

Confidential

Bill No. 3 of 2007

(Authorized English Version)

THE RAJASTHAN FINANCE BILL, 2007

(to be introduced in the Rajasthan Legislative Assembly)

A

Bill

further to amend the Rajasthan Value Added Tax Act, 2003, the Rajasthan Tax on Luxuries (In Hotels and Lodging Houses) Act, 1990, the Rajasthan Tax on Entry of Good in Local Areas Act, 1999, the Rajasthan Motor Vehicle Taxation Act, 1951, the Rajasthan Stamp Act, 1998, the Rajasthan Municipalities Act, 1959, the Rajasthan Urban Improvement Act, 1959, the Jaipur Development Authority Act, 1982 , the Rajasthan Court Fees and Suits Valuation Act, 1961 and the Rajasthan Fiscal Responsibilities and Budget Management Act, 2005, in order to give effect to the financial proposals of the State Government for financial year 2007-08 and to make certain other provisions.

Be it enacted by the Rajasthan State Legislature in the Fifty-eighth Year of the Republic of India, as follows: -

CHAPTER I

PRELIMINARY

1. Short title.- (1) This Act may be called the Rajasthan Finance Act, 2007.

2. Declaration under section 3, Rajasthan Act No. 23 of 1958.- In pursuance of section 3 of the Rajasthan Provisional Collection of Taxes Act, 1958 (Act No. 23 of 1958) it is hereby declared that it is expedient in the public interest that provisions of this bill shall have immediate effect under the said Act.

CHAPTER II

AMENDMENT IN THE RAJASTHAN VALUE ADDED TAX ACT, 2003

3. Amendment of section 4, Rajasthan Act No. 4 of 2003.- In sub-section (6) of section 4 of the Rajasthan Value Added Tax Act, 2003 (Act No. 4 of 2003), hereinafter in this chapter referred to as the principal Act, for the existing expression “and is before the expiry of the sessions”, the expression “and if before the expiry of the sessions” shall be substituted.

4. Amendment of section 8, Rajasthan Act No. 4 of 2003. - In sub-section (5) of section 8 of the principal Act, for the existing expression “and is before the expiry of the sessions”, the expression “and if before the expiry of the sessions” shall be substituted.

5. Amendment of section 11, Rajasthan Act No. 4 of 2003.- In sub-section (6) of section 11 of the principal Act, for the existing expression “liable to pay tax under this Act the and such registration”, the expression “liable to pay tax under this Act and such registration” shall be substituted.

6. Amendment of section 18, Rajasthan Act No. 4 of 2003.- In clause (f) of sub-section (1) of section 18 of the principal Act, for the existing expression “being used as raw material in the manufacture of goods for sale”, the expression “being used as packing material of goods or as raw material in manufacture of goods for sale” shall be substituted.

7. Amendment of section 21, Rajasthan Act No. 4 of 2003.- In sub-section (3) of section 21 of the principal Act, for the existing expression “the State Government”, the expression “the Commissioner” shall be substituted.

8. Amendment of section 24, Rajasthan Act No. 4 of 2003.-After the existing sub-section (3) of section 24 of the principal Act, the following sub-section (4) shall be added, namely.-

“(4) Notwithstanding anything contained in sub-section (3), where an assessment order is passed in consequence of or to give effect to any order of an appellate or revisional authority or a competent court, it shall be completed within

two years of the communication of such order to the assessing authority; however, the Commissioner may for reasons to be recorded in writing, extend in any particular case, such time limit by a period not exceeding six months.”.

9. Amendment of section 26, Rajasthan Act No. 4 of 2003.- In sub-section (3) of section 26 of the principal Act, for the existing expression “tax period”, wherever occurring, the expression “period of return” shall be substituted.

10. Amendment of section 53, Rajasthan Act No. 4 of 2003.- In sub-section (1) of section 53 of the principal Act, for the existing expression “deposit of such amount by him”, the expression “deposit of such amount” shall be substituted.

11. Amendment of section 77, Rajasthan Act No. 4 of 2003.- For the existing sub-section (1) of section 77 of the principal Act, the following shall be substituted, namely:-

“(1) Where the Commissioner is of the opinion that without establishing a departmental check-post, it is in the public interest to collect tax on contract basis in respect of all kinds of building stones, marble and granite in all their forms, gitti, bazari, all other goods specified under clause (8) of section 2 and livestock at a particular check-post or for a specified area, he may, through a contract, permit a contractor to collect such tax at such check-post for such area, at the rates as may be notified under the Act from time to time, in the manner and on such terms and conditions as may be prescribed, for a period not exceeding two years at a time.”.

12. Amendment of section 83, Rajasthan Act No. 4 of 2003.- In section 83 of the principal Act,-

- (i) in sub-section (2), the existing expression “clauses (a), (b) and (c) of” shall be deleted; and
- (ii) in sub-section (3), the existing expression “clauses (a), (b) and (c) of” shall be deleted.

13. Amendment of section 88, Rajasthan Act No. 4 of 2003.- In section 88 of the principal Act,-

- (i) in sub-section (1), for the existing expression “Chairman”, the expression “Chairperson” shall be substituted;
- (ii) in sub-section (3), for the existing expression “Chairman”, the expression “Chairperson” shall be substituted; and
- (iii) in sub-section (4), for the existing expression “Chairman”, the expression “Chairperson” shall be substituted.

14. Amendment of section 96, Rajasthan Act No. 4 of 2003.- In sub-section (1) of section 96 of the principal Act, for the existing expression “Chairman”, the expression “Chairperson” shall be substituted.

