



GOVERNMENT OF KARNATAKA
(Department of Commercial Taxes)

No.KTEG.CR.13/2015-16

Office of the Commissioner of Commercial Taxes,
(Karnataka), Vanijya Therige Karyalaya,
Gandhi Nagar, Kalidasa Road,
Bengaluru-560009. Dated: 10.02.2016.

COMMISSIONER OF COMMERCIAL TAXES CIRCULAR NO: 23 /2015-16

Sub: Judgment in the case of State of Karnataka Vs M/s United Breweries Limited
[CRP.Nos. 204 & 230 of 2011(Tax) C/W CRP.No.103 of 2011(TAX) Judgment
Dated 14th September 2015.

Division Bench of the Hon'ble High Court of Karnataka in the case of State of Karnataka Vs M/s United Breweries Limited [CRP.Nos. 204 & 230 of 20(Tax) C/W CRP.No.103 of 2011(TAX) has delivered Judgment on 14th September 2015 and has upheld levy of Entry Tax under the provisions of Karnataka Tax on Entry of Goods Act, 1979(hereinafter referred to as 'Act' for brevity) in respect of entry of Malted Barley/Barley Malt, Hops pellets and Maize flakes brought into the local area for the manufacture of Beer.

2. Interpretation of the Karnataka Appellate Tribunal that, 'Barley Malt/Malted Barley, Hops pellets and Maize flakes are agricultural produce falling under entry 2 of the II Schedule of the Act read with the definition of 'Agricultural or Horticultural Produce' as defined under section 2(A)(1) of the Act are exempted from tax is rejected. Relevant Sections and entry in the Act are as under:

Section 2(A) (1):

" 'agricultural produce or horticultural produce' shall not include tea, coffee, rubber, cashew, cardamom, pepper and cotton; and such produce as has been subjected to any physical, chemical or other process for being made fit for consumption, save mere cleaning, grading, sorting or drying."

Sub-section (6) of section 3:

"6. No tax shall be levied under this Act on any goods specified in the Second Schedule on its entry into a local area for consumption, use or sale therein."

