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THE ANDHRA PRADESH GAZETTE

PART IV-A EXTRAORDINARY

PUBLISHED BY AUTHORITY

No. 32] AMARAVATI, FRIDAY, 26th SEPTEMBER, 2025.

**ANDHRA PRADESH BILLS
ANDHRA PRADESH LEGISLATIVE ASSEMBLY**

The following Bill was introduced in the Andhra Pradesh Legislative Assembly on 26th September, 2025.

L. A. Bill No. 32 of 2025

A BILL FURTHER TO AMEND THE ANDHRA PRADESH GOODS AND SERVICES TAX ACT, 2017.

Be it enacted by the Legislature of the State of Andhra Pradesh in the Seventy-sixth Year of the Republic of India as follows : -

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| <p>1. (1) This Act may be called the Andhra Pradesh Goods and Services Tax (Amendment) Act, 2025.</p> <p>(2) Save as otherwise provided in this Act, —</p> <p>(a) section 3 shall come into force on the 1st day of November, 2024;</p> <p>(b) section 7 shall come into force on the 1st day of April, 2025;</p> <p>(c) sections 2, 4, 5, 6 and 8 to 16 shall come into force on such date as the Government may, by notification in the Official Gazette, appoint.</p> | <p>Short Title and commencement.</p> |
| <p>2. In the Andhra Pradesh Goods and Services Tax Act, 2017 (hereinafter referred to as the Principal Act), in section 2, -</p> <p>(i) in clause (61), after the word and figure “section 9”, the words, brackets and figures “of this Act or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017” shall</p> | <p>Amendment of Section 2 Act No. 16 of 2017.</p> <p>Central Act 13 of 2017.</p> |

be inserted with effect from the 1st day of April, 2025;

(ii) in clause (69),—

(a) in sub-clause (c), after the words “management of a municipal”, the word “fund” shall be inserted;

(b) after sub-clause (c), the following Explanation shall be inserted, namely:—

‘Explanation.—For the purposes of this sub-clause—

(a) “local fund” means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Panchayat area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called;

(b) “municipal fund” means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Metropolitan area or Municipal area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called;’;

(iii) after clause (116), the following clause shall be inserted, namely:—
 ‘(116A) “unique identification marking” means the unique identification marking referred to in clause (b) of sub-section (2) of section 148A and includes a digital stamp, digital mark or any other similar marking, which is unique, secure and non-removable;’.

Amendment of
section 11 A.

- 3.** In the Principal Act, in section 11A, for the words “central tax”, wherever its occurs, the words “state tax” shall be substituted.

Amendment of
section 12.

- 4.** In the Principal Act, in section 12, sub-section (4) shall be omitted.

Amendment of
section 13.

- 5.** In the Principal Act, in section 13, sub-section (4) shall be omitted.

Amendment of
section 17.

- 6.** In the Principal Act, in section 17, in sub-section (5), in clause (d),-
- (i) for the words “plant or machinery”, the words “plant and machinery” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of July, 2017;
- (ii) the Explanation shall be numbered as Explanation 1 thereof, and after Explanation 1 as so numbered, the following Explanation shall be inserted, namely:—

‘Explanation 2.—For the purposes of clause (d), it is hereby clarified

that notwithstanding anything to the contrary contained in any judgment, decree or order of any court, tribunal, or other authority, any reference to “plant or machinery” shall be construed and shall always be deemed to have been construed as a reference to “plant and machinery”;

7. In the Principal Act, in section 20, with effect from the 1st day of April, 2025 —
 - (i) in sub-section (1), after the word and figure “section 9”, the words, brackets and figures “of this Act or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017” shall be inserted;

Amendment of section 20.
Central Act 13 of 2017.
 - (ii) in sub-section (2), after the word and figure “section 9”, the words, brackets and figures “of this Act or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017,” shall be inserted.

Central Act 13 of 2017.
8. In the Principal Act, in section 34, in sub-section (2), for the proviso, the following proviso shall be substituted, namely.-

Amendment of section 34.

“Provided that no reduction in output tax liability of the supplier shall be permitted, if the—

 - (i) input tax credit as is attributable to such a credit note, if availed, has not been reversed by the recipient, where such recipient is a registered person; or
 - (ii) incidence of tax on such supply has been passed on to any other person, in other cases.”.
9. In the Principal Act, in section 38,-

Amendment of section 38.

 - (i) in sub-section (1), for the words “an auto-generated statement”, the words “a statement” shall be substituted;
 - (ii) in sub-section (2),—
 - (a) for the words “auto-generated statement under”, the words “statement referred in” shall be substituted;
 - (b) in clause (a), the word “and” shall be omitted;
 - (c) in clause (b), after the words “by the recipient,”, the word “including” shall be inserted;
 - (d) after clause (b), the following clause shall be inserted, namely:—
“(c) such other details as may be prescribed.”.
10. In the Principal Act, in section 39, in sub-section (1), for the words “and within such time”, the words “within such time, and subject to such conditions and restrictions” shall be substituted.

Amendment of section 39.
11. In the Principal Act, in section 107, in sub-section (6), for the proviso, the following proviso shall be substituted, namely, -

Amendment of section 107.

“Provided that in case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order unless a sum equal to ten per cent of the said penalty has been paid by the appellant.”.

Amendment of section 112.

- 12.** In the Principal Act, in section 112, in sub-section (8), the following proviso shall be inserted, namely, -

“Provided that in case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order unless a sum equal to ten per cent, of the said penalty, in addition to the amount payable under the proviso to sub-section (6) of section 107 has been paid by the appellant.”.