15. Amendment of section 100, Rajasthan Act No. 4 of 2003.- In sub-section (1) of section 100 of the principal Act, for the existing expression “1995”, the expression “1955” shall be substituted.

CHAPTER III

AMENDMENT IN THE RAJASTHAN TAX ON LUXURIES (IN HOTELS AND LODGING HOUSES) ACT, 1990 (Act No. 9 of 1996)

16. Amendment of section 2, Rajasthan Act No. 9 of 1996.- In section 2 of the Rajasthan Tax on Luxuries (In Hotels And Lodging Houses) Act, 1990 (Act No. 9 of 1996),-

(i) for the existing clause (b), the following clauses shall be substituted, namely:-

“(b) "business" includes the activities of providing residential accommodation or any place for the purpose of organising parties, ceremonies or functions and any other service in connection with, or ancillary to, such activities for monetary consideration, whether or not such activities are carried on with motive to make gain or profit and whether or not any gain or profit accrues from such activities; "; and

(ii) for the existing clause (g), the following clause shall be substituted, namely:-

"(g) "hotel" includes a residential accommodation along with the lawns there of, a lodging house, an inn, a public house or a building or parts of a building or any place, where a residential accommodation or a space for the purpose of organising parties, ceremonies or functions is provided by way of business;".

CHAPTER IV

AMENDMENT OF THE RAJASTHAN TAX ON ENTRY OF GOODS INTO LOCAL AREAS ACT, 1999 (Act No. 13 of 1999)

17. Amendment of section 15, Rajasthan Act No. 13 of 1999.-

In sub-section (1) of section 15 of the principal Act, for the existing expression "within a period of eight years from the expiry of the year to which the tax relates, proceed to assess or re-assess to the best of its judgment the tax payable by a dealer in respect of such turnover or purchase value of such goods, as the case may be, after issuing a notice to the dealer and after making such enquiry as it may consider necessary.", the expression "within a period of five years from the expiry of the year to which the tax relates, issue notice and proceed to assess or re-assess to the best of its judgment, the tax payable by a dealer in respect of such turnover or purchase value of such goods, as the case may be, and after making such enquiry as it may consider necessary, shall complete the assessment within eight years from the end of the relevant year." shall be substituted.

CHAPTER V

AMENDMENT IN THE RAJASTHAN MOTOR VEHICLES TAXATION ACT, 1951

18. Amendment of section 4, Rajasthan Act No. 11 of 1951. - In sub-section (1) of section 4 of the **Rajasthan Motor Vehicles Taxation**

Act, 1951 (Act No. 11 of 1951), hereinafter in this chapter referred to as the principal Act,-

(i) in clause (a), for the existing expression "covered by clause (b), (c) or (d)" the expression "covered by clause (b), (c), (cc) or (d)" shall be substituted; and

(ii) for the existing clause (c), the following shall be substituted, namely:-

“(c) a tax in respect of motor vehicles registered outside the State and using roads in Rajasthan, at such rates, as may be notified by the State Government in the Official Gazette which shall not exceed Rs. 500/- per seat for 7 days or part thereof in case of passenger vehicles and shall not exceed Rs. 250/- per thousand Kg. Gross Vehicle Weight/ Registered Laden Weight or part thereof for 30 days or part thereof in case of goods vehicles and shall not exceed Rs. 5000/- per thousand Kg. of Unladen Weight or part thereof for 30 days or part thereof in case of Construction Equipment Vehicles;

(cc) a tax in respect of motor vehicles or motor vehicle chassis temporarily registered and passing through the State using roads in Rajasthan, at such rates, as may be notified by the State Government in the Official Gazette which shall not exceed Rs. 5000/- ;”.

19. Amendment of section 4-C, Rajasthan Act No. 11 of 1951.-

In section 4-C of the principal Act, for the existing punctuation mark “.”, appearing at the end of the existing proviso, the punctuation mark “:” shall be substituted and after the proviso, so amended, the following new proviso shall be added, namely:-

“Provided further that the State Government may by notification in the Official Gazette require the owners or the persons having possession of such class of transport vehicles registered on or after 1.4.2007 as may be specified in the notification to pay lump sum tax under section 4-C instead of tax payable under clause (a) or clause (e) of sub-section (1) of section 4 and section 4-B.”.

20. Amendment of section 5, Rajasthan Act No. 11 of 1951.- in section 5 of the principal Act, for the existing punctuation mark “.”, appearing at the end of the existing second proviso, the punctuation mark “:” shall be substituted and after the proviso, so amended, the following new proviso shall be added, namely:-

"Provided also that in case of the class of vehicles specified under second proviso to section 4C, the tax shall be paid in full in such manner as may be prescribed by the State Government."

21. Amendment of section 6, Rajasthan Act No. 11 of 1951.- In sub-section (3) of section 6 of the principal Act, after the existing expression "where a transport vehicle" and before the existing expression " of other State" the expression " or a construction equipment vehicle" shall be inserted.

22. Insertion of section 21-B, Rajasthan Act No. 11 of 1951. - After the existing section 21-A and before the existing section 22 of the principal Act, the following new section shall be inserted, namely:-

“21-B. No dues certificate.- (1) A registered owner of the vehicle or a permit holder of the vehicle or any person having possession or control of the vehicle or a financier under whose control vehicle has vested under the provisions of Motor Vehicles Act, 1988 (Central Act No. 59 of 1988) may apply to the taxation officer in the prescribed manner and along with prescribed fee, to obtain a no dues certificate regarding the tax, penalty or interest payable in respect of such vehicle under the provisions of this Act.

