

Sixteenth Kerala legislative Assembly

Bill No. 1

THE KERALA FINANCE (NO. 3) BILL, 2026

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Kerala Legislature Secretariat

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A

BILL

to give effect to certain financial proposals of the Government of Kerala for the Financial Year 2026-2027.

Preamble.—WHEREAS, it is expedient to give effect to certain financial proposals of the Government of Kerala for the Financial Year 2026-2027;

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

CHAPTER - I

PRELIMINARY

1. *Short title and commencement.*—(1) This Act may be called the Kerala Finance (No. 3) Act, 2026.

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

(i) section 3 and 5 shall come into force on such date as the Government may, by notification in the Official Gazette, appoint;

(ii) the remaining provisions of this Act shall come into force at once.

CHAPTER - II

REVISION OF TAXES

2. *Amendment of Act 17 of 1959.*—In the Kerala Stamp Act, 1959 (17 of 1959), in section 45B, after sub-section (6), the following sub-sections shall be added, namely:—

“(7) Where the person liable to pay the deficient amount of duty determined under this section fails to pay the amount within sixty days from the date of the final order passed by the Collector under sub-section (2) or sub-section (3) or by the Appellate Authority under sub-section (6), as the case may be, he shall be liable to pay interest on the deficient amount of duty at the rate of one per cent per month from the date immediately following the expiry of the said period until the date of payment.

(8) Any deficient amount of duty determined under this section by the Collector or by the Appellate Authority, as the case may be, remaining unpaid within the period specified in sub-section (7) shall constitute a charge on the property to which the instrument relates and such charge shall continue until the liability towards the deficient amount of duty with interest, if any, is discharged. The procedure for fixing charge on the property shall be in such manner as may be prescribed.”.

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

(1) in section 5, in sub-section (1), in the explanation, in clause (b), after the words and symbol “Horti-wine,” the words and symbol “low alcoholic beverage,” shall be inserted;

(2) in the schedule, in serial number 2,—

(i) after item (iv), the following item shall be inserted, namely:—

“(iva) Low Alcoholic Beverage,—

(a) having strength of alcohol between 120
0.5% v/v to 10% v/v

(b) having strength of alcohol 175”;
between 10% v/v to 20% v/v

(ii) in item (v), for the word, letters and bracket “and (iv)”, the symbol, letter, word and brackets “, (iv) and (iva)” shall be substituted;

(iii) after the explanation (ia), the following shall be inserted, namely:—

“(ib) “Low Alcoholic Beverage” shall have the same meaning as assigned to it in the explanation to rule 3A of the Foreign Liquor Rules, 1953.”.

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

(1) in the schedule,—

(i) in serial number 4,—

(a) for item (o) and entries against it, the following item and entries shall be substituted, namely:—

“ (o)	-do-	15000 Kg.	2550.00+130 for every 250 Kg. or part thereof in excess of 15000 Kg”;
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(b) item (p) and entries against it shall be omitted;

(ii) in serial number 7,—

(a) in item (i), in sub-item (e), for the entries (i), (ii) and (iii), the following entries shall be substituted, namely:—

“ Contract Carriages permitted to carry more than 6 passengers, –

(i) for every passenger seat	900.00
(ii) for every sleeper berth	1500.00”;

(b) in item (iii),—

(ia) in sub-item (a), in column (3), for the figures and symbol “490.00”, the figures and symbol “250.00” shall be substituted;

(ib) in sub-item (b), in column (3), for the figures and symbol “560.00”, the figures and symbol “280.00” shall be substituted;

(ic) in sub-item (c), in column (3), for the figures and symbol “170.00”, the figures and symbol “90.00” shall be substituted;

(id) in sub-item (d), in column (3), for the figures and symbol “130.00”, the figures and symbol “70.00” shall be substituted;

(c) in item (iv),—

(ia) in sub-item (a), in column (3), for the figure “950”, the figure “480” shall be substituted;

(ib) in sub-item (b), in column (3), for the figure “800”, the figure “400” shall be substituted;

(ic) in sub-item (c), in column (3), for the figure “1030”, the figure “520” shall be substituted;

(2) in Annexure I, for serial numbers 7B to 7F and the entries against it in column (2) and (3), the following serial numbers and entries shall respectively be substituted, namely:—

“7B. Electric motor cycles, electric three wheeled 3% of the purchase vehicles for personal use, electric motor cars, value of the vehicle electric motor cabs and electric private service vehicles for personal use having purchase value up to 10 Lakh.

