

Government of Karnataka
(Department of Commercial Taxes)

No. KSA/GST/CR-108 / 2018-19

Office of the Commissioner of Commercial Taxes
Vanijya Terige Karyalaya, Gandhinagar,
Bengaluru-560009, Dated: 16-04-2018

COMMISSIONER OF COMMERCIAL TAXES CIRCULAR No. GST- 03/2018-19

Sub: Instructions regarding procedure for recovery of arrears under the existing law and reversal of inadmissible input tax credit-reg.

Attention of all officers of the Department is invited to the provisions of the Karnataka Goods and Services Tax Act, 2017 (hereinafter referred to as the KGST Act) relating to the recovery of arrears of Value Added Tax and input tax credit thereof, input tax credit carried forward erroneously and recovery of arrears of Entry Tax and other taxes leviable under the existing law and related interest, penalty or late fee payable arising as a result of the proceedings of assessment, adjudication, appeal etc. initiated before, on or after the appointed date under the provisions of the existing law. In this regard, representations have been received seeking clarification on the procedure for recovery of such arrears in the GST regime.

2. The issues have been examined and to ensure uniformity by the jurisdictional officers in the implementation of the provisions of the law, in exercise of powers conferred under section 168 (1) of the Karnataka Goods and Services Tax Act, 2017, (hereinafter referred to as the "KGST Act") the procedure to be followed for recovery of arrears arising out of proceedings under the existing law are hereby specified.

3. **Legal provisions relating to the recovery of arrears of Value Added Tax and input tax credit thereof or of Entry Tax and other taxes arising out of proceedings under the existing law [The Mysore Betting Tax Act, 1932 (Mysore Act IX of 1932), The Karnataka Entertainments Tax Act, 1958 (Karnataka Act 30 of 1958), The Karnataka Tax on Luxuries Act, 1979 (Karnataka Act 22 of 1979), The Karnataka Tax on Entry of Goods Act, 1979, (Karnataka Act 27 of 1979), The Karnataka Tax on Lotteries Act, 2004 (Karnataka Act 4 of 2004), The Karnataka Special Entry Tax Act, 2002 (Karnataka Act 29 of 2004), The Karnataka Value Added Tax Act, 2003 (Karnataka Act 32 of 2004)]**

i) **Recovery of arrears of wrongly availed VAT Credit:**

In case where any proceeding of appeal, review or reference relating to a claim for VAT credit had been initiated, whether before, on or after the appointed day, under the existing law, any amount of such credit becomes recoverable, the same shall, unless recovered under the existing law, be recovered as an arrear of tax under the KGST Act [Section 142(6)(b) of the KGST Act refers].