(2) On receipt of an application under sub-section (1), the taxation officer shall, after such enquiry as may be prescribed, issue no dues certificate in such form and within such period as may be prescribed.”.

CHAPTER VI

AMENDMENT IN THE RAJASTHAN STAMP ACT, 1998

23. Amendment of the Schedule, Rajasthan Act No. 14 of 1999.- In Schedule of the Rajasthan Stamps Act, 1998 (Act No. 14 of 1999),-

- (i) in Article 7, for the existing expression "One hundred rupees.", appearing under column No. 2, the expression "Two hundred rupees." shall be substituted;
- (ii) in clause (ii) of Article 11, for the existing expression "One hundred rupees.", appearing under column No. 2, the expression "Five hundred rupees." shall be substituted;
- (iii) in Article 19, for the existing expression "Twenty rupees.", appearing under column No. 2, the expression "Fifty rupees." shall be substituted;
- (iv) in clause (c) of Article 37, for the existing expression "Ten rupees.", appearing twice under column No. 2, the expression "Twelve rupees." shall be substituted;
- (v) in Article 41, for the existing expression "Fifty paise.", appearing under column No. 2, the expression "Ten rupees." shall be substituted;
- (vi) in clause (a) of Article 44, for the existing expression "Ten rupees.", appearing under column No. 2, the expression "Fifty rupees." shall be substituted;
- (vii) in clause (b) of Article 44, for the existing expression "Ten rupees.", appearing under column No. 2, the expression "Fifty rupees." shall be substituted;
- (viii) in clause (c) of Article 44, for the existing expression "Thirty rupees.", appearing under column No. 2, the expression "One hundred rupees." shall be substituted;
- (ix) in clause (d) of Article 44, for the existing expression "Fifty rupees.", appearing under column No. 2, the expression "One hundred rupees." shall be substituted;
- (x) in clause (f) of Article 44, for the existing expression "Ten rupees for each person authorised.", appearing under column No. 2, the expression "Fifty rupees for each person authorised." shall be substituted;

- (xi) in Article 46, for the existing expression "One Rupee.", appearing under column No. 2, the expression "Ten rupees." shall be substituted;
- (xii) in Article 53, for the existing expression "Ten paise.", appearing under column No. 2, the expression "Ten rupees." shall be substituted;
- (xiii) in clause (a) of Article 58, for the existing expression "One hundred rupees.", appearing under column No. 2, the expression "Five hundred rupees." shall be substituted;
- (xiv) in clause (b) of Article 58, for the existing expression "Five hundred rupees.", appearing under column No. 2, the expression "One thousand rupees." shall be substituted; and
- (xv) in clause (c) of Article 58, for the existing expression "One thousand rupees.", appearing under column No. 2, the expression "Five thousand rupees." shall be substituted.

CHAPTER VII
AMENDMENT IN THE RAJASTHAN MUNICIPALITIES
ACT, 1959
(Act No. 38 of 1959)

24. Insertion of section 80B, Rajasthan Act No. 38 of 1959.-
After the existing section 80A and before the existing section 81 of the Rajasthan Municipalities Act, 1959 (Act No. 38 of 1959), the following section shall be inserted, namely:-

"80B. Transfer to be on free hold or lease hold basis. -

(1) Every transfer of land under section 80 or section 80A shall be either on free hold basis or on lease hold basis.

(2) Any land sold, allotted, regularized or otherwise transferred on lease hold basis may be converted in free hold basis subject to such terms and conditions, and on payment of such conversion charges, as may be prescribed **by rules.**

Explanation.- For the purposes of this section, 'free hold' means tenure in perpetuity with right of inheritance and alienation."

CHAPTER VIII
AMENDMENT IN THE RAJASTHAN URBAN
IMPROVEMENT ACT, 1959
(Act No. 35 of 1959)

25. Amendment of section 60A, Rajasthan Act No. 35 of 1959.- After the existing sub-section (5) of section 60A of the Rajasthan Urban Improvement Act, 1959 (Act No. 35 of 1959), the following sub-sections shall be added, namely:-

"(6) Every transfer of land under this section shall be either on free hold basis or on lease hold basis.

(7) Any land sold, allotted, regularized or otherwise transferred on lease hold basis may be converted in free hold basis subject to such terms and conditions, and on payment of such conversion charges, as may be prescribed.

Explanation. - For the purposes of this section, 'free hold' means tenure in perpetuity with right of inheritance and alienation."

CHAPTER IX
AMENDMENT IN THE JAIPUR DEVELOPMENT
AUTHORITY ACT, 1982
(Act No. 25 of 1982)

26. insertion of section 54C, Rajasthan Act No. 25 of 1982.- After the existing section 54B of the Jaipur Development Authority Act, 1982 (Act No. 25 of 1982), the following section shall be inserted, namely:-

"54C. Transfer to be on free hold or lease hold basis. -

(1) Every transfer of land under section 54 or section 54B shall be either on free hold basis or on lease hold basis.

(2) Any land sold, allotted, regularized or otherwise transferred on lease hold basis may be converted in free hold basis subject to such terms and conditions, and on payment of such conversion charges, as may be prescribed.

Explanation.- For the purposes of this section, 'free hold' means tenure in perpetuity with right of inheritance and alienation."

