

Bill No. 269 of 2017

**THE GOODS AND SERVICES TAX (COMPENSATION TO STATES)
AMENDMENT BILL, 2017**

A

BILL

to amend the Goods and Services Tax (Compensation to States) Act, 2017.

BE it enacted by Parliament in the Sixty-eighth Year of the Republic of India as follows:—

1. (1) This Act may be called the Goods and Services Tax (Compensation to States) Amendment Act, 2017. Short title and commencement.

(2) It shall be deemed to have come into force on the 2nd day of September, 2017.

15 of 2017. 5 **2.** In the Goods and Services Tax (Compensation to States) Act, 2017, in the Schedule,— Amendment to Schedule.
(i) after serial number 4 and the entries relating thereto, the following serial number and entries shall be inserted, namely:—

(1)	(2)	(3)	(4)
"4A	Motor vehicles for the transport of not more than thirteen persons, including the driver.	8702 10, 8702 20, 8702 30 or 8702 90	Twenty-five per cent. <i>ad valorem</i> .";

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(ii) against serial number 5, for the entry in column (4), the entry "Twenty-five per cent. *ad valorem*" shall be substituted.

Repeal and savings.

3. (1) The Goods and Services Tax (Compensation to States) Amendment Ordinance, 2017 is hereby repealed.

Ord. 5 of 2017.
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(2) Notwithstanding such repeal, anything done or any action taken under the Goods and Services Tax (Compensation to States) Act, 2017, as amended by the said Ordinance, shall be deemed to have been done or taken under the said Act as amended by this Act.

15 of 2017.

STATEMENT OF OBJECTS AND REASONS

The Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017) was enacted, with a view to provide for compensation to the States for the loss of revenue arising on account of implementation of Goods and Services Tax. The said Act, *inter alia*, provides for imposition of Compensation cess on intra-State as well as inter-State supplies of goods and services specified in the Schedule to the said Act at the rate, not exceeding the rate specified in the said Schedule.

2. The Goods and Services Tax Council, in its 20th meeting held on 5th August, 2017 has recommended an increase of 10% (that is from 15% to 25%) in the maximum rate (at which Compensation cess may be collected) on the entry relating to motor vehicles falling under heading 8702 and 8703.

3. The maximum rates for the said entries were to be increased immediately by amending the Goods and Service Tax (Compensation to States) Act, 2017 before the next meeting of the Goods and Services Tax Council, which was to be held on 9th September, 2017, so as to ensure that the cushion in maximum rate for compensation cess for such motor vehicles was available at the said meeting.

4. As Parliament was not in session, considering the extraordinary urgency of the situation, the Hon'ble President of India promulgated the Goods and Services Tax (Compensation to States) Amendment Ordinance, 2017, on 2nd September, 2017.

5. The Bill seeks to replace the said Ordinance.

NEW DELHI;
The 20th December, 2017.

ARUNJAITLEY.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 AND 274 OF THE CONSTITUTION OF INDIA

**[Copy of D.O. No. 354/159/2017-TRU dated 20 December, 2017 from Shri Arun Jaitley,
Minister of Finance to the Secretary General, Lok Sabha]**

The President, having been informed of the subject matter of the Goods and Services Tax (Compensation to States) Amendment Bill, 2017, recommends under clause (1) and (3) of article 117 read with clause (1) of article 274 of the Constitution, the introduction of the Goods and Services Tax (Compensation to States) Amendment Bill, 2017, in Lok Sabha and also recommends the consideration of the Bill.

FINANCIAL MEMORANDUM

The proposed Goods and Services Tax (Compensation to States) Amendment Bill, 2017 does not involve any recurring or non-recurring expenditure from the Consolidated Fund of India.

ANNEXURE

EXTRACT FROM THE GOODS AND SERVICES TAX (COMPENSATION TO STATES) ACT, 2017
(15 OF 2017)

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THE SCHEDULE

[See section 8(2)]

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2. The rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), the section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this Schedule.

S. No.	Description of supply of goods or services	Tariff item, heading, sub-heading, Chapter, or supply of goods or services, as the case may be	The maximum rate at which goods and services tax or compensation cess may be collected
(1)	(2)	(3)	(4)
*	*	*	*
4.	Aerated waters.	2202 10 10	Fifteen per cent. <i>ad valorem</i> .
5.	Motor cars and other motor vehicles principally designed for the transport of persons (other than motor vehicles for the transport of ten or more persons, including the driver), including station wagons and racing cars.	8703	Fifteen per cent. <i>ad valorem</i> .
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LOK SABHA

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BILL

to amend the Goods and Services Tax (Compensation to States) Act, 2017.

(Shri Arun Jaitley, Minister of Finance)

GMGIPMRND—3043LS—20-12-2017.