7C. Electric motor cycles, electric three wheeled 5% of the purchase vehicles for personal use, electric motor cars, value of the vehicle electric motor cabs and electric private service vehicles for personal use having purchase value more than 10 Lakh and up to 20 Lakh.

- 7D. Electric motor cycles, electric three wheeled vehicles for personal use, electric motor cars, electric motor cabs and electric private service vehicles for personal use having purchase value more than 20 Lakh and up to 40 Lakh. 10% of the purchase value of the vehicle
- 7E. Electric motor cycles, electric three wheeled vehicles for personal use, electric motor cars, electric motor cabs and electric private service vehicles for personal use having purchase value more than 40 Lakh. 15% of the purchase value of the vehicle”.

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

(1) in section 15, in sub-section (3), for clause (b), the following clause shall be substituted, namely:—

“(b) after the supply has been effected, if for such discount, a credit note has been issued by the supplier and input tax credit as is attributable to such discount has been reversed by the recipient of the supply, in accordance with the provisions of section 34.”;

(2) in section 34, in sub-section (1), after the words “both supplied are found to be deficient”, the words, brackets, letter and figures “or where a discount referred to in clause (b) of sub-section (3) of section 15 is given” shall be inserted;

(3) in section 54,—

(i) in sub-section (6), after the words “supply of goods or services or both”, the words, brackets and figures “or of unutilised input tax credit allowed under clause (ii) of the first proviso to sub-section (3)” shall be inserted;

(ii) in sub-section (14), after the words, brackets and figures “sub-section (5) or sub-section (6)”, the words and symbols “, other than cases where refund of tax is claimed on account of goods exported out of India with payment of tax,” shall be inserted.

CHAPTER - III

SMALL ARREAR WAIVER SCHEME, 2026

6. *Definitions.*—(1) In this Chapter, unless the context otherwise requires,—

(a) “amount waived” means the amount of arrears of tax, cess, surcharge, interest or penalty, which is being forgone by the Government as part of the settlement of such arrears of tax, cess, surcharge, interest or penalty under the provisions of this scheme;

(b) (i) “arrears of tax or surcharge” means the tax or surcharge payable by a person under the relevant Act in a specified order, pertaining to the financial year up to 2017-2018, for which assessment or reassessment has been made under the relevant Act and pending collection;

(ii) “arrears of interest” means the interest payable by a person under the relevant Act in a specified order, pertaining to the financial years up to 2017-2018, for which assessment or reassessment has been made under the relevant Act and pending collection;

(iii) “arrears of penalty” means the penalty payable by a person under the relevant Act in a specified order, pertaining to the financial years up to 2017-2018, for which assessment or reassessment has been made under the relevant Act and pending collection:

Provided that where the evidence, details and records pertaining to the penalty levied under the relevant Act are not utilized, or not liable to be utilized, for any best judgment assessment under the relevant Act, the tax or surcharge demand relating to such penalty shall be deemed to be the arrears of tax or surcharge:

Provided further that any amount on which stay has been granted by any authority, tribunal or court, as on the date of commencement of this scheme, shall also be treated as an amount pending collection.

Explanation I.—For the purpose of this scheme, the term “reassessment” shall include the fresh assessment of remanded cases, modification of assessment orders and rectification of assessment orders under the relevant Act.

Explanation II.—The tax, surcharge, cess, interest and penalty amount as per the demand notice shall be treated as the amount pending collection even if the beneficiary has made payment or deposit in part, if any, after service of the demand notice.

Illustration I:

- The show cause notice was for an amount of tax/surcharge of Rs. 1000 and an amount of penalty of Rs. 100.
- The order was for an amount of tax/surcharge of Rs. 1000 and an amount of penalty of Rs. 100.
- An appeal is filed against this order.
- The arrears of tax or surcharge in this case is Rs. 1000.

Illustration II:

- The show cause notice was for an amount of tax/surcharge of Rs. 1000 and an amount of penalty of Rs. 100.
- The order was for an amount of tax/surcharge of Rs. 900 and a penalty of Rs. 90.
- An appeal is filed against this order.
- The arrears of tax or surcharge in this case is Rs. 900.

Illustration III:

- The show cause notice was for an amount of tax/surcharge of Rs. 1000 and an amount of penalty of Rs. 500.
- The order was for an amount of tax/surcharge of Rs. 1000 and a penalty of Rs. 500.
- After reassessment, the amount of tax/surcharge becomes Rs. 800 and the penalty becomes Rs. 300. A payment of Rs. 500 towards tax/surcharge and Rs. 200 towards penalty was made after reassessment.

