

# Bill Summary

## The Goods and Services Tax (Compensation to States) Amendment Bill, 2017

- The Goods and Services Tax (Compensation to States) Amendment Bill, 2017 was introduced in Lok Sabha by Mr. Arun Jaitley, Minister of Finance on December 22, 2017. The Bill amends the Goods and Services Tax (Compensation to States) Act, 2017 and replaces an Ordinance promulgated in September 2017.
- The Act allows the central government to notify the rate of the Goods and Services Tax (GST) Compensation Cess on items such as pan masala, coal, aerated drinks, and tobacco, subject to certain caps. The amount received by levying the GST Compensation Cess is used to compensate states for any loss in revenue following the implementation of GST.
- **Increase in cap on GST Compensation Cess:** The Bill amends the 2017 Act to increase the cap on the GST Compensation Cess levied on motor vehicles from 15% to 25%.

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