CHAPTER X
AMENDMENT IN THE RAJASTHAN COURT FEES AND SUITS
VALUATION ACT, 1961
(Act No. 23 Of 1961)

27. Insertion of section 65A, Rajasthan Act No. 23 of 1961.-

After the existing section 65 of the Rajasthan Court Fees and Suits Valuation Act, 1961 (Act No. 23 of 1961), herein after in this chapter referred to as the principal Act, the following section shall be inserted, namely:-

"65A. Power to exempt fees.- The State Government may by notification in the official Gazette, exempt, in public interest, any class of persons from all or any of the fees chargeable for any category of suits under this Act."

28. Amendment of Schedule I, Rajasthan Act No. 23 of 1961.-

In Schedule I of the principal Act, for the existing Article 1, the following shall be substituted, namely:-

“1. Plaint or written statement pleading a set-off or counter-claim or memorandum of appeal presented to any Court-

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|---|--|
| (i) When the amount or value of the subject matter in dispute does not exceed rupees 15,000 | 2 ½ per cent of the amount or value |
| (ii) When the amount or value exceeds rupees 15,000 but does not exceed rupees 75,000 | Rupees 375 plus 7½ per cent of the amount or value exceeding rupees 15,000 |
| (iii) When the amount or value exceeds rupees 75,000 but does not exceed rupees 2,50,000 | Rupees 4,875 plus 7 per cent of the amount or value exceeding |

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|---|---|
| | rupees 75,000 |
| (iv) When the amount or value exceeds rupees 2,50,000 but does not exceed rupees 5,00,000 | Rupees 17,125 plus 6½ per cent of the amount or value exceeding rupees 2,50,000 |
| (v) When the amount or value exceeds rupees 5,00,000 but does not exceed rupees 7,50,000 | Rupees 33,375 plus 6 per cent of the amount or value exceeding rupees 5,00,000 |
| (vi) When the amount or value exceeds rupees 7,50,000 but does not exceed rupees 10,00,000 | Rupees 48,375 plus 5½ per cent of the amount or value exceeding rupees 7,50,000 |
| (vii) When the amount or value exceeds rupees 10,00,000 but does not exceed rupees 15,00,000 | Rupees 62,125 plus 5 per cent of the amount or value exceeding rupees 10,00,000 |
| (viii) When the amount or value exceeds rupees 15,00,000 but does not exceed rupees 20,00,000 | Rupees 87,125 plus 4½ per cent of the amount or value exceeding rupees 15,00,000 |
| (ix) When the amount or value exceeds rupees 20,00,000 but does not exceed rupees 25,00,000 | Rupees 1,09,625 plus 4 per cent of the amount or value exceeding rupees 20,00,000 |
| (x) When the amount or value exceeds rupees 25,00,000 but does not exceed rupees 30,00,000 | Rupees 1,29,625 plus 3½ per cent of the amount or value exceeding |

- rupees 25,00,000
- (xi) When the amount or value exceeds rupees 30,00,000 but does not exceed rupees 40,00,000 Rupees 1,47,125 plus 3 per cent of the amount or value exceeding rupees 30,00,000
- (xii) When the amount or value exceeds rupees 40,00,000 but does not exceed rupees 1,00,00,000 Rupees 1,77,125 plus 2½ per cent of the amount or value exceeding rupees 40,00,000
- (xiii) When the amount or value exceeds rupees 1,00,00,000 but does not exceed rupees 1,50,00,000 Rupees 3,27,125 plus 2 per cent of the amount or value exceeding rupees 1,00,00,000
- (xiv) When the amount or value exceeds rupees 1,50,00,000 but does not exceed rupees 2,00,00,000 Rupees 4,27,125 plus 1½ per cent of the amount or value exceeding rupees 1,50,00,000
- (xv) When the amount or value exceeds rupees 2,00,00,000 but does not exceed rupees 3,00,00,000 Rupees 5,02,125 plus 1 per cent of the amount or value exceeding rupees 2,00,00,000
- (xvi) When the amount or value exceeds rupees 3,00,00,000 Rupees 6,02,125 plus ½ per cent of the amount or value exceeding rupees 3,00,00,000".

CHAPTER XI
AMENDMENT IN THE RAJASTHAN FISCAL
RESPONSIBILITIES AND BUDGET MANAGEMENT ACT, 2005
(Act No.7 of 2005)

29. Amendment of Section 2, Rajasthan Act No. 7 of 2005.- After clause (k) and before clause (l) of section 2 of the Rajasthan Fiscal Responsibility and Budget Management Act, 2005 (Act No.7 of 2005), hereinafter in this chapter referred to as the principal Act, the following clause shall be inserted, namely:-

“(kk) “Rajasthan Development and Poverty Alleviation Fund” means a Fund created under section 6A;”

30. Insertion of section 6A, Rajasthan Act No. 7 of 2005.- After the existing section 6 and before the existing section 7 of the principal Act, the following new section shall be inserted, namely:-

“6A. Rajasthan Development and Poverty Alleviation Fund.-

(1) There shall be created a fund called 'Rajasthan Development and Poverty Alleviation Fund' (hereinafter referred to as the Fund) in the Public Account of the State.

(2) Tax receipts of the State, comprising of its own taxes and share in central taxes, in any year in excess of 17.5% over previous year and any other revenue receipts, as the State Government may think fit, shall, if the State legislature by appropriation made by law in this behalf so provides, be credited to the Fund in the ensuing year.