- The arrears of tax or surcharge in this case is Rs. 800 and the arrears of penalty is Rs. 300;

(c) “beneficiary” means any person whose arrears are deemed to be settled under this scheme;

(d) “certificate of settlement” means a certificate given under section 11 of this Chapter;

(e) “Commissioner of State Tax” means the Commissioner of State Tax under the Kerala State Goods and Services Tax Act, 2017 (20 of 2017);

(f) “designated authority” means an authority appointed under section 7 of this Chapter;

(g) “Government” means the Government of Kerala;

(h) “interest accrued” means the amount of interest which is not specified in the order, but has accrued in the intervening period between the date of order and the date of final settlement of the arrear;

(i) “notification” means a notification published in the Official Gazette of the Government;

(j) “relevant Act” means,—

(i) the Kerala Surcharge on Taxes Act, 1957 (11 of 1957);

(ii) the Kerala General Sales Tax Act, 1963 (15 of 1963);

(iii) the repealed Kerala Tax on Luxuries Act, 1976 (32 of 1976);

(iv) the repealed Kerala Agricultural Income Tax Act, 1991 (15 of 1991);

(v) the repealed Kerala Value Added Tax Act, 2003 (30 of 2004);

(vi) the Central Sales Tax Act, 1956 (Central Act 74 of 1956);

(k) “scheme” or “Small Arrear Waiver Scheme, 2026” means the scheme under this Chapter;

(l) “specified order” means any order raising demand of tax, cess, surcharge, interest or penalty under the relevant Act.

Note:—In cases where any appeal filed by the Government is pending before any Appellate Authority, Appellate Tribunal under the relevant Act or any court, the original order shall be the specified order.

(2) Words and expressions not defined in this Chapter, but defined in the relevant Act, shall have the same meaning as assigned to them in the respective Acts.

7. *Designated Authority.*—For carrying out the purposes of this scheme, the Commissioner of State Tax may, by order, appoint one or more officers or a committee of officers referred to in section 3 of the Kerala State Goods and Services Tax Act, 2017 (20 of 2017) to be the designated authority, and such authority shall exercise jurisdiction over such area or areas as the Commissioner of State Tax may specify:

Provided that in cases of difference of opinion among the members of the designated authority regarding any decision or order, the majority opinion shall prevail.

8. *Eligibility for Scheme.*—(1) Notwithstanding anything contained in the relevant Act or under the existing scheme, the entire amount of arrears of tax, cess, surcharge, interest or penalty covered by a specified order passed under the relevant Act and interest accrued shall be deemed to have been settled under the scheme, where,—

(i) the arrears of tax or surcharge in such order are above rupees fifty thousand and do not exceed rupees two lakh; and

(ii) the arrears of tax or surcharge relate to any financial year up to and including the financial year 2017-2018; and

(iii) such order has been issued on or before the 31st day of March, 2027:

Provided that in cases where the evidence, details and records pertaining to the penalty levied are not utilised, or not liable to be utilised, for any best judgment assessment under the relevant Act, the tax or surcharge relating to such penalty shall be deemed to be the arrears of tax or surcharge.

Explanation.—“Existing scheme” means the special waiver in respect of small arrears under section 13A of the General Amnesty Scheme, 2025 as per Kerala Finance Act, 2025 (3 of 2025)

(2) Where the certificate of settlement has been issued in respect of all tax or taxes/surcharge pertaining to a year under a relevant Act, or no tax or taxes/surcharge remains to be settled in a year, all the penalties imposed under such relevant Act pertaining to such year, other than the penalty referred to in the first proviso to clause (b) of sub-section (1) of section 6, shall be deemed to be settled under this scheme.

9. *Non applicability of the Scheme.*—Notwithstanding anything contained in this scheme, the provisions of this scheme shall not be applicable to any arrears of tax, cess, interest or penalty payable by a dealer under the provisions of clause (b) of sub-section (1) and sub-section (2) of section 5 or section 7 of the Kerala General Sales Tax Act, 1963 (15 of 1963).

10. *Restrictions.*—Notwithstanding anything contained in the relevant Act, the amount, if any, paid under the relevant Act shall not be refunded under any circumstances.

