



Office of the Commissioner of State Goods and Services Tax Department,
Government of Kerala, Thiruvananthapuram

No. CT/1/2021-C1

Dated 05/04/2021

Circular No3/2021

Sub: Amesty scheme-2021 for settlement of arrears – instructions issued
– Reg:
Ref: 1. Kerala Finance Bill, 2021.
2. Circular No. 2/2020.

The Government have decided to grant one more opportunity for the settlement of the outstanding Pre-GST arrears and accordingly introduced the Amnesty Scheme, 2021 through the Kerala Finance Bill, 2021. The amnesty scheme that was introduced during the previous year under the following legacy statutes stands modified with certain conditions.

- Kerala Surcharges Act
- Central Sales Tax Act,
- Kerala General Sales Tax Act.
- Kerala Agriculture Income Tax Act,
- Tax on Luxuries Act,
- Kerala Value Added Tax Act,

Key highlights of the Amnesty Scheme, 2021 are:

- 100% waiver of interest and penalties.
- 40% waiver of the balance tax arrears, if the outstanding dues are paid in lump- sum.
- 30% waiver of the balance tax arrears, if the outstanding dues are paid in installments.

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- Amnesty scheme can be opted for all pending tax arrears (Except for those arrears under the KGST Act, from 2005 onwards).
- The assessee can opt to settle the arrears relating to a particular assessment year, subject to the condition that all arrears falling under the said assessment year is opted.
- Option to avail the amnesty scheme should be made on or before 31st August 2021.
- For those who opts for the payment of arrears in installments, the first installment thereof shall not be less than 20% of the amount determined and such amounts shall be paid within thirty days of the receipt of the intimation. The balance amounts are to be paid in installments, subject to a maximum of four installment.
- In the case of demands that have been newly generated after 31st August 2021, the option shall be exercised within 30 days from the date of receipt of such order. However, in all such cases the final payments shall be made on or before 31st March, 2022.
- The last date for payment of the amounts determined under the scheme shall be 31st March, 2022.
- Tax or interests, if any, paid after the service of demand notice shall be given due credit towards tax.
- Tax payer who have failed to settle arrears under the previous amnesty scheme can also opt this scheme.
- Any amount paid under the earlier amnesty scheme shall be given due credit towards tax before reckoning the arrears to be settled under the Amnesty Scheme 2021.
- Those who have compounded offences and paid tax under such proceedings, the tax thereon will be given credit towards tax before reckoning the arrears to be settled under the Amnesty Scheme 2021..
- No refund shall be allowed under the scheme

The arrears for the purpose of settlement under this scheme shall be calculated as on the date of submission of option. The assesseees who have opted for amnesty schemes earlier, but could not settle the arrears, can also opt under this scheme. Amounts, if any, paid during the earlier schemes, will be given credit under tax as per this scheme. Outstanding interest and penalty as on the date of option shall be waived. After giving credit of the payments made prior to this scheme (tax/interest/amount paid under amnesty) towards principal amount, the balance outstanding against the principal amount for

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which Amnesty 2021 is applicable will be reckoned. Any amount paid towards penalty or its interest shall not be given credit.

In cases of arrears falling under the Kerala General Sales Tax Act, the amnesty scheme 2021 is applicable only to the dues that are outstanding prior to the 1st April, 2005. But in the case of arrears for the period from 01/04/2005 to 31/03/2021, the principal amount together with interest outstanding thereon shall be paid. However, there shall be full waiver of penalty in such cases.

In the case of penalty levied is not utilized or not liable to be utilized for any best judgement assessment, the demand can be settled under this amnesty scheme on payment of applicable tax relating to the penalty.

In the case of arrears under revenue recovery process, if the assessee opt this amnesty scheme and settle the outstanding dues, the assessing authority shall withdraw the revenue recovery proceedings. In such cases the assessee is not liable for payment of any collection charges. It is to be remembered that revenue recovery proceedings against the assessee shall be withdrawn only after full payment of amount due under this amnesty scheme. In the case of assessee who opt this scheme and payments made through installments, till final payment is made, the revenue recovery process may be kept in abeyance in RR ONLINE portal.

Since the amnesty scheme provides for outright settlement of arrears, the assessee who opts for the scheme shall withdraw all the cases pending before any appellate or revisional authority, tribunal or courts unconditionally and shall file a declaration to this effect through online. In the case of appeals filed by the State which is pending for final orders as on the date of option, this scheme can be opted based on the demand in original assessment order. Once the outstanding dues are settled under this scheme, there shall be no refund or adjustment subsequently for the amount settled under this scheme.

In the case of assessee having outstanding arrears, the year wise details of arrear demand and amount if any paid, can be viewed electronically by logging in to the official portal www.keralataxes.gov.in. The system will also display the amount to be payable under this amnesty scheme. In order to access the system, one time 'user ID and password' shall be generated from the portal. If the assessee is willing to opt the amnesty scheme, consent/option

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can be made through electronically on or before 31st August 2021. Along with the willingness, the assessee who opts for the scheme shall withdraw all the cases pending before any appellate or revisional authority, tribunal or courts and furnish a declaration in this regard electronically. The assessee shall specify whether payment under this scheme is made lump-sum or installments. On receipt of the willingness of the assessee, within seven days the assessing authority shall verify and approve the option. After getting confirmation from the assessing authority, the amount payable under the amnesty scheme can be made through e-payment. The payment receipt can be downloaded from the e- payment portal and it can be kept as proof of settlement of dues under amnesty scheme. No manual filing of option or payment is permissible.

In the case of any discrepancies noticed with respect to outstanding dues or payments made against it, the assessee can submit his representation in this regard electronically with proof of documents. On receipt of the representation, the assessing authority shall examine the case within two days and convey his remarks electronically to the assessee. Based on the remarks of assessing authority, the assessee may proceed to make e-payment.

In the case of assesses who opted payment under this scheme on installments, fails to make any payment on the respective due date, such assessee shall deemed to be skip out of this scheme. The relief granted under the scheme shall be revoked by an order in writing by the assessing authority after giving such dealer an opportunity of being heard within fifteen days of the default. Revenue recovery steps should be continued against such defaulter immediately.

Assessment of tax and imposition of penalty by a single order will not preclude the assessee from availing of the relief declared under this scheme. While approving the option electronically fixing the liability under this scheme care must be taken to see that all outstanding demands are included in the amnesty scheme and proper credit has been given to all remittance made by the assesseees.

The Joint Commissioners shall constantly follow up the arrear cases and give wide publicity among the assesseees to settle the arrears under this scheme. They should make arrangements to convene district wise meeting with trade representatives and defaulters. District officers shall constitute

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separate teams of officials in this regard to personally in touch with the defaulter frequently.

The previous amnesty scheme 2020 permits an assessee to settle their arrears under a particular statute only if they are opted altogether. Hence in cases where any amounts have been partly paid, consequent to an intimation under the amnesty scheme, 2020, but had subsequently failed to fulfill any of the conditions of the said scheme, the amount paid under the said amnesty scheme shall be given credit to the demands that are outstanding against the oldest arrear and excess amount, if any, shall be adjusted in the chronology of oldest arrears outstanding

COMMISSIONER OF STATE TAX