



Kerala Budget Highlights 2019-20



1 Changes in Goods and Services Tax

- Threshold limit for GST registration will be raised from 20lakhs to 40lakhs for the suppliers of goods.
- Threshold limit for eligibility to opt for composition scheme will be increased to 1.50 crores.
- Service providers having turnover between Rs.20 lakhs to Rs.50 lakhs shall be eligible to opt for composition scheme and pay GST at the rate of 6%.

2 Levy of Kerala Flood Cess

- Kerala Flood Cess shall be levied at the prescribed rates for a period of 2 years on all intra state supplies of goods and services made by the registered dealers to unregistered dealers and final consumers.
- Goods covered under fifth schedule attracting 3% GST shall be levied 0.25% flood cess.
- Supply of services shall be levied 1% flood cess.
- Goods attracting 12%, 18% and 28% GST shall be levied 1% flood cess

3 Changes in Kerala Value Added Tax

- Time limit to revise returns relating to the period up to June 2017 has been extended till 30th September 2019.
- Guidelines has been issued to the department to complete the pending assessments in a time bound manner. The assessments completed upto 31st March 2020 according to the guidelines issued can avail amnesty, provided the dealer opts so within 30 days of receipt of order, and the amount payable under the scheme is paid on or before 31st March 2020.

4 Comprehensive Amnesty Scheme

- Amnesty scheme has been announced with respect to the following arrears:
 - Arrears relating to the period up to March 31st, 2005 for Kerala General Sales Tax Act;
 - Arrears relating to the period up to June 30th, 2017 under Kerala Value Added Tax Act;
 - Arrears relating to the period up to June 30th, 2017 under Kerala Tax on Luxuries Act;
 - Arrears relating to the period up to June 30th, 2017 under Kerala Surcharge on Taxes Act;
 - Arrears relating to the period up to June 30th, 2017 under Central Sales Tax Act; and
 - Arrears relating to the period up to March 31st, 2017 under Kerala Agricultural Income Tax Act.

- Assesseees who wish to opt for amnesty scheme shall withdraw all appeals and cases before all the forums and file their option on or before 30th September 2019.
- Those who opt for the amnesty scheme shall be required to pay only the principal amount. Interest and penalty amount shall stand waived.

5 Assessment under Luxuries Tax Act

To give relief to small taxpayers, assessments of assesseees whose turnover for a year doesn't exceed Rs.5 lakhs and have filed the annual return and paid tax accordingly, will be deemed to be completed. However the Deputy Commissioner may re-open such cases if tax evasion is detected subsequently, within a period of four years.

6 Changes in Kerala General Sales Tax Act

- In addition to the amnesty scheme relating to the period upto March 31st, 2005, amnesty for the demands relating to the assessment year 2005-06 to 2017-18 has also been declared. Entire penalty shall be waived, provided the arrears are paid in 10 equal monthly instalments starting from June 2019.
- Turnover tax will be exempted on the transfer of stock of foreign liquor, based on the orders of Excise Department, during the closure of bar as per the Government policy.
- Where FL-3 licences used for selling foreign liquor was cancelled and was converted to FL-11 licences for selling beer and wine only, the stipulation that for payment of compounded tax, the tax paid for previous three years should be considered shall be dispensed with, provided that the licensee has done business for a full year.
- The tax rate on the first sale of all kinds of foreign liquor, including beer and wine will be increased by 2%.

7 Registration and Stamp Duty

- Onetime settlement scheme for the settlement of all pending valuation cases from the year 1986 will be extended up to March, 2020.
- Kerala Stamp Act would be amended to levy stamp duty on electronic records and electronic agreements.
- For the purpose of calculating stamp duty for the supplementary contracts, original value as per the principal contract need not be considered. Stamp duty would be levied on the value of the supplementary contract.





- Stamp duty for agreements relating to deposit of title deeds will be reduced from 0.50% to 0.10% with a maximum ceiling of Rs.10,000/-.Further, Stamp duty for release of such deeds for mortgage shall be reduced to 0.10% with an upper limit of Rs.1000/-.
- Stamp duty for agreements for the purpose of land development between the landlord and builder will be reduced to 1% from 8%, with an upper limit of Rs.1000/-.

Disclaimer:

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