

Karnataka Value Added Tax Act, 2003

Section 11 - Input Tax Restrictions

(a) Input tax shall not be deducted in calculating the net tax payable, in respect of:

(1) Tax paid on purchases attributable to sale 2[or manufacture or processing or packing or storage] of exempted goods exempted under Section 5, except when such goods are sold in the course of export out of the territory of India;

3(2) tax paid on goods as specified in the Fifth Schedule subject to such conditions as may be specified, purchased and put to use for purposes other than for,

(i) resale, or

(ii) manufacture or any other process of other goods for sale;

(3) tax paid on purchase of goods as may be notified by the Government or Commissioner subject to such conditions as may be specified;

(4) tax paid on purchase of capital goods other than those falling under clause (2) or (3) except as provided in section 12;

(5) tax paid on purchase of goods, that are despatched outside the State or used as inputs in the manufacture, processing or packing of other taxable goods despatched to a place outside the State, other than as a direct result of sale or purchase in the course of inter-State trade or commerce except as provided in section 14.]

(6) tax paid on purchases attributable to naphtha, liquified petroleum gas, furnace oil, 4[***] superior kerosene oil, kerosene and any other petroleumproduct, when used as fuel in motor vehicles, but when used as fuel inproduction of any goods for sale in the course of export out of the territory ofIndia or taxable goods or captive power, input tax shall be deducted as providedin Section 14.

(7) tax paid under sub-section (2) of Section 3 on the purchase of fuel;

(8) tax paid under sub-section (2) of Section 3 on the purchase of goods excludingfuel, until output tax is payable on such goods or other goods in which such goods are put to use except when the said goods are exported out of the territory of India;

(9) tax paid on goods purchased by a dealer who is required to be registered under the Act, but has failed to register.

(b) Input tax shall not be deducted by an agent purchasing or selling goods on behalf of any other person other than a non-resident principal.

5[(c) Input tax shall not be deducted by any dealer executing a works contract 6[in respect of the amount claimed as deduction] paid or payable to any sub-contractor as the consideration for execution of part or whole of such works contract for him.]

1. Inserted by Karnataka Value Added Tax (Amendment) Act, 2005.

2. Shall be and shall always be deemed to have been substituted by Act 10 of 2008.

3. Substituted by Act 4 of 2006 w.e.f. 01.04.2006.

"(2) tax paid on purchase of goods that are dispatched outside the State, other than a direct result of sale or purchase in the course of inter-State trade or commerce;

(3) tax paid on goods including capital goods as specified in the Fifth Schedule and any other goods as may be notified by the Government or the Commissioner, purchased 1[including when transferred in the execution of a works contract]or put to use for purposes other than for re-sale;

(4) tax paid on purchase of capital goods other than those falling under clause (3) ,except as provided in Section 12;

(5) tax paid on purchase of goods used as inputs in the manufacture, processing or packing of other taxable goods despatched to a place outside the State not as a direct result of sale or purchase in the course of inter-State trade, except as provided in Section 14;"

4. Shall be and shall always be deemed to have been omitted by Act 6 of 2007.

"light diesel oil,"

5. Shall be deemed to have been inserted with effect from the first day of April, 2006 by Act 10 of 2008.

6. Substituted by the Karnataka Value Added Tax (Amendment) Act, 2009 Act No. 5 of 2009.

"who is claiming deduction on any amount"