under G. O. (P) No. 62/2017/TAXES, dated 30th June, 2017 and published as S.R.O.No. 360/2017 in the Kerala Gazette Extraordinary No. 1350 dated 30th June, 2017 issued by the Government of Kerala, on the recommendations of the Council, in exercise of the powers under sub-section (1) of section 9 of the Kerala State Goods and Services Tax Act, 2017 (20 of 2017), no State tax shall be levied or collected in respect of the supply of unintended waste generated during the production of fish meal (falling under heading 2301), except for fish oil, during the period commencing from the 1st day of July, 2017 and ending with the 30th day of September, 2019 (both days inclusive).

(2) No refund shall be made of all such tax which has been collected, but which would not have been so collected, had sub-section (1) been in force at all material times;

*(18) Retrospective effect to the notification issued under sub-section (2) of section 7 of Kerala State Goods and Services Tax Act, 2017.*—(1) Subject to the provisions of sub-section (2), the notification issued under G.O.(P) No. 181/2019/TAXES, dated 8th November, 2019 and published as S.R.O.No. 844/2019 in the Kerala Gazette Extraordinary No.2708 dated 8th November, 2019 issued by the Government of Kerala, on the

recommendations of the Council, in exercise of the powers under sub-section (2) of section 7 of the Kerala State Goods and Services Tax Act, 2017, shall be deemed to have, and always to have, for all purposes, come into force on and from the 1st day of July, 2017.

(2) No refund shall be made of all such State tax which has been collected, but which would not have been so collected, had the notification referred to in sub-section (1) been in force at all material times.

8. *Amendment of Act 5 of 2019.*—In the Kerala Finance Act, 2019 (5 of 2019), in section 12,—

(1) in sub-section (5), —

(a) for the words and figures “30th November, 2021”, occurring at both the places, the words and figures “31st August, 2022” shall be substituted;

(b) for the words and figures “31st March, 2022”, the words and figures “31st December, 2022” shall be substituted;

(2) in sub-section (7), for the words and figures “31st March, 2022”, the words and figures “31st December, 2022” shall be substituted.

9. *Amendment of Act 7 of 2020.*—In the Kerala Finance Act, 2020 (7 of 2020), in section 10,—

(1) in sub-section (5),—

(a) for the words and figures “30th November, 2021”, occurring at both the places, the words and figures “31st August, 2022” shall be substituted;

(b) for the words and figures “31st March, 2022”, the words and figures “31st December, 2022” shall be substituted;

(2) in sub-section (7), for the words and figures “31st March, 2022”, the words and figures “31st December, 2022” shall be substituted.

10. *Validation.*—Notwithstanding anything contained in the Kerala Motor Vehicles Taxation Act, 1976 (Act 19 of 1976) any reduction of tax granted by virtue of the provisions of the Kerala Finance Bill, 2022 (Bill No. 99 of the Fifteenth Kerala Legislative Assembly) in respect of the period with effect from 1st April, 2022 to the date of publication of this Act, shall be deemed to have been validly done and any tax collected or paid at higher rates shall be deemed to have been validly collected or paid and the tax so collected shall not be refunded.

#### FIRST SCHEDULE

[See sub-section (15) of section 7]

Notification number and date	Amendment	Date of effect of amendment
(1)	(2)	(3)
Notification issued under G.O.(P) No.99/2018/TAXES, dated the 11th July, 2018 S.R.O.No. 476/2018 published in the Kerala Gazette Extraordinary No. 1891 dated 13th July, 2018	In the said notification, in paragraph 1, for the words “furnishing of returns and computation and settlement of integrated tax”, the following shall be substituted, namely:— “furnishing of returns and computation and settlement of integrated tax and save as otherwise provided in the notification issued under	22nd June, 2017

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G.O.(P) No. 217/2019/TAXES, dated the 31st December, 2019 and published as S.R.O.No. 1032/2019 in the Kerala Gazette Extraordinary No. 3271 dated 31st December, 2019, all functions provided under the Kerala Goods and Services Tax Rules, 2017.”

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SECOND SCHEDULE

[See sub-section (16) of section 7]

Notification number and date	Amendment	Date of effect of amendment
(1)	(2)	(3)
Notification issued under G.O.(P)No.61/2017/TAXES, dated the 30th June, 2017 and published as S.R.O. No. 359/2017 in the Kerala Gazette Extraordinary No. 1349 dated 30th June, 2017.	In the said notification, in the Table, against serial number 2, in column (3), for the figures “24”, the figures “18” shall be substituted.	1st July, 2017

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