11. *Settlement of arrears and issue of certificate.*—(1) The designated authority may, on request of the beneficiary, being satisfied with the eligibility of settlement of arrears under this scheme, by an order, issue a certificate of settlement in writing, in such form as may be specified by the Commissioner of State Tax, by an order. A separate certificate of settlement and order shall be issued in respect of each specified order:

Provided that in cases where settlement is made under the scheme and the appeal filed by the Government is pending before any authority, tribunal or court, the Government shall withdraw the appeal forthwith.

(2) The designated authority may, either *suo motu* or on request of the beneficiary, at any time within ninety days from the date of issue of the certificate and order under sub-section (1), modify the certificate by rectifying any error apparent on the face of the record:

Provided that no such rectification adversely affecting the beneficiary shall be made without giving him a reasonable opportunity to show cause against such rectification.

12. *Revision.*—(1) Notwithstanding anything contained in section 14, the Commissioner of State Tax, may *suo motu* or upon information received by him, for reasons to be recorded in writing, at any time, within two years from the date of order, call for and examine any order passed under section 11 to satisfy himself as to the correctness, legality or propriety of the order made or decision taken therein and, if in any case, it appears to the Commissioner of State Tax that any such order or decision should be annulled, reversed or remitted back for reconsideration, he may pass orders accordingly.

(2) No order prejudicial to any person shall be passed under sub-section (1) unless such person has been given an opportunity of making his representation.

13. *Bar on revenue recovery proceedings.*—Notwithstanding anything contained in the Kerala Revenue Recovery Act, 1968 (15 of 1968), waiver of arrears under section 8 of this scheme shall apply to cases in which revenue recovery proceedings have been initiated. The revenue recovery proceedings against such beneficiaries shall be deemed to have been withdrawn on the date of commencement of the Kerala Finance (No.3)Act, 2026 (.....of 2026) which shall then be binding on the revenue authorities, and such beneficiaries shall not be liable for payment of any collection charge leviable by such revenue authorities.

14. *Bar on re-opening of settled cases.*—A certificate of settlement issued under section 11 shall be conclusive as to the settlement of arrears to which it relates, and no matter covered by such certificate of settlement shall be reopened in any proceeding of appeal, revision or review, or in any other proceeding under the relevant Act.

15. *Information to be sent to authorities under the relevant Act.*— The designated authority, on settlement of arrears under the scheme, shall inform the assessing authority of such settlement in the manner specified by the Commissioner of State Tax by an order.

16. *Power of Commissioner of State Tax.*— Subject to the provisions of this scheme, the Commissioner of State Tax may, from time to time, issue such instructions and directions as he may deem fit for carrying out the purposes of this scheme.

17. *Prohibition of disclosure of particulars produced before designated authorities.*— (1) All the particulars contained in the records or documents under the scheme or in any proceedings for the purpose of this scheme shall be treated as confidential and shall not be disclosed.

(2) Nothing contained in sub-section (1) shall apply to the disclosure of any such particulars,—

(i) for the purpose of investigation of, or prosecution of offence under the Bharatiya Nyaya Sanhita, 2023 (Central Act 45 of 2023), or under any other law for the time being in force; or

(ii) to any person enforcing the provisions of this scheme where it is necessary to disclose the same to him for the purposes of this scheme; or

(iii) by the lawful employment, under this scheme, of any process for the recovery of any demand; or

(iv) to a civil court in any suit to which the Government are a party and which relates to any matter arising out of any proceeding under this scheme; or

(v) for the lawful exercise by a public servant of his powers under the Kerala Stamp Act, 1959 (17 of 1959), to impound an insufficiently stamped document; or

(vi) to an officer of—

(a) the Government of India; or

(b) the Government of any State or Union Territory in India with which an arrangement for disclosure on a reciprocal basis has been entered into by the Government; or

(vii) to an officer of any department of the Government other than the Kerala State Goods and Services Tax Department, after obtaining the permission of the Commissioner of State Tax:

Provided that such particulars shall be furnished under this sub-section only in exceptional cases, and any officer obtaining such particulars shall keep them confidential and use them only in the lawful exercise of the powers conferred by or under any enactment.

(3) Nothing herein contained shall prevent the publication of the certificate of settlement.

18. *Protection of action taken in good faith.*—(1) No suit, prosecution or other proceeding shall lie against any officer or servant of the Government for any act done or purporting to be done under this scheme, without the previous sanction of the Government.

(2) No officer or servant of the Government shall be liable in respect of any such act in any civil or criminal proceeding if the act was done in good faith in the course of the execution of duties or the discharge of functions imposed by or under this scheme.

