



KARNATAKA LEGISLATIVE ASSEMBLY
FIFTEENTH LEGISLATIVE ASSEMBLY
FIFTEENTH SESSION
THE KARNATAKA TAX ON PROFESSION, TRADES, CALLINGS AND EMPLOYMENTS
(AMENDMENT) BILL, 2023
(LA Bill No. 06 of 2023)

A Bill further to amend the Karnataka Tax on Profession, Trades, Callings and Employments Act, 1976.

Whereas, it is expedient to amend the Karnataka Tax on Profession, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976), for the purposes hereinafter appearing;

Be it enacted by Karnataka State Legislature in the Seventy-fourth year of the Republic of India as follows.-

1. Short title and commencement.- (1) This Act may be called the Karnataka Tax on Profession, Trades, Callings and Employments (Amendment) Act, 2023.

(2) Save as otherwise provided, the provisions of this Act shall come into force with effect from the 1st day of April, 2023.

2. Amendment of section 2.-In the Karnataka Tax on Profession, Trades, Callings and Employments Act, 1976 (Karnataka Act 35 of 1976) (hereinafter referred to as the Principal Act), in section 2,-

(i) after clause (a), the following clauses shall be inserted, namely:-
“(aa) “agent” means a person who acts on behalf of another person in the course or furtherance of business;

(ab) “assessment” for the purposes of this Act, means determination of tax liability under this Act and includes self-assessment, reassessment and best judgment assessment;”;

(ii) in clause (h), in the explanation after the words “Every branch of a”, the words and punctuation mark “proprietary concern”, shall be inserted.

3. Amendment of section 9.- In section 9 of the Principal Act, in sub-section (2), for the words “not exceeding one and half times”, the words “equal to one hundred per cent of” shall be substituted.

4. Amendment of section 10.-In section 10 of the Principal Act, in sub-section (6), for the figure and symbol “2%”, the words “one and a half per cent”, shall be substituted.

5. Amendment of section 11.-In section 11 of the Principal Act, in sub-section (2), for the words “one and a quarter per cent”, the words “one and a half per cent”, shall be substituted.

6. Amendment of section 12.-In section 12 of the Principal Act,-

(i) the words and punctuation mark “, without reasonable cause”, shall be omitted; and

(ii) for the words “not exceeding fifty percent”, the words “equal to ten percent”, shall be substituted.

7. Substitution of Schedule.- For Schedule of the Principal Act and the Explanations I to V thereunder, the following Schedule and Explanations shall be substituted, namely:-

“SCHEDULE
[See section 3(2)]
Rates of tax on professions, trades, callings and employments

Sl. No.	Class of Persons	Rate of tax
(1)	(2)	(3)
1	Salary or wage earners whose salary or wage or both, as the case may be, for a month is Rs. 25,000-00 and above	Rs. 200-00 per month
2	Persons registered or liable to be registered under the Karnataka Goods and Services Tax Act, 2017	Rs. 2,500-00 per annum
3	Self-employed persons engaged in Professions, Trades, Callings and Employments, with a standing in profession for more than 2 years, including Legal practitioners, Consultants, Agents, Chartered Accountants and Actuaries, Engineers, Health care professionals, Estate Agents or Brokers, Beauty parlours, dry cleaners and interior decorators, Journalists and Advertisement agencies, providing entertainment using Dish Antenna Cable TV, Computer Institutes selling time, Computer Training Institutes / Driving Institutes / Technical Training Institutes, Astrologers, Astropalmists, Numerologists, Vaastu consultants and Faith healers.	Rs. 2,500-00 per annum
4	Horse owners and the trainers, Jockeys, Directors, Actors and Actresses (Excluding Junior Artists), Owners of Oil Pumps and Service stations, gas stations, electric charging stations, Owners of Nursing homes, Hospitals, Diagnostic centres, Clinical laboratories and X-ray clinics, other than those run by the Central Government, State Government and local bodies, Owners of Gymnasium and Fitness centres.	Rs. 2,500-00 per annum
5	Educational Institutions and Tutorial Colleges or Institutes other than those run by the Central Government, State Government and local bodies.	Rs. 2,500-00 per annum
6	Employers of establishments defined under the Karnataka Shops and Commercial Establishments Act, 1961, employing more than five employees.	Rs. 2,500-00 per annum
7	Licensed dealers of liquors, Money lenders licensed under the Karnataka Money Lenders' Act, 1961, Individuals or institutions conducting chit funds	Rs. 2,500-00 per annum
8	Owners of transport vehicles (other than auto rickshaws) run on their own or through others under permits granted under the Motor Vehicles Act, 1988 (Central Act 59 of 1988); Goods transport agencies (GTA) and Transport contractors including forwarding and clearing agents.	Rs. 2,500-00 per annum

	Explanation- For the purposes of this entry Goods Transport Agency or GTA means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called.	
9	Co-operative Societies registered under the Karnataka Co-operative Societies Act,1959 (Karnataka Act 11 of 1959) and engaged in any profession, trade or calling.	Rs. 2,500-00 per annum
10	Companies registered under the Companies Act, 2013 (Central Act 18 of 2013) and engaged in any profession, trade or calling; Banking companies as defined in the Banking Regulations Act, 1949 (Central Act 10 of 1949) Explanation.- For the purpose of this entry, 'banking companies' shall include any bank whose operations are governed by the provisions of the Banking Regulation Act,1949 (Central Act 10 of 1949)	Rs. 2,500-00 per annum
11	Persons other than those mentioned in any of the preceding entries who are engaged in any profession, trade, calling or employment and who are paying tax under the Income Tax Act, 1961 (Central Act 43 of 1961)	Rs. 2,500-00 per annum
12	Persons other than those mentioned in any of the preceding entries who are engaged in any profession, trade, calling or employment with a minimum of two years of standing and who are not exempted by Notification issued by the State Government from time to time.	Rs. 2,500-00 per annum

Explanation I.- Notwithstanding anything in this Schedule, where a person is covered by more than one entry in the Schedule, tax is payable under any one of such entries.

Explanation II.- For the purposes of determining the liability of tax, in terms of Serial No. 4 in this Schedule, the higher number of workers and / or employees at any time during the year shall be reckoned as the basis.

Explanation III.- For the purposes of this Schedule where any asset or business is held on lease by a lessee, such lessee shall be deemed to be the person liable under the Act.

Explanation IV.- No tax shall be levied under this Act on any partner of a firm which is engaged in any profession, trade or calling if the tax is paid by such firm.

Explanation V.- Notwithstanding anything contained in the Schedule, every additional place of a person enumerated in any item of the Schedule shall be deemed to be a separate person for the purpose of levy of Profession tax specified in the Schedule and nothing in this explanation shall be applicable in case of additional places of business which are exclusively used as godown for storing goods.”