



GOVERNMENT OF KERALA

Abstract

Finance Department – Kerala Infrastructure Investment Fund Board (KIIFB)- Transfer of funds under the KIIFB (Amendment) Act 2016 – Introduction of Escrow Mechanism and Guidelines – Orders Issued.

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FINANCE (EXPENDITURE – B) DEPARTMENT

G.O. (P) No. 158/2018/Fin.

Dated, Thiruvananthapuram, 05/10/2018

- Read:-
- 1) Kerala Infrastructure Investment Fund Board (Amendment) Act - 2016
 - 2) G.O. (Ms) No. 69/2018/Fin. Dated 24/02/2018.
 - 3) G.O.(P) No. 107/2018/Fin. Dated 11/07/2018.
 - 4) e-file No. INFRA-1/20/2018-FIN (858506).

ORDER

Government have constituted Kerala Infrastructure Investment Fund Board as a statutory body for mobilising and channelling of funds for the infrastructure development of Kerala, from outside the State Government Account. The KIIFB (Amendment) Act, 2016, provides for Government to set apart a share of Motor Vehicle Tax as contribution to KIIFB fund reckoned on the basis of Motor Vehicle Tax collected for the previous year, the share of which has been fixed as 10% in the 1st year in 2016-17 and increased by 10% each year, up to a maximum of 50% in the fifth year. Also the cess levied on petrol/diesel is also to be contributed for the fund, out of such cess levied during the previous year. The transfer of funds should be completed prior to 31st December of each year.

2. The mode of devolution of fund presently being carried out is in the following manner.

1. Cess on Petrol/diesel collected as revenue receipt under the head of account "0040-00-102-99 Tax Collections" is being transferred to KIIFB fund debiting expenditure under the head of account "5475-00-115-97- NP-V Share of KIIFB from Cess on petrol and diesel".

2. Motor Vehicle Taxes collected under the following three heads of account is being transferred to KIIFB fund debiting under the expenditure head "5475-00-115-98-NP-V Share of KIIFB from Motor Vehicle Tax" based on the share pattern.

(a) "0041-00-101 Receipts under Indian MV Act"

(b) "0041-00-102 Receipts under State MV Taxation Act"

(c) "0041-00-800 Other Receipts"

Government hereby introduces a new escrow mechanism from the financial year 2018-19 onwards for the above transfer of funds set apart to KIIFB.

For smooth implementation of the new escrow mechanism, the following operational guidelines are issued.

1. For transferring fund mandated for KIIFB to the escrow account, the T + 1 model (transfer of fund the next day) would be adopted. Such transfer could be made from a single point from Finance (Budget) Department. This should be made directly from the consolidated fund of the state debiting under the head of account "5475-00-115-98-NP-V Share of KIIFB from Motor Vehicle Tax" or "5475-00-115-97-NP-V Share of KIIFB from Cess on petrol and diesel" based on the nature of receipt.
2. Though there is a distinct head of account for booking the receipts under cess collected on petrol/diesel, the same are now being remitted under the head of account "0040-102-99 Tax Collections" meant for tax collection under KGST. This creates ambiguity in assessing the accuracy of the figures. Hence cess collected on petroleum products should be remitted under the head of account "0040-00-102-91 Cess on petroleum products to be transferred to KIIFB" under intimation to Commissioner of GST.
3. Director of Treasuries should furnish figures to be transferred each day online to KIIFB and Finance (Budget/Secret/Infra) departments after proper reconciliation.

4. Finance (Budget Wing) Department should conduct monthly review in order to ensure that the receipt and transfer made are in conformity with the amount entitled as per the Act.
5. Once the total amount credited under the head of account 5475 reaches the amount of Petrol/diesel cess and that in respect of share of MVT in each year, to be transferred to KIIFB, the escrow mechanism should automatically cease to operate till the next financial year.
6. KIIFB should initiate necessary steps to develop the software needed for this mechanism in consultation with NIC and should be vetted by Finance Department before implementation.
7. The Government order read at 3rd paper above stands cancelled.

(By Order of the Governor)

MANOJ JOSHI

PRINCIPAL SECRETARY (FINANCE)

To

The Principal Accountant General (G&SSA) Kerala, Thiruvananthapuram
The Accountant General (A&E) Kerala, Thiruvananthapuram
The Accountant General (E&RSA) Kerala, Thiruvananthapuram
The Chief Executive Officer, Kerala Infrastructure Investment Fund Board
The Director of Treasuries, Thiruvananthapuram
The Commissioner of State GST
The Taxes Department
The Finance (INFRA/Budget Wing/Secret/Streamlining/Ways & Means)
Department
The Nodal Officer, Finance Department www.finance.kerala.gov.in
The Stock File/Office Copy

Forwarded/By Order


Accounts Officer