19. *Power to remove difficulties.*—(1) If any difficulty arises in giving effect to any of the provisions of this scheme, the Commissioner of State Tax may, by order, not inconsistent with the provisions of this scheme, remove such difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the date of commencement of the scheme.

(2) Every order issued under sub-section (1) shall be laid before the Legislative Assembly by the Government.

CHAPTER - IV

FLOOD CESS ARREARS SETTLEMENT SCHEME, 2026

20. *Flood Cess Arrears Settlement Scheme, 2026.*—(1) Any taxpayer who is in arrears of any amount payable as Kerala Flood Cess under section 14 of the Kerala Finance Act, 2019 (5 of 2019) pertaining to the period from 1st day of

August, 2019 to 31st day of July, 2021 may opt to settle the arrears by making payment of the entire flood cess payable and, upon such payment, the applicable interest and penalty thereon shall stand waived:

Provided that, where the entire amount of flood cess payable in respect of such arrears has already been remitted by the taxpayer, the interest and penalty relating thereto shall be deemed to have been fully waived and such arrears shall be deemed to have been settled as per this sub-section.

(2) A taxpayer who intends to settle the arrears under the scheme shall, on or before the 31st day of March, 2027, make electronic payment of the entire amount payable as per sub-section (1) as on the date of payment through e-treasury portal.

Explanation.—If a show cause notice issued under the Central Goods and Services Tax Act, 2017 (Central Act 12 of 2017) or the Kerala State Goods and Services Tax Act, 2017 (20 of 2017) includes the demand of flood cess along with the other demands under the said Acts and payment as per sub-section (1) is made to settle the flood cess payable as per the notice or order, the demand to the extent of flood cess alone shall stand settled.

(3) Where an appeal filed by the Government is pending before any appellate or revisional authority under section 14 of the Kerala Finance Act, 2019 (5 of 2019) or any court, and the taxpayer has settled the arrears under the scheme by paying the demand as per the original order, the taxpayer shall intimate such settlement to,—

(i) the appellate or revisional authority under the Kerala Finance Act, 2019 (5 of 2019) or any court; and

(ii) the jurisdictional proper officer.

(4) Upon verifying that the taxpayer has settled the arrears by making complete payment of the flood cess as per the demand in the original order, the jurisdictional proper officer shall intimate the settlement to the appellate or revisional authority under section 14 of the Kerala Finance Act, 2019 (5 of 2019) or the court, so that the appellate or revisional authority or the court may take decisions accordingly.

(5) Notwithstanding anything contained in the Kerala Revenue Recovery Act, 1968 (15 of 1968), the waiver of arrears under sub-section (1) shall be applicable to cases in which revenue recovery proceedings have been initiated, and the proper officer shall have the power to collect such amounts on settlement under sub-section (1) and where the amount is settled under sub-section (1), the revenue recovery proceedings against such taxpayers shall be deemed to have been withdrawn on the date of commencement of the Kerala Finance (No.3) Act, 2026 (.....of 2026), which shall then be binding on the revenue authorities, and such taxpayer shall not be liable for payment of any collection charge leviable by such revenue authorities.

(6) Notwithstanding anything contained in this Act, or in any judgment, decree or order of any court, tribunal or appellate authority, there shall be no refund or adjustment subsequently for any amount settled under this scheme, under any circumstances.

21. *Power of Commissioner of State Tax.*—Subject to the provisions of this scheme, the Commissioner of State Tax may, from time to time, issue instructions and directions as he may deem fit for carrying out the purpose of the scheme.

22. *Power to remove difficulties.*— (1) If any difficulty arises in giving effect to any of the provisions of this scheme, the Commissioner of State Tax may, by order, not inconsistent with the provisions of this scheme, remove such difficulty:

Provided that no such order shall be made after the expiry of a period of one year from the date of commencement of the scheme.

(2) Every order issued under sub-section (1) shall be laid before the Legislative Assembly by the Government.