Insertion of new section 122B.

- 13.** In the Principal Act, after section 122A, the following section shall be inserted, namely, -

Penalty for failure to comply with track and trace mechanism

“122B. Notwithstanding anything contained in this Act, where any person referred to in clause (b) of sub-section (1) of section 148A acts in contravention of the provisions of the said section, he shall, in addition to any penalty under Chapter XV or the provisions of this Chapter, be liable to pay a penalty equal to an amount of one lakh rupees or ten per cent, of the tax payable on such goods, whichever is higher.”.

Insertion of new section 148A.

- 14.** In the Principal Act, after section 148, the following section shall be inserted, namely:—

Track and trace mechanism for certain goods.

“148A. (1) The Government may, on the recommendations of the Council, by notification, specify,—

(a) the goods;

(b) persons or class of persons who are in possession or deal with such goods, to which the provisions of this section shall apply.

(2) The Government may, in respect of the goods referred to in clause (a) of sub-section (1),—

(a) provide a system for enabling affixation of unique identification marking and for electronic storage and access of information contained therein, through such persons, as may be prescribed; and

(b) prescribe the unique identification marking for such goods, including the information to be recorded therein.

(3) The persons referred to in sub-section (1), shall, —

(a) affix on the said goods or packages thereof, a unique identification marking, containing such information and in such manner;

(b) furnish such information and details within such time and maintain such records or documents, in such form and manner;

(c) furnish details of the machinery installed in the place of business of manufacture of such goods, including the identification, capacity, duration of operation and such other details or information, within such time and in such form and manner;

(d) pay such amount in relation to the system referred to in sub-section (2), as may be prescribed.”.

15. In the Principal Act, in Schedule III,-

Amendment of
Schedule III.

(i) in paragraph 8, after clause (a), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2017, namely:—

“(aa) Supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area;”;

(ii) in Explanation 2, after the words “For the purposes of”, the words, brackets and letter “clause (a) of” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2017;

(iii) after Explanation 2, the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2017, namely:—

“Explanation 3.—For the purposes of clause (aa) of paragraph 8, the expressions “Special Economic Zone”, “Free Trade Warehousing Zone” and “Domestic Tariff Area” shall have the same meanings respectively as assigned to them in section 2 of the Special Economic Zones Act, 2005.”.

16. No refund shall be made of all such tax which has been collected, but which would not have been so collected, had section 15 been in force at all material times.

No refund of tax
Collected.

STATEMENT OF OBJECTS AND REASONS

The Andhra Pradesh Goods and Services Tax Act, 2017 (Act No. 16 of 2017) came into effect from 01.07.2017. It provides for levy and collection of Taxes on Intra State supply of Goods and Services by the State Government. A Similar Act by name the Central Goods and Services Tax Act, 2017 (Central Act No. 12 of 2017) also came into effect from 01.07.2017 for the identical purpose of levy tax on intra state supply of Goods and Services by the Central Government. In the Past 7 years of implementation of the two Acts, it has been noticed that certain provisions of the Act need to be rationalized, for checking tax evasion or to reduce the compliance burden of the tax payers. Towards this end, the Government of India had already effected amendments to the Central Goods and Services Tax Act, 2017 through the Finance Act, 2025 (Act No.7 of 2025), following the recommendations of the Goods and Services Tax Council and advised the State Government to amend the Andhra Pradesh Goods and Services Tax Act, 2017 (Act No. 16 of 2017) also on similar lines.

Accordingly, the following Amendments to the Andhra Pradesh Goods and Services Tax Act, 2017 are proposed:

(i). Section 2 of the APGST Act, 2017 is to be amended, -

It is proposed to amend the definition of “Input Service Distributor” in clause (61) of said section 2 so as to explicitly provide for distribution of input tax credit by the Input Service Distributor in respect of inter-state supplies, on which tax has to be paid on reverse charge basis, by inserting reference to sub-section (3) and sub-section (4) of section 5 of the Integrated Goods and Services Tax Act in the definition of Input Service Distributor.

This amendment shall take effect from 1st day of April, 2025.

It is further proposed to amend sub-clause (c) of clause (69) of section 2 so as to substitute the term “municipal or local fund” with the terms “municipal fund or local fund” and to insert an Explanation after the said sub-clause, to provide the definitions of the terms “local fund” and “municipal fund” used in the definition of “local authority” under the said clause so as to clarify the scope of the said terms.

It is also proposed to insert a new clause (116A) in section 2 so as to define the expression “unique identification marking” to mean a mark that is unique, secure and non-removable, for implementation of track and trace mechanism.

(ii). Section 11A of the APGST Act, 2017 is to be amended, -

this amendment is proposed to amend in order to empower the State Government to regulate non-levy or short levy of State tax due to any general practice prevalent in trade.

(iii). Section 12 of the APGST Act, 2017 is to be amended, -

to omit sub-section (4) of section 12, so as to remove the provision for time of supply in respect of transaction in vouchers, the same being neither supply of goods nor supply of services.

(iv). Section 13 of the APGST Act, 2017 is to be amended, -

to omit sub-section (4) of section 13, so as to remove the provision for time of supply in respect of transaction in vouchers, the same being neither supply of goods nor supply of services

(v). Section 17 of the APGST Act, 2017 is to be amended, -

to amend clause (d) of sub-section (5) of section 17, so as to substitute the expression “plant or machinery” with the expression “plant and machinery” to remove