(3) The Fund may be used by the State Government only for the following purposes:

- (a) to meet revenue or capital expenditure in a year wherein tax receipts of the State, comprising of its own taxes and share in central taxes, are estimated to be less than 10% over the previous year;
- (b) to meet expenditure on developmental schemes or poverty reduction programmes.

(4) The Fund shall not be used for meeting non-developmental or establishment expenditure as defined by Controller and Auditor General of India.”.

STATEMENT OF OBJECTS AND REASONS

I. RAJASTHAN VALUE ADDED TAX ACT, 2003

Section 18 of the Act enumerates provisions regarding availability of Input Tax Credit to the dealers. With a view to make the export competitive in the international markets, refunds of the tax paid by the exporter is allowed. Export sales are not subjected to levy of any State tax and clause (f) of sub-section (1) of section 18 of the Act allows input tax credit in respect of raw material used in the manufacture of goods for sale in the course of export outside the territory of India, however, packing material with the goods so exported have not been specifically included in the purview of these provisions. With a view to promote export and to make it more competitive, it is proposed to amend clause (f) in a manner so that input tax credit may be availed in respect of packing material used with the goods exported.

Sub-section (3) of section 21 of the Act, empowers the State Government to extend the date of submission of return or even to dispense with the requirement of filing of any or all the returns by a dealer or class of dealers. Contingencies may arise like in cases of flood, fire or riots etc., that the dealers may not be able to furnish return in the prescribed time, as such for expeditious redressal of such situations, it is proposed to amend the provisions of sub-section (3) of section 21 to empower Commissioner, instead of the State Government, to extend the period of filing of return and also to dispense with the requirement of filing of return in appropriate cases.

The existing provisions of the Act, do not provide for the limitation period in which assessments have to be completed in pursuance of the remand directions of the competent authorities or courts. To remove this uncertainty it is proposed to add a new sub-section (4) in section 24 of the Act to provide that such remand cases should be completed within a period of two years of the date of communication of the order to the concerned authorities.

Tax period is the period as may be notified by the State Government for deposit of tax payable under this Act. State Government has notified different tax periods for different categories of dealers. Whereas, return period is quarterly in most of the cases and annual for the dealers opting for composition facility under section 3(2) or section 5

cases of the Act. For the purposes of initiation of action in case of escaped assessment, the return period is being proposed to be the basis for calculation of limitation and not the tax period. With this objective section 26(3) of the Act is proposed to be amended.

Unlike the sales tax system, in VAT input tax credit or refunds are allowed to dealers in respect of tax deposited by the dealer from whom he has made purchases. As such instead of deposit of such amount by him, it is proposed to be substituted by deposit of such amount in the State treasury, so that dealers may not be technically denied the facility of refunds. For this purpose, sub-section (1) of section 53 is proposed to be amended.

Under sub-section (1) of section 77, the State Government may direct Commissioner for collection of tax on the contract basis in respect of goods specified under clause (8) of section 2 and livestock. The procedural aspect of this provision is contained in rule 44 of the Rajasthan Value Added Tax Rules, 2006, which confers all the powers related to entering the contract and ensuring its due execution including power to terminate the contract on Commissioner. To resolve the practical problems of adding or deleting specified areas or varying the number of check-posts etc., expeditiously, it is proposed to empower Commissioner instead of State Government under sub-section (1) of section 77. With this view, the provisions of sub-section (1) of section 77 are proposed to be amended.

Appeal lies against the order passed by the State Level Screening Committee or the District Level Screening Committee under the Incentive, Exemption or Deferment Schemes issued under the repealed Act. The limitation period for filing of such appeal has not been specified in the Act. Limitation being substantive provisions, it is proposed to include clause (d) in sub-section (2) and (3) of section 83 of the Act so that the limitation period provided under these sub-sections may be applicable against the orders passed by the above referred State Level Screening Committee or the District Level Screening Committees.

Section 88 of the Act enumerates provisions as to the constitution of the Rajasthan Tax Board. It is proposed that word 'Chairman' shall be substituted by word 'Chairperson' in the section.

Section 96 of the Act enumerates provisions as to the constitution of Tax Settlement Board. It is proposed that word 'Chairman' shall be substituted by word 'Chairperson' in the section.

In addition to the above, there are some patent errors in **certain provisions which are proposed to be corrected.**

II. THE RAJASTHAN TAX ON LUXURIES (IN HOTELS AND LODGING HOUSES) ACT, 1990

Luxuries provided in the hotel and lodging houses are subjected to levy of luxury tax under the Act. In case per day tariff is more than Rs. 1000/-, luxury tax at the rate of 8% and where such tariff exceeds Rs. 3000/- per day, tax is charged at 10%. However, marriage places & party places are also providing luxuries to the occupiers on payment of specified tariff. With a view to enlarge the tax base and augment tax revenues, it is proposed to levy luxury tax on such places by including them in the definition of hotels, under the Act by substituting the existing clause (g) of section 2 of the Act.

III. RAJASTHAN ENTRY OF GOODS INTO LOCAL AREAS ACT, 1999

The existing provisions of entry tax Act provides limitation of eight years to proceed to assess the dealers in cases of escaped or under assessments after issuing notice to him within eight years from the expiry of the year to which it relates. To make these provisions at par with the VAT provisions, it is proposed to provide for five years limitation for issuing notice for reassessment and eight years for final disposal of the matter.