STATEMENT OF OBJECTS AND REASONS

The Bill seeks to amend the following enactments to give effect to the financial proposals of the Government of Kerala for the financial year 2026-27 as announced in the Revised Budget Speech 2026-27, namely:

1. The Kerala Stamp Act, 1959 (17 of 1959).
2. The Kerala General Sales Tax Act, 1963 (15 of 1963).

3. The Kerala Motor Vehicles Taxation Act, 1976 (19 of 1976)

4. The Kerala State Goods and Services Tax Act, 2017 (20 of 2017)

In addition to this, “Small Arrear Waiver Scheme, 2026” is sought to be introduced. A substantial number of arrears continue to remain outstanding under various tax laws that existed before the introduction of the GST. Many of these arrears are long pending and involve relatively small amounts. Therefore, in respect of assessment orders up to the financial year 2017–18 under the pre-GST tax laws namely, the Kerala Surcharge on Taxes Act, 1957 (11 of 1957), the Kerala General Sales Tax Act, 1963 (15 of 1963), the Kerala Tax on Luxuries Act, 1976 (32 of 1976), the Kerala Agricultural Income Tax Act, 1991 (15 of 1991), the Kerala Value Added Tax Act, 2003 (30 of 2004) and the Central Sales Tax Act, 1956 (Central Act 74 of 1956), all arrears involving tax amounts above ₹50,000/- but not exceeding ₹2,00,000/-, shall be fully waived along with the related interest and penalty. However, this benefit shall not apply to arrears relating to the sale of liquor under the Kerala General Sales Tax Act, 1963. This benefit shall be applicable only for the arrears of tax involved in the specified orders issued on or before 31st March, 2027.

Moreover, Flood Cess Arrears Settlement Scheme, 2026” is proposed to be introduced. To mobilize additional resources required by the State in the wake of natural disasters, a one percent Flood Cess was levied on GST applicable in Business-to-Customer (B2C) supplies during the period from 1st August, 2019 to 31st July, 2021. Although the levy period of Flood Cess has ended, substantial arrears in this regard are still outstanding. The amnesty schemes introduced earlier for this category were of short duration. Considering the demand from taxpayers for an opportunity to settle such arrears and with a view to provide relief to the business community, the Government announced the ‘Flood Cess Arrears Settlement Scheme, 2026’. The taxpayers covered by the scheme will be granted a complete waiver of interest and penalty associated with Flood Cess arrears, provided they remit the entire outstanding principal amount of Flood Cess. The last date for settlement of arrears under this scheme shall be 31st March 2027.

The Bill seeks to achieve the above objects.

FINANCIAL MEMORANDUM

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

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 2 of the Bill proposed to amend the Kerala Stamp Act, 1959 by adding sub-section (8) to section 45B seeks to empower the Government to prescribe the manner for procedure for fixing charge on the property.

2. Clause 7 of the Bill seeks to empower the Commissioner of State Tax, to issue order to appoint one or more officers or a committee of officers to be the designated authority.

3. Clause 15 of the Bill seeks to empower the Commissioner of the State Tax, to issue order to specify the manner in which the designated authority shall inform assessing authority about the settlement.

4. Clause 16 of the Bill seeks to empower the Commissioner of the State Tax, to issue instructions and directions for carrying out the purposes of the Small Arrear Waiver Scheme, 2026.

5. Clause 19 of the Bill seeks to empower the Commissioner of the State Tax, to issue orders for the removal of difficulties under the Small Arrear Waiver Scheme, 2026.

6. Clause 21 of the Bill seeks to empower the Commissioner of the State Tax, to issue instructions and directions for carrying out the purposes of the Flood Cess Arrears Settlement Scheme, 2026.

7. Clause 22 of the Bill seeks to empower the Commissioner of the State Tax, to issue order for the removal of difficulties under the Flood Cess Arrear Settlement Scheme, 2026.

8. The matters in respect to which rules may be made or notifications or orders may be issued are either, administrative in nature or matters of procedure and are of routine in nature. Further, the rules, after they are made, are subject to the scrutiny of the Legislative Assembly. The delegation of legislative powers is, thus, of a normal character.

V. D. SATHEESAN.

EXTRACT FROM THE RELEVANT PORTIONS OF THE
KERALA STAMP ACT, 1959 (17 Of 1959)

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45B. Instruments undervalued how to be dealt with.—

(1) If the Registering Officer, while registering any instrument transferring any property, has reason to believe that the value of the property or the consideration, as the case may be, has not been truly set forth in the instrument, he may, after registering such instrument, refer the same to the Collector for determination of the value or consideration, as the case may be, and the proper duty payable thereon.

(2) On receipt of a reference under sub-section (1), the Collector shall, after giving the parties a reasonable opportunity of being heard and after holding an enquiry in such manner as may be prescribed by rules made under this Act, by order, determine the value of the property or the consideration and the duty aforesaid; and the deficient amount of duty, if any, shall be payable by the person liable to pay the duty and, on the payment of such duty, the Collector shall endorse a certificate of such payment on the instrument under his seal and signature.

