

**PROCEEDINGS OF THE COMMISSIONER OF COMMERCIAL TAXES**  
**(KARNATAKA), BANGALORE**

Present: Sri Pradeep Singh Kharola, IAS,  
Commissioner of Commercial Taxes.

Sub: KVAT Act, 2003 – Section 18-A – Withdrawal of  
notifications issued – reg.

Read: Order of Hon'ble High Court of Karnataka dated  
16.6.2010 in WP No.10183 / 2007 (T-RES) and  
connected cases.

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**PREAMBLE:**

Section 18-A of the Karnataka Value Added Tax Act, 2003 inserted with effect from 1.4.2007 provided that every registered dealer purchasing oil seeds or non-refined oil or oil cake or scrap of iron and steel or any other goods as may be notified by the Commissioner for use in the manufacture or processing or any other purpose as may be notified by the Commissioner, shall deduct out of the amounts payable by him to the registered dealer selling such goods to him, an amount equivalent to the tax payable on the sale of such goods under Section 4, subject to the conditions and procedures prescribed in the said Section.

2. In the interest of administration and Government revenue, by exercising powers under Section 18-A of the KVAT Ac, 2003, the undersigned had issued following notifications in respect of several other commodities:-

Sl. No.	Notification No.	Date	Relating to purchase of
1	KSA.CR.14/07-08	16.5.2007	Rice bran
2	KSA.CR.159/07-08	27.10.2007	Sand, grits (of stone), size stones or rough stone slabs for use in the manufacture of ready mix concrete or in the execution of works contract
3	KSA.CR.76/08-09	28.7.2008	Iron and Steel, hardware, timber, plywood, veneers, particle board, laminated sheets, panel boards and similar articles of wood for use in the execution of civil works contract.

4	KSA.CR.86/09-10	27.8.2009	Glass bottles for use in the bottling of liquor including wine and beer
5	KSA.CR.165/09-10	22.2.2010	Purchases made by a dealer registered under the KVAT Act, 2003 who is a developer of any special economic zone or a unit located in any special economic zone
6	KSA.CR.178/09-10	3.4.2010	Cotton.

3. The Hon'ble High Court of Karnataka in its order dated 16.6.2010 in WP No.10183/2007 (T-RES) and connected cases, in the case of M/s.Suman Enterprises and others Vs State of Karnataka after examining the vires of Section 18-A of the KVAT Act, 2003 has held that the said section is violative of Article 19(1)(g) of the Constitution of India and is ultra-vires the provisions of the Act. Further, it held that the notification No.KSA.CR.76/2008-09, dated 28.7.2008 issued by the Commissioner of Commercial Taxes is violative of Articles 14 and 19(1)(g) of the Constitution of India and ultra-vires the provisions of Act. It quashed this notification.

4. In view of the above order of the Hon'ble High Court, Section 18-A of the Act has become inoperative. Consequently, all the notifications issued by the undersigned have also become legally not enforceable. Therefore, the above said notifications require to be withdrawn.

5. Hence, the following:

**ORDER NO.KSA.CR.178/09-10, DATED 5.8.2010**

Taking the above facts into consideration, all the notifications issued by the undersigned under Section 18-A of the KVAT Act, 2003 are hereby withdrawn with immediate effect.



(PRADEEP SINGH KHAROLA)  
Commissioner of Commercial Taxes,  
(Karnataka), Bangalore.