



## COMMERCIAL TAXES DEPARTMENT

GOVERNMENT OF KERALA

### PERMISSION TO PAY TAX UNDER COMPOUNDING SCHEME

**CATEGORY** – Works Contract / Gold / Cooked Food / Bar Hotels - Cooked food / Bar Hotel  
Liquor / Metal Crushers / CD Libraries / Medicine

FORM No.1E  
(Not Transferable)

This is to certify that M/s / Sri. / Smt. \_\_\_\_\_  
(Trade Name \_\_\_\_\_) is hereby permitted to pay tax at compounding  
scheme as per section 8 of the Kerala Value Added Tax Act, 2003.

1. VAT Registration number TIN:
2. Assessment Circle :
3. Name of the Applicant :
4. Principal Place of Business :
5. This certificate is valid from .....(date) to 31<sup>st</sup> March .....

[ Only the selected category details below to be appended to the certificate ]

#### Works Contract

- a. Compounded for whole year. Yes / No
- b. Interstate purchases : Yes / No
- c. Individual work compounding

Sl.No.	Work order. No. & Date:	Description of work :	Awarder Name :	Amount of contract :	Period of contract: From :..... To: .....	Compounded rate : ( 3%, 4%)	Whether liability to pay VAT on interstate purchase: Yes / No.

#### Conditions

1. Returns shall be submitted as per Rule 24 along with payment of tax
2. Permission holder shall neither collect tax nor claim input tax credit on tax paid on inputs
3. Purchase tax u/s.6(2) shall be paid in respect of purchases from persons other than registered dealers [applicable in cases covered by sec.8(a)(i)]
4. Contracts shall not involve transfer of material in the form of goods

#### Gold Compounding

Total Compounded Tax determined by Assessing Officer during the year (as per the proceedings attached hereunder):

Order No: \_\_\_\_\_ Dated: \_\_\_\_\_

Total Compounded Tax determined:

### **Cooked Food Compounding**

- a. Hotels excluding bar hotels
  - i. Compounded tax at the rate of 0.5% shall be paid on the sales turnover of Cooked food, beverages, sweets & fresh juice prepared by you.
  - ii. The purchase of raw materials from unregistered dealers attract purchase tax.

#### **Conditions**

1. Quarterly returns shall be submitted as per Rule 24 along with tax.
2. Permission holder shall neither collect tax nor claim input tax credit on tax paid on inputs.
3. Permission holder shall not supply food and beverages to any airline service company or institution or shipping company for serving in air craft, ships or steamer or serve food in air craft, ship, steamer, bar attached hotel or star hotel as stipulated u/s.8(c).
4. This permission is liable to be cancelled in the event of contravention of the provisions of Kerala Value Added Tax Act / Rules or conditions mentioned above.

### **Bar Hotels / Club / Heritage Hotels – Cooked food (applicable for below 3 star)**

- a. Compounding opted for the previous year
  - i. Total Turnover for the previous year: \_\_\_\_\_
  - ii. Tax paid or payable whichever is higher for the previous year: \_\_\_\_\_
  - iii. Compounded Tax due of the Current Year : 115% of the tax paid or payable whichever is higher for the previous year
- b. If compounding not opted for the previous year
  - i. Tax paid or payable whichever is higher for the preceding 3 years
    1. Year 1 :
    2. Year 2 :
    3. Year 3 :
  - ii. Compounded Tax due of the Current Year : 125% of the tax paid or payable whichever is higher for the previous year

#### **Conditions**

1. Returns shall be submitted as per Rule 24 along with payment of tax
2. Permission holder shall neither collect tax nor claim input tax credit on tax paid on inputs
3. This permission is liable to be cancelled in the event of contravention of the provisions of Kerala Value Added Tax Act / Rules or conditions mentioned above.

### **Bar Hotels – Liquor**

Total Compounded Tax determined by Assessing Officer during the year (as per the proceedings attached hereunder):

### **Metal Crusher Units**

- a. Single Crusher only
  - i. upto 30.48cm X 22.86cm : Rs.25000/-
  - ii. Exceeding 30.48cm X 22.86cm and upto 40.64cm X 25.40cm :Rs.100,000/-
- b. Multiple Crusher

Jaw Size	No. of Units	Rate
upto 30.48cm X 22.86cm		40,000
Exceeding 30.48cm X 22.86cm and upto 40.64cm X 25.40cm		1,40,000
Exceeding 40.64cm X 25.40cm		2,80,000
Primary Crushers		50% of sum above
Cone Crusher:		Rs.15,00,000/-

c. Compounded Tax payable for the current year: Rs.

**Conditions**

1. Quarterly returns shall be submitted as per Rule 24 along with proof of payment of tax.
2. Permission holder shall neither collect tax nor claim input tax credit on tax paid on inputs.
3. This permission is liable to be cancelled in the event of contravention of the provisions of Kerala Value Added Tax Act / Rules or conditions mentioned.
4. New machineries, if any installed shall be intimated to the assessing authority within 15 days.

**Chicken**

Permitted to compound Turnover of chicken at 12.5% on the floor value fixed by the Commissioner.

**CD Library**

- a. Corporation / Municipality : Rs.1000 per year
- b. Panchayat. : Rs.500 per year
- c. Number of branches :
- d. Total compounding Fee payable :

**Medicine Dealers**

- a. Permitted to compound Turnover of medicines and drugs falling under IIIrd Schedule of the KVAT Act @ 4% on MRP value.
- b. Specify whether : Ayurvedic / Allopathic / Homeopathic etc.

**Conditions**

1. Permission holder shall file return on monthly basis and pay compounded tax due thereof.
2. Option for composition shall include:- All categories of medicines and sold by the permission holder as stipulated under Rule 11(1).
3. This permission shall be liable to be cancelled in the event of contravention of Kerala Value Added Tax Act/Rules
4. No trade discount or incentive in terms of quantity of goods is permissible.

Place .....

Date : .....

Signature of the Assessing Authority  
Name, Designation and Office

(Seal)