

State Goods & Services Tax Department

Office of the Commissioner,

Tax Towers, Killipalam, Karamana, Thiruvananthapuram-PIN 695002

Phone: 0471 – 2785276, e-mail: cstpolicy.sgst@kerala.gov.in

File No: SGST/3429/2026-PLC9

Dated: 22/09/2026

SGST POLICY DIVISION

Circular No.2/2026-Kerala SGST

Sub: Kerala Finance (No.3) Act, 2026-Settlement of arrears under Small Arrear Waiver Scheme-Instructions issued-reg.

Ref: Kerala Finance (No.3) Act of 2026 (Act 12 of 2026)

The Small Arrear Waiver Scheme, 2026, introduced through Chapter III of the Kerala Finance (No. 3) Act, 2026, (herein after referred to as “the Act”) intends to settle the entire amount of arrears of tax, cess, surcharge, interest or penalty pertaining to specified orders issued under the relevant Acts on or before 31st March, 2027, subject to the conditions specified in the said Scheme.

For carrying out the purposes of the said Scheme, the Commissioner of State Tax has, by Order No. SGST/3429/2026-PLC9 dated 21.07.2026, constituted Committees as the Designated Authorities in accordance with Section 7 of the Act, under the Chairmanship of the Deputy Commissioners of State Tax (Arrear Recovery) and the Deputy Commissioners of State Tax (Taxpayer Services Division), as the case may be.

Now, in exercise of the powers conferred under section 16 of the Act, the following instructions are hereby issued for the purpose of ensuring uniform implementation of the Small Arrear Waiver Scheme throughout the State and shall be followed by all authorities concerned in the implementation of the said Scheme.

1. The Designated Authorities shall identify and verify the cases eligible for settlement under the Small Arrear Waiver Scheme, 2026. For the purpose of Section 15 of the Act, the Designated Authority shall communicate to the jurisdictional Assessing Authority particulars of the cases verified and recorded as settled under the Small Arrear Waiver Scheme, in the manner specified in Annexure-IV, marking a copy to the jurisdictional Joint Commissioner. The communication may contain the particulars of one or more such settlements.

2. On receipt of the communication referred to in paragraph 1 above, the Assessing Authority/jurisdictional authority shall verify whether any appeal filed by the Government in respect of any of the cases mentioned in the said communication is pending before any authority, tribunal or court and, wherever necessary, initiate appropriate action for withdrawal of such appeal in accordance with the proviso to section 11(1) of the Act.

3. On due verification, where any case is found to have been settled under the Scheme as referred to in paragraph 1 and is pending in revenue recovery proceedings before the Revenue Recovery Authority concerned, the Designated Authority shall take necessary steps for the withdrawal of such revenue recovery proceedings with the appropriate authority.

4. A beneficiary desirous of obtaining a Certificate of Settlement under Section 11 of the Act shall submit an application in Form SAWS-1 (Annexure-I) before the Designated Authority.

Where settlement has been effected in respect of more than one specified order, a separate application is required to be submitted for each specified order.

5. On receipt of the application and after satisfying that the arrears covered by the specified order are eligible to be settled under the provisions of the Small Arrear Waiver Scheme, 2026, the Designated Authority shall issue—

(i) Settlement Order in Form SAWS-2 (Annexure-II); and

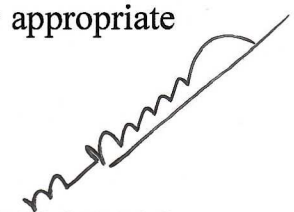
(ii) Certificate of Settlement in Form SAWS-3 (Annexure-III).

A separate Settlement Order and a separate Certificate of Settlement shall be issued in respect of each specified order.

6. Where any order adversely affecting the beneficiary is proposed to be issued, the Designated Authority shall issue a speaking order after affording the beneficiary an opportunity of being heard.

7. Throughout the implementation of the said scheme, all authorities engaged in the implementation process shall ensure strict compliance with the provisions relating to confidentiality contained in section 17 of the Act.

Difficulties, if any, experienced in the implementation of this Circular shall be brought to the notice of the Commissioner of State Tax for appropriate clarification.



