



Government of Karnataka
Commercial Taxes Department

**PROCEEDINGS OF THE COMMISSIONER OF COMMERCIAL TAXES,
(KARNATAKA), BANGALORE- CLARIFICATION UNDER SECTION 59(4) OF
THE KARNATAKA VALUE ADDED TAX ACT, 2003.**

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Sub: KVAT Act, 2003 - Clarification under Section 59(4)  
regarding the rate of tax applicable on 'Royalty charges  
deducted at source-reg

Ref: Application dated:08-10-2011 of Sri. K.S. Nagarajaiah,  
Contractor, Kodihalli. TIN No.-29880128635.

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In the application cited above, Sri. K.S. Nagarajaiah, Contractor, Kodihalli -5621  
Kanakapura Taluk, Ramanagar District, has sought clarification regarding the rate of tax  
applicable on 'Royalty charges deducted at source'.

2. Section 59(4) of the Karnataka Value Added Tax Act , 2003 empowers the  
Commissioner of Commercial Taxes to clarify the rate of tax payable under the Act, he  
considers it necessary or expedient so to do, for the purpose of maintaining uniformity in he  
work of assessments and collection of revenue. It is examined and found that he  
clarification requested by the petitioner is within the scope of the aforesaid provision and it  
is necessary that the clarification be issued for the purpose of maintaining uniformity in he  
work of assessments and collection of revenue.

3. Hence the following clarification is issued.

**CLARIFICATION NO.CLR.CR.141/11-12, DATED 25-06-2012**

It is clarified that since 'Royalty charges deducted at source' from gross works  
contract are part of total consideration agreed for works contract and forms part of the total  
and taxable turnover as per rule 3 of KVAT Rules, 2005, it is liable to tax at 4% in he  
contractor is under composition scheme and at 14% under regular scheme of taxation.

  
(YOGENDRA TRIPATHI)  
Commissioner of Commercial Taxes  
(Karnataka), Bangalore  
**Commissioner of Commercial Taxes  
in Karnataka, BANGALORE**