(3) The Collector may, *suo motu*, within five years from the date of registration of any instrument not already referred to him under sub-section (1), call for and examine the instrument for the purpose of satisfying himself as to the correctness of its value or consideration, as the case may be, and the duty payable thereon, and if after such examination, he has reason to believe that the value or consideration has not been truly set forth in the instrument, he may determine the value or consideration and the duty aforesaid in accordance with the procedure provided for in sub-section (2); and the deficient amount of duty, if any, shall be payable by the person liable to pay the duty and, on the payment of such duty, the Collector shall endorse a certificate of such payment on the instrument under his seal and signature.

(4) Any person aggrieved by an order of the Collector under sub-section(2) or subsection (3) may appeal to the District Court within whose jurisdiction the property transferred is situate.

(5) An appeal under-section(4) shall be filed within thirty days of the date of the order sought to be appealed against.

Provided that no such appeal shall be entertained, unless an amount equal to twenty-five per cent of the deficient amount of duty determined and payable under sub-section(2) or sub-section(3), as the case may be, is deposited by the aggrieved person in such a manner as may be prescribed by rules made under this act.

(6) The District Court shall hear and dispose of the appeal in such manner as may be prescribed by rules made under this Act.

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

5. *Levy of tax on sale or purchase of goods:—*

(1) Every dealer (other than a casual trader or agent of a non-resident dealer or the Central Government, or Government of Kerala or the Government of any other state or of any Union Territory, or any local authority) whose total turnover for a year is not less than two lakhs rupees and every casual trader or agent of a non-resident dealer, the Central Government, Government of Kerala, the Government of any other state or of any Union Territory, or any local authority whatever be its total turnover, shall pay tax on his taxable turnover for that year in respect of goods included in the Schedule at the rate mentioned against such goods,—

(a) in respect of Petroleum products falling under Sl.No.1 of the Schedule, at the point of sale in the State by an oil company liable to tax under this section, except where the sale is by an oil company to another oil company and at the point of first sale in the State by a dealer liable to tax under this section when the sale is not by an oil company.

(b) in respect of Foreign liquor, at the point of sale by the Kerala State Beverages (Manufacturing and Marketing) Corporation Limited and at the point of first sale in the State by a dealer liable to tax under this section except where the sale is to the Kerala State Beverages (Manufacturing and Marketing) Corporation Limited.

(c) In respect of other goods included in the Schedule, at the point of first sale in the State by a dealer liable to tax under this section.

*Explanation:—*For the purpose of this section —

(a) "Oil Company" means Kochi Refineries Ltd., Indian Oil Corporation Ltd., Hindustan Petroleum Corporation Ltd., Indo-

Burma Petroleum Company Ltd. Bharat Petroleum Corporation Ltd. and includes such other company as the Government of Kerala may, by notification in the Gazette, specify in this behalf.

- (b) “Foreign liquor” means and includes wine, Horti-wine, brandy, champagne, sherry, rum, gin, whisky, beer, cidar, cocoa brandy and all other distilled or spirituous preparations but shall not include medicines and drugs covered by the Kerala Value Added Tax, 2003 (30 of 2004).

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THE SCHEDULE

[Section 5(1)]

Goods in respect of which tax is leviable under Section 5

Sl. No.	Sub Entry	Description	Rate of Tax (percent.)
1.	Petroleum products:		
	(i)	ATF	34
	(ii)	High-Speed Diesel Oil	40
	(iii)	Motor Spirit (commonly known as petrol)	50
2.	Foreign Liquor:		
	(i)	Bottled Wine imported from outside the country and has suffered duty under the Customs Act, 1962	37
	(ii)	Bottled Foreign liquor other than wine, imported from outside the country and has suffered duty under the Customs Act,1962	115
	(iii)	Beer not covered under sub-entry (ii) above	116
	(iv)	Wine ^[219] including horti-wine not covered under sub-entry (i) above	86

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|-----|--|-----|
| (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 | 251 |
| | (b) other Foreign Liquor, not covered under items (i) and (ii) above | 241 |

Explanation.—For the purpose of this Schedule,—

(i) “case” means, 48 bottles of 180 ml. each, or 24 bottles of 375 ml. each, or 18 bottles of 500 ml. each or 12 bottles of 750 ml. Each, or 9 bottles of 1000 ml. each or 6 bottles of 1500 ml. Each;

(ia) “Horti-wine” shall have the same meaning as assigned to it in clause (g) of rule 2 of the Kerala Small Scale Winery (for production of horti-wine from tropical fruits and agricultural products of Kerala Rules, 2022.