P B NOOH IAS
COMMISSIONER

To
All the concerned

ANNEXURE-I

Form SAWS-1

APPLICATION FOR ISSUE OF CERTIFICATE OF SETTLEMENT

(See section 11 of the Kerala Finance (No.3) Act, 2026)

To

The Designated Authority

Sir/Madam,

I hereby request for issuance of a Certificate of Settlement under the Small Arrear Waiver Scheme, 2026 in respect of the specified order detailed below.

Sl. No.	Particulars	Details
1	Name of the Beneficiary	
2	Trade Name (if any)	
3	Address for Communication	
4	Name of the person making the application (if represented)	
5	Capacity in which the application is made	
6	Relevant Act	
7	Registration No./TIN (if any)	
8	Assessment Year/Financial Year	
9	Designation of the authority who issued the specified order specifying the Assessment Circle/Office	
10	Specified Order Number and Date/Reference Document Details	

11	Details of Appeal pending, if any; Name of Petitioner/Respondent: Appeal No: Appellate Authority:	
12	Details of RRC, if any	
13	Mobile Number	
14	E-mail ID (if any)	

Declaration

I hereby declare that the particulars furnished above are true and correct to the best of my knowledge and belief. I further declare that I am competent to make this application.

Place:

Date :

Signature of the Applicant/Authorized Representative
Name:

Enclosures

1. Copy of the specified order/Reference Document
2. Copy of authorization, wherever applicable.
3. Other supporting document (if any, specify).

ANNEXURE-II**Form SAWS-2****SETTLEMENT ORDER**

(See section 11 of Kerala Finance (No.3) Act,2026)

Settlement Order No.: _____

Date: ____/____/20____

Sl. No.	Particulars	Details
1	Name of the Beneficiary	
2	Relevant Act	
3	Registration No./TIN (if any)	
4	Assessment Year/Financial Year	
5	Specified Order Number & Date/Reference Document	
6	Total amount of arrears settled	
7	Designation of the authority who issued the Specified Order	

ORDER

An application under section 11 of the Kerala Finance (No 3) Act 2026 has been received from the above beneficiary requesting issuance of a Certificate of Settlement under the Small Arrear Waiver Scheme,2026 in respect of the settlement of the arrears covered by the specified order referred above.

On verification of the application and the connected records, it is found that the arrears covered under the specified order satisfies the conditions for settlement of arrears prescribed under section 8 of the Kerala Finance (No.3) Act, 2026.

Accordingly, in exercise of the powers conferred under section 11 of the said Act, the arrears aggregating to ₹(Rupees.....only) covered by Specified Order No. _____ dated _____ issued under the _____ Act stands settled under the Small Arrear Waiver Scheme, 2026 and a Certificate of Settlement is issued.

Place:

Date:

(Signature)

Designated Authority(Name & Designation)

Office Seal

Copy To: The jurisdictional assessing authority/Joint Commissioner TPS/
The Concerned Revenue Recovery Authority ,wherever applicable

ANNEXURE-III**Form SAWS-3****CERTIFICATE OF SETTLEMENT**

(See section 11 of Kerala Finance (No.3) Act,2026))

Certificate No.: _____ Date: ____/____/20____

Sl. No.	Particulars	Details
1	Name of the Beneficiary	
2	Relevant Act	
3	Registration No./TIN (if any)	
4	Assessment Year/Financial Year	
5	Specified Order Number & Date	
6	Designation of the authority issuing the Specified Order	

This is to certify that, the arrears covered by the specified order No dated issued by under theAct stands settled under the Small Arrear Waiver Scheme, 2026 in accordance with the provisions of Section 8 of the Kerala Finance (No.3) Act 2026 . The particulars of the arrears so settled are furnished below;

Details	Tax/Surcharge	Cess	Penalty	Interest	Total
Amount of arrears settled					

Accordingly, this Certificate of Settlement is issued under section 11 of the Kerala Finance (No.3) Act, 2026.

Place:

Date:

(Signature)

Designated Authority

(Name & Designation)

Office Seal

ANNEXURE-IV

STATEMENT OF SETTLED CASES

(To be communicated to the jurisdictional Assessing Authority under section 15 of the Kerala Finance (No. 3) Act, 2026)

Sl. No.	Name of Beneficiary	Relevant Act	AY/F Y	Specified Order No. & Date	Certificate No. & Date if applicable	Remarks

Place:

Date :

(Signature)

Designated Authority
(Name & Designation)
Office Seal

Copy To: Joint Commissioner, TPS