IV. RAJASTHAN MOTOR VEHICLES TAXATION ACT, 1951

In order to contain evasion of tax and to curb the tendency of default in payment of tax, payment of lump sum tax on all three wheeled goods vehicles, four wheeler goods vehicles having G.V.W. up to 3000 kg. and all three wheeled passenger vehicles having seating capacity up to four excluding driver is being made compulsory on new vehicles to be registered after 31.3.2007. It is proposed to amend section 4C and section 5 of the Rajasthan Motor Vehicle Taxation Act, 1951.

It has been noticed that some construction equipment vehicles which fall in the category of non-transport vehicles and are registered in neighbouring State are being used in the State for construction activities without payment of tax as at present there is no provision to levy tax on such vehicles. Whereas such vehicles registered in the State pay one time tax amounting to Rs. 1,25,000/- approximately. Hence it is proposed to levy tax on such vehicles at the time of entry in the State by amending clause (c) of sub-section (1) of section 4 and also section 6 of the Act, which provides for payment of penalty for default.

Tax clearance certificate is required to be submitted by the owner as a proof of complete payment of tax of the vehicle for getting various services from the department. It is noticed that some bogus/forged tax clearance certificate were produced by the vehicle owners resulting in loss of tax. Therefore, it is proposed to insert a new section 22B in the Act so as to provide for issuance of a no dues certificate regarding the tax, penalty and interest payable in respect of a vehicle.

V. RAJASTHAN STAMP ACT, 1998

Stamp duty on certain instruments like instrument of appointment in execution of a power, amendment of Articles of Association of a Company, instrument of charter party, instrument of collateral or auxiliary or additional or substituted security, Note of protest, Power of Attorney, Shipping order for or relating to conveyance of goods, works contract etc. are proposed to be increased.

VI. RAJASTHAN MUNICIPALITIES ACT, 1959

In the State of Rajasthan presently land disposal is on the leasehold basis. This does not give complete ownership to the allottee. It is proposed to insert a new section in the Municipal Act so as to provide free hold title to the allottee of perpetual nature with right to inheritance and alienation. This will also generate revenue to the State in the form of charges on conversion of lease hold into Free hold allotment.

VII. RAJASTHAN URBAN IMPROVEMENT ACT, 1959

In the State of Rajasthan presently land disposal is on the leasehold basis. This does not give complete ownership to the allottee. It is proposed to insert new sub-sections in the Urban Improvement Act so as to provide free hold title to the allottee of perpetual nature with right to inheritance and alienation. This will also generate revenue to the State in the form of charges on conversion of lease hold into Free hold allotment.

VIII. THE JAIPUR DEVELOPMENT AUTHORITY ACT, 1982

In the State of Rajasthan presently land disposal is on the leasehold basis. This does not give complete ownership to the allottee. It is proposed to insert a new section in the Jaipur Development Authority Act so as to provide free hold title to the allottee of perpetual nature with right to inheritance and alienation. This will also generate revenue to the State in the form of charges on conversion of lease hold into free hold allotment.

IX. RAJASTHAN COURT FEES AND SUITS VALUATION ACT, 1961

The validity of the rates of levy of ad valorem fees specified in Schedule I of the Rajasthan Court Fees and Suits Valuation Act, 1961 had been subject matter of challenge before high Court and the Supreme Court. Though the Supreme Court has upheld the validity of the levy however, the Court has advised to rationalize the fees structure. In order to rationalize the fees leviable under Schedule I of the Act, Article 1 of the Schedule is proposed to be amended. A new section 65A is also proposed to be inserted so as to empower the State Government to exempt court fees in appropriate cases where public interest requires so.

X. RAJASTHAN FISCAL RESPONSIBILITIES AND BUDGET MANAGEMENT ACT, 2005

F.R.B.M. Act was enacted for the purpose of making State Government manage State finances in a fiscally responsible manner by undertaking fiscal consolidation with time bound targets. In order to take the process of fiscal consolidation further, it is now desirable to provide for creating equalization funds for setting aside a part of state revenues in the years of above normal revenue growth and using such accumulations in the years of fiscal distress and for poverty alleviation and development purposes.

The Bill Seeks to achieve the aforesaid objectives.

Hence the Bill.

(ol ψ/kjk jkt)
Minister Incharge

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 20 of the Bill, which seeks to insert a proviso to section 5 of the Rajasthan Motor Vehicles Taxation Act, 1951, if enacted, shall empower the State Government to prescribe the manner in which tax shall be paid.

Clause 22 of the Bill, which seeks to insert a new section 21-B in the Rajasthan Motor Vehicles Taxation Act, 1951, if enacted, shall empower the State Government to prescribe manner in which application under sub-section (1) of that section shall be made and to prescribe the fees to accompany such application. It also empower the State Government to prescribe the manner in which taxation officer shall make enquiry before issue of no dues certificate under that section.

Clause 24 of the Bill, which seeks to insert a new section 80B in the Rajasthan Municipalities Act, 1959, if enacted, shall empower the State Government to prescribe terms and conditions subject to which, and the conversion charges on payment of which, the land held on lease hold basis may be converted in free hold basis.

Clause 25 of the Bill, which seeks to insert sub-section (7) in section 60 the Rajasthan Urban Improvement Act, 1959, if enacted, shall empower the State Government to prescribe terms and conditions subject to which, and the conversion charges on payment of which, the land held on lease hold basis may be converted in free hold basis.

Clause 26 of the Bill, which seeks to insert a new section 54C in the Jaipur Development Authority Act, 1982, if enacted, shall empower the State Government to prescribe terms and conditions subject to which, and the conversion charges on payment of which, the land held on lease hold basis may be converted in free hold basis.

