

19/9

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### **FAQ ON KERALA FLOOD CESS**

1. Why Kerala Flood Cess is imposed?

Kerala Flood Cess is levied to raise the fund required for re-construction of State after the devastating flood occurred in the State during August 2018.

2. Which is the date of commencement of Kerala Flood Cess?

Kerala Flood Cess is applicable from the 1<sup>st</sup> August, 2019 onwards as per notification No. S.R.O. 436/2019 dated 29/06/2019 for a period of two years.

3. Kerala Flood Cess levied under which Law?

Kerala Flood Cess is levied under Section 14 of Kerala Finance Act, 2019. The Kerala Flood Cess Rules published vide Notification SRO. No.359/2019 published as G.O.(P) No.80/2019/TD dated 25-05-2019.

4. Whether levy of Kerala Flood Cess is approved by GST Council?

Yes. 32<sup>nd</sup> meeting of the GST council has accorded sanction to levy of Kerala Flood Cess.

5. How long the Kerala Flood cess will be collected and at what rate?

Kerala Flood Cess will be in force for a period two years from the date of commencement. Kerala Flood Cess is imposed @ 1% on the value of supply of goods or services or both coming under Schedule II, III & IV of SRO.No.360/2017 Dt.30.06.2017. But in the case of goods coming under Fifth Schedule of SRO.No.360/2017 (gold, diamond etc.), the Kerala Flood Cess is applicable at the rate of 0.25%.

6. Is any separate registration required for the payment of Kerala Flood Cess?

No. GSTIN will be treated as Registration Number for Kerala Flood Cess. The tax payer has to login the official website "[www.keralataxes.gov.in](http://www.keralataxes.gov.in)" to generate user ID and password. While entering GSTIN number, one time password (OTP) will be sent to the mobile number of authorized representative for creating user ID and password. After login to the system, tax payers shall furnish the details of turnover applicable for Kerala Flood Cess and make e-Payment of Kerala Flood Cess. Detailed procedure for the filing of return will be released separately.

7. When Kerala Flood Cess is to be remitted to Government?

As per GST Law, the tax due for a month has to be remitted on or before 20<sup>th</sup> of the succeeding month in GSTR 3B return. Due date for filing GSTR 3B shall be applicable for the Kerala Flood Cess return.

8. What are the details to be furnished in the return?

After login to the system, select the return period and enter the details of turnover of outward supply leviable under Kerala Flood Cess based on GST tax rates.

9. Whether Kerala Flood Cess is applicable to goods and services?

Yes. Kerala Flood Cess is applicable to goods and services or both as per Section 14 (2) of Kerala Finance Act, 2019.

10. Kerala Flood Cess is to be calculated in which value?

Kerala Flood Cess is to be calculated on the value of supply. The CGST and SGST collection shall not be included in the value of supply. Eg:- If the value of supply is Rs.100/- and tax rate of the commodity is 12% GST, the invoice to be raised as shown below:

Value of supply	-	Rs.100/-
CGST	-	Rs.6/-
SGST	-	Rs.6/-
Cess	-	Rs.1/-
Total sales value	-	Rs.113/-

As per SRO.No.434/2019 Dt.28.06.2019 Rule 32A incorporated in Kerala Goods and Services Tax Rules 2017 to clarify value of supply. As per this rule, the value of supply of goods or services or both on which Kerala Flood Cess is levied under clause 14 of the Kerala Finance Bill, 2019 shall be deemed to be the value determined in terms of Section 15 of the Act, but shall not include the said cess.

11. Whether Kerala Flood Cess is applicable for interstate supply?

No. Kerala Flood Cess is applicable only for intra-state supply.

12. Whether supply to registered taxpayer in Kerala attracts Kerala Flood Cess?

No, if the supply is made in furtherance of business. Supply of Goods or Services or both made by a taxable person in the State to another taxable person having Goods and Service Tax Registration in the State shall be leviable to Cess, if the supply is made not in furtherance of business.

13. Whether Kerala Flood Cess is applicable for supply of exempted goods or services?

No.

14. Whether tax payers opting composition is liable to pay Kerala Flood Cess?

Composition tax payers are exempted from the levy of Kerala Flood Cess including tax payers who have opted for composition for service as per Section 14(1)(i) of Finance Act,2019.

15. What are the items exempted from the levy of Kerala Flood Cess?

The goods or services or both leviable to Kerala Flood Cess are described in Sec.14(2) of Kerala Finance Act, 2019. All goods or services or both not covered in the above Section shall be exempted from levy of Kerala Flood Cess.

16. Whether Kerala Flood Cess is collectable from customers?

Yes. It can be collected from customers by showing separately in the invoices.

17. Whether the Kerala Flood Cess is to be separately disclosed in the bill / invoice or a it can be borne and paid by the tax payer from their margin?

SGST Rule 46 (l) & (m) regarding issue of tax invoice is applicable in the case of Kerala Flood Cess also. Hence subject to conditions applicable to issue of invoice under the same Rule shall be applicable to Kerala Flood Cess also. Therefore as per Rule the Invoice shall contain details of Kerala Flood Cess like rate of tax and amount of tax charged in respect of taxable goods or services.

18. Whether purchase of motor vehicles for own use of a tax payer is eligible for exemption from levying Kerala Flood Cess?

No. Since the supply is not in furtherance of business.

19. At which point of supply cess is to be imposed?

Transaction between tax payers in furtherance of business is exempted from levy of Kerala Flood Cess. If a supply is made to an unregistered tax payer, Kerala Flood Cess is to be levied. If the supply is made to a registered person but not in furtherance of business, Kerala Flood Cess is to be levied.

20. Whether interest is applicable for delayed payment of Kerala Flood Cess?

Yes. The provision of Kerala Goods and Services Tax Act, 2017 and Central Goods and Services Tax Act, 2017 and Rules made there under including those relating to definitions, authorities, assessments, audit, non-levy, short levy, interest, appeal, recovery, offenses and penalties shall apply in relation of levy of collection of Kerala Flood Cess. Interest @ 18% will be applicable for delayed payment of Cess.

21. Whether a person situated outside Kerala having registration outside Kerala and receiving inward supply of service or goods or both where the place of supply is in Kerala will be chargeable Cess?

Yes, Exemption is eligible only for registered taxable person having GST registration in Kerala GST.

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