Bill Summary

The Central Goods and Services Tax (Amendment) Bill, 2018

- The Central Goods and Services Tax (Amendment) Bill, 2018 was introduced in Lok Sabha by the Minister of Finance, Mr. Piyush Goyal on August 7, 2018. The Bill seeks to amend the Central Goods and Services Tax Act, 2017. The Act provides for levy and collection of the goods and services tax (GST) on intra-state supply of goods or services or both by the central government.
- **Eligibility for the composition scheme:** The Act provides for a composition scheme to allow certain taxpayers with an annual turnover of less than one crore rupees to pay GST on their turnover, instead of on the value of supply of goods and services. This amount may be increased by the government subject to a maximum limit. The Bill increases this limit from one crore rupees to one crore and fifty lakh rupees.
- **Eligibility criteria for suppliers of services**: Under the Act, supplier of services (other than restaurant services) are not eligible for the composition scheme. The Bill makes such suppliers eligible, provided that the value of supply of these services does not exceed 10% of their turnover in the state in the previous financial year, or five lakh rupees, whichever is higher.
- **Reverse charge mechanism:** As per the reverse charge mechanism in the Act, a registered person is liable to pay GST on behalf of unregistered suppliers. The Bill makes only a class of registered persons liable to pay tax on a reverse charge basis. This may be notified by the central government as per the recommendations of the GST Council.
- **Furnishing of returns:** The Bill introduces a new provision which requires registered persons to verify, validate, modify, or delete the details of supplies as furnished by certain registered suppliers in their returns. Further, the Bill provides for a quarterly return filing system for a class of registered persons, which may be notified by the central government as per the recommendations of the GST Council.
- **Consolidated notes:** Under the Act, for receipt of excess tax or return of supplied goods or services, a registered supplier is required to issue a separate credit or debit note to the recipient for each invoice. The Bill allows these suppliers to issue consolidated credit or debit notes for multiple invoices.
- **Registration:** A taxable person is required to register under this Act if his annual turnover exceeds Rs 20 lakh. This threshold is ten lakh rupees for registration in special category states, except in Jammu and Kashmir. The Bill increases this threshold to Rs 20 lakh for Arunachal Pradesh, Assam, Himachal Pradesh, Meghalaya, Sikkim, and Uttarakhand. Further, the Bill specifies that the central government may notify an increase in this threshold up to Rs 20 lakh for other special category states on the recommendation of the GST Council.
- **Compulsory registration:** Electronic commerce operators are compulsorily required to register under the Act. The Bill makes registration compulsory only for operators who are required to collect payment and an additional tax, not exceeding one percent of value, for supplies made through it by other suppliers.
- **Multiple registrations:** As per the Act, a person is eligible for a single registration in a state or union territory. The Bill makes him eligible for separate registration for each place of business. Further, the Bill requires a person with a Special Economic Zone (SEZ) unit or an SEZ developer to have a separate registration for his place of business in the SEZ.
- **Transitional input tax credit:** The Act allows certain registered persons to carry the amount of the Central Value Added Tax (CENVAT) credit, pending as on or receivable after June 30, 2017 to his electronic credit ledger. The Bill allows the transfer of CENVAT credit only in case of certain specified eligible duties, such as customs and excise duties, with effect from July 1, 2017. Further, the Bill removes additional excise duty on textile products from the list of eligible duties.
- **Scope of input tax credit:** Under the Act, input tax credit is available for motor vehicles and other conveyances only when they are used for specific purposes, including transportation of goods. The Bill distinguishes between: (i) motor vehicles having a seating capacity of not more than 13 persons, and (ii) vessels and aircraft. It provides that input tax credit for transportation of goods shall be available only for vessels and aircraft. Further, the Act specifies that input tax credit shall not be available for travel benefits extended to employees on vacation, such as leave or home travel concessions. The Bill makes input tax credit available for such benefits if the employer is obligated by law to provide these benefits.
- **Appeals:** Under the Act, a pre-deposit must be paid to the Appellate Authority and the Appellate Tribunal to file an appeal. The Bill limits the pre-deposit amount to Rs 25 crore for appeals to the Appellate Authority, and to Rs 50 crore for the Appellate Tribunal.

Suyash Tiwari
suyash@prsindia.org

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