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Minister Incharge

authorised by the Commissioner, shall in the prescribed manner refund to such dealer the amount to be refunded either by cash payment or by adjustment against the tax or other sum due in respect of any tax period.

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77. Establishment of check-post on contract basis.- (1) Where the State Government is of the opinion that without establishing a departmental check-post, it is in the public interest to collect tax on contract basis in respect of all kinds of building stones marble and granite in all their forms, *gitti, bazari*, all other goods specified under clause (8) of section 2 and livestock at a particular check-post or for a specified area, it may direct the commissioner to collect such tax through a contract at such check-post or for such area, at the rates as may be notified under the Act from time to time in the manner and on such terms and conditions as may be prescribed, for a period not exceeding two years at a time.

Explanation - For the purposes of this section any transaction involving buying, supplying, distributing, carrying or otherwise disposal of the goods or the livestock referred to above, shall be construed to be sale.

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83. Appeal to the Tax Board.- (1) **XX** **XX**

(2) Any person aggrieved by any order referred to in clauses (a), (b) and (c) of sub-section (1), may file an appeal before the Tax Board within ninety days of the date on which the order sought to be appealed against is communicated to him in writing.

(3) Notwithstanding anything contained in sub-section (2), the Commissioner or a Deputy Commissioner (Administration) authorised specially or generally by the Commissioner may, if aggrieved by any order referred to in clauses (a), (b) and (c) of sub-section (1), direct any officer or Incharge of a check-post or barrier to file an appeal before the Tax Board and such officer or Incharge shall file such appeal under his signatures within one hundred and eighty days of the date on which the order sought to be appealed against is communicated in writing to the commissioner or the Deputy Commissioner (Administration).

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88. Constitution of the Rajasthan Tax Board.- (1) The State Government shall constitute the Rajasthan Tax Board for the State consisting of a Chairman and as many members as it thinks fit, to exercise the powers and to discharge the duties conferred on the said Tax Board by this Act or any other law.

(2) XX XX XX

(3) The State Government shall prescribe the qualifications of persons who shall be eligible for appointment as Chairman and member of the Tax Board, the method of their selection for appointment and conditions of their service.

(4) The constitution of the Tax Board shall not be deemed to be invalid if any vacancy occurs or continues on account of death, resignation, retirement, transfer, expiry or termination of the appointment, or due to temporary absence of the Chairman or of any member.

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96. Constitution of Tax Settlement Board.- (1) Notwithstanding anything contained in this Act, the State Government may, by notification in the Official Gazette, constitute a Tax Settlement Board consisting of a Chairman and such other members, as it may deem fit, to resolve such disputes, as may be prescribed, relating to outstanding demand of tax, or arrears of tax, interest or penalty payable under this Act; and such Board shall undertake to resolve the dispute whenever so requested by the dealer or person concerned.

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100. Repeal and savings.- (1) The Rajasthan Sales Tax Act, 1994 (Act No. 22 of 1995) shall stand repealed on and from the date of the commencement of this Act and the provisions of the Rajasthan General Clauses Act, 1955 (Act No. 8 of 1955) shall apply to such repeal.

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authority may, notwithstanding the fact that whole or part of such escaped turnover or purchase value of taxable goods, as the case may be was already before the said authority at the time of original assessment or re-assessment, but subject to the provisions of sub-section (3) at any time within a period of eight years from the expiry of the year to which the tax relates, proceed to assess or re-assess to the best of its judgment the tax payable by a dealer in respect of such turnover or purchase value or such goods, as the case may be, after issuing a notice to the dealer and after making such enquiry as it may consider necessary.

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**EXTRACTS TAKEN FROM THE MOTOR VEHICLES
TAXATION ACT, 1951
(Rajasthan Act No. 11 of 1951)**

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4 Imposition of tax.- (1) XX XX XX

(a) a tax in respect of such vehicles which are not covered by clause (b), (c) or (d), at such rates as may be specified by the State Government by notification in the official gazette which shall not exceed 10% of the cost of the chassis/vehicle per annum :

Provided that where the rates are not specified, on quarterly, half yearly or monthly basis, by the State Government, by notification in the official gazette, and if the tax is permissible to be paid quarterly, half yearly or monthly, the amount payable shall be equivalent to the one fourth, one half or one twelfth respectively of the annual rate of tax;

(b) XX XX XX

(c) a tax in respect of motor vehicles registered outside the State and using roads in Rajasthan and in case of motor vehicle and chassis of motor vehicle temporarily registered and passing through the State using roads in Rajasthan, at such rates, as may be notified by the State Government in the Official Gazette which shall not exceed Rs. 500/- per seat for 7 days or part thereof in case of passenger vehicles and shall not exceed Rs.250/- per thousand Kg. of Gross Vehicle Weight/Registered Laden Weight or part thereof for 30 days or part thereof in case of goods vehicles and shall not exceed Rs. 5000/- in case of motor vehicle or motor vehicle chassis temporarily registered and passing through the State.

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4-C Imposition of Lump sum tax.- Notwithstanding anything contained in section 4 and section 4-B and subject to the rules as may be made by the State Government there shall be levied and paid to the State Government a lump sum tax on all transport vehicles at the rates as may be specified by the notification in the Official Gazette by the State Government which shall not exceed 50% of the cost of vehicle/ chassis:

Provided that the owner or person having possession or control of transport vehicle shall have option either to pay tax levied under clause (a) or clause (e) of sub-section (1) of section 4 and section 4-B or lump sum tax under section 4-C.

5 Payment of tax.- (1) Save as otherwise provided by or under this Act and subject to the provisions of sub-section (2), the tax leviable under section 4, section 4-B and section 4-C shall be paid by every owner or by the person having possession or control of a motor vehicle in advance in the manner prescribed by the State Government:

Provided that the State Government may, if satisfied that there are sufficient reasons for doing so, by notification in the Official Gazette, extend whether prospectively or retrospectively the time limit for payment of tax in case of particular classes of vehicles or persons liable to pay tax under this Act:

Provided further that the lump sum tax payable under section 4-C may be paid in full or in three equal instalments within a period of one year in such manner as may be prescribed by the State Government.

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6. Payment of penalty for default.-(1) to (2) XX XX XX
(3) Where a transport vehicle of other State, other than that referred to in sub-section (4), plies in Rajasthan without paying the tax leviable under this Act, the defaulter shall be liable to pay in addition to the tax, a penalty which shall not be less than four times of the amount of tax due.

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**EXTRACTS TAKEN FROM THE RAJASTHAN STAMP
ACT, 1998**

THE SCHEDULE
(See Section 3)

Article No.	Description of Instrument	Present Stamp duty	
1 to 6	XX	XX	XX
7	Appointment in execution of a power whether of trustees or of property movable or immovable where made by any writing not being a Will.	One hundred rupees.	
8 to 10	XX	XX	XX
11	Amendment in Articles of Association of a Company :		
	(i) style="text-align: center;">XX	XX	XX
	(ii) in any other case.	One hundred rupees.	
12 to 18	XX	XX	XX
19	Charter Party , that is to say any instrument (except an agreement for the hire of a tug steamer) whereby a vessel or some specified principal part thereof is let for the specified purposes of the charterer, whether it includes a penalty clause or not.	Twenty rupees.	
20 to 36	XX	XX	XX
37	Mortgage deed , not being an agreement relating to deposit of title-deeds, pawn or pledge (No.6) motrgage of a crop (No. 38), security bond (No. 50)		
	(a) to (b) style="text-align: center;">XX	XX	XX

	(c) When a collateral or auxiliary or additional or substituted security or by way of further assurance for the above-mentioned purpose where the principal or primary security is duly stamped :		
	For every sum secured not exceeding Rs. 1,000/-	Ten rupees.	
	and for every Rs. 1,000/- or part thereof secured in excess Rs. 1,000/-	Ten rupees.	
38 to 40	XX	XX	XX
41	Note of protest by the master of a ship. see also Protest by the master of a ship (No. 46). Pawn or Pledge, see agreement relating to deposit of title deeds, pawn or pledge (No. 6)	Fifty paise.	
42 to 43	XX	XX	XX
44	Power of Attorney : (as defined by section 2(xxx), not being proxy :		
	(a) When executed for the sole purpose of procuring the registration of one or more documents in relation to a single transaction or for admitting execution of one or more such documents.	Ten rupees.	
	(b) When authorising one person or more to act in single transaction other than the case mentioned in clause (a) ;	Ten rupees.	
	(c) when authorising not more than five persons to act jointly and severally in more than one transaction or	Thirty rupees.	

	generally ;		
	(d) when authorising more than five persons but not more than ten persons to act jointly and severally in more than one transaction or generally ;	Fifty rupees.	
	(e) to (ee) XX	XX	XX
	(f) in any other case.	Ten rupees for each person authorised.	
45	XX	XX	XX
46	Protest by the master of a ship , that is to say, any declaration of the particulars of her voyage drawn up by him with a view to the adjustment of losses or the calculation of averages, and every declaration in writing made by him against the characters or the consignment for not loading or unloading the ship, when such declaration is attested or certified by the Notary Public or other person lawfully acting as such. See also Note of Protest by the master of a ship. (No. 41)	One rupee.	
47 to 52	XX	XX	XX
53	Shipping order for or relating to the conveyance of goods on board of any vessel.	Ten paise.	
54 to 57	XX	XX	XX
58	Works contract that is to say a contract for works and labour or services involving transfer of property in goods (whether as goods or in some other form) in its execution and includes a sub-		

	contract,-		
	(a) where the amount or value set-forth in such contract does not exceed Rs. 10 Lacs ;	One hundred rupees.	
	(b) where it exceeds Rs. 10 lacs but does not exceed Rs. 50 lacs ;	Five hundred rupees.	
	(c) where it exceeds Rs. 50 lacs	One thousand rupees.	

**EXTRACTS TAKEN FROM THE RAJASTHAN COURT
FEES AND SUITS VALUATION ACT, 1961
(ACT NO. 23 OF 1961)**

**SCHEDULE –I
Advaloram Fees**

Article 1	Particulars 2	Proper Fee 3
1.	Plaintiff or written statement pleading a set-off or counter claim or memorandum of appeal presented to any Court- (i) When the amount or value of the subject-matter in dispute does not exceed one hundred rupees, for every five rupees, or part thereof, (ii) When the amount for value exceeds one hundred rupees, for every ten rupees, or part thereof upto one thousand rupees, (iii) When the amount or value exceeds one thousand rupees, for every fifty rupees, or part thereof, in excess of one thousand rupees upto five thousand	Thirty-Five naye paise. Seventy-Five naye paise. Three rupees

rupees,

- (iv) When the amount or value exceeds five thousand rupees, for every one hundred rupees, or part thereof in excess of five thousand rupees, Five rupees