

Circular No.10/2019, No. CT/42/2019-C1 -Part (3), Dated 21st October, 2019

Office of the Commissioner of State Goods and Services Tax Department

Government of Kerala, Thiruvananthapuram

Sub:- SGST Dept.- Kerala Flood Cess - instructions issued- reg.

Ref:- 1) Kerala Finance Act, 2019.

2) SRO.No. 359/2019 dtd. 25-05-2019

3) SRO.No. 436/2019 dtd. 29-06-2019

4) SRO.No. 505/2019 dtd. 30-07-2019

As per sub-section (1) of section 14 of the Kerala Finance Act, 2019, a cess called the Kerala Flood Cess has been levied on the intra-state supply of goods or services or both, made in furtherance of business by a taxable person as provided for in section 9 of the Kerala State Goods and Services Tax Act, 2017 (20 of 2017). As per the reference 2nd cited, the Government of Kerala had notified that Kerala Flood Cess @1% would be applicable on the value of supply of goods or services, in addition to the GST payable on such goods or services.

As per Section 14(1)(iii) of Kerala Finance Act, 2019, supplies of goods or services or both made in furtherance of business by taxable person in the State to another taxable person having Goods and Services Tax registration in the State is exempted from levy of Kerala Flood Cess.

If the recipient of the goods or services are providing GST registration number, the supplier may not have the responsibility to ensure that whether the goods or services procured are used for in furtherance of business.

Since Tax Deduction at Source (TDS) registration in the State is also a Goods and Services Tax registration as per Section 24 (vi) and as such, the supply made to the persons having TDS registration in furtherance of business of the Government functions is exempted from Kerala Flood Cess. Hence the supply made to Government Departments and local authorities having GST registration either as Tax Payer or Tax Deductor will qualify for exemption from Kerala Flood Cess.

Liability to File Kerala Flood Cess Return:

As per Rule 3 (1) of Kerala Flood Cess Rules, 2019, only taxable persons are liable to file Kerala Flood Cess Return in Form KFC-A and to pay Kerala Flood Cess. If the taxable persons has no supply liable to Kerala Flood Cess during a Financial Year, they are not liable to file Kerala Flood Cess Return. However, once a tax payer has become liable to file Kerala Flood Cess Return for a return period during a Financial Year, they have to file Kerala Flood Cess return for the subsequent return periods of the financial year. The tax payers are also provided with an easy option to file 'Nil Return' for the return periods having no liability to pay Kerala Flood Cess.

Sd/-

COMMISSIONER OF STATE TAX