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7	Motor Vehicles plying for hire & used for transport of passengers and in respect of which permits have been issued under the Motor Vehicles Act, 1988	
(i)	Vehicles permitted to ply solely as contract carriage	
(a)	and to carry not more than three passengers (Autorickshaw) (and using fuel petrol and diesel)	125.00

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(e)	Vehicles operating Inter-State after obtaining permit under sub-section (9) of section 88 of Motor Vehicles Act, 1988 (Central Act 59 of 1988)	
	(i) Ordinary Contract Carriage permitted to carry more than 6 passengers- for every passenger	1500.00
	(ii) Contract Carriage with push back seats and permitted to carry more than 6 passengers- for every passenger	2000.00
	(iii) Contract Carriage with sleeper berths and permitted to carry more than 6 passengers- for every passenger	3000.00

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(iii)	Vehicles to ply solely as Stage Carriages ³ [based on passenger capacity]	
(a)	Ordinary services-for every seated passenger (other than driver and conductor) which the vehicle is permitted to carry	490.00
(b)	Fast Passenger and Express Services - for every seated passenger other than driver and conductor which the vehicle is permitted to carry	560.00
(c)	For every standing passenger the vehicle (whether Ordinary, Fast Passenger or Express service) is permitted to carry	170.00

(d)	For every standing passenger if the vehicle with only city/town permit (whether Ordinary, Fast Passenger or Express Service) is permitted to carry	130.00
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(iv)	Vehicles to ply solely as stage carriages-based on floor area	
(a)	Ordinary services other than city/town services	Rs 950 per square metre or part thereof
(b)	Ordinary city/town services	Rs 800 per square metre or part thereof
(c)	Fast passenger and other higher-class service	Rs 1030 per square metre or part thereof

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Annexure-I
ONE TIME TAX
[See Proviso to Section 3 (1)]

Sl.No	Class of Vehicle	Rate of one-time tax
1	2	3
A	New Motor Cycles (including Motor Scooters and Cycles with attachments for propelling the same by mechanical power) and Three wheelers (including Tricycles and cycle rickshaws with attachment for propelling the same by mechanical power) not used for transport of goods or passengers and Private Service Vehicle for personal use (NTV) Motor Cars, Motor Cabs, Tourist Motor Cabs, and Construction Equipment vehicles	

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7B	Electric motor cycles, ¹⁰ [] and Electric three wheeled vehicle for personal use,	(5%) of the purchase value of the vehicle
7C	Electric motor cars and electric private service vehicles for personal use having purchase value up to fifteen lakhs	(5%) of the purchase value of the vehicle
7D	Electric motor cars and electric private service vehicles for personal use having purchase value more than fifteen lakhs and up to twenty lakhs	(8%) of the purchase value of the vehicle
7E	Electric motor cars and electric private service vehicles for personal use having purchase value more than twenty lakhs	(10%) of the purchase value of the vehicle
7F	Electric cars and electric private service vehicles for personal use with Battery renting/Leasing facility Explanation.— Battery Renting/Leasing facility means, purchase of vehicle by excluding the cost of battery and pay for battery by way of pay-per kilometre usage or any such other method.	(10%) of the purchase value of the vehicle

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EXTRACT FROM THE RELEVANT PORTIONS OF THE KERALA
STATE GOODS AND SERVICES TAX ACT, 2017
(20 of 2017)

15. *Value of taxable supply.*—(1) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

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(3) The value of the supply shall not include any discount which is given,—

(a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and

(b) after the supply has been effected, if,—

(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and

(ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

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34. *Credit and debit notes.*— (1) Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed.

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(6) Notwithstanding anything contained in sub-section (5), the proper officer may, in the case of any claim for refund on account of zero-rated supply of goods or services or both made by registered persons, other than such category of registered persons as may be notified by the Government on the recommendations of the Council, refund on a provisional basis, ninety per cent of the total amount so claimed, in such manner and subject to such conditions, limitations and safeguards as may be prescribed and thereafter make an order under sub-section (5) for final settlement of the refund claim after due verification of documents furnished by the applicant.

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(14) Notwithstanding anything contained in this section, no refund under sub-section (5) or sub-section (6) shall be paid to an applicant, if the amount is less than one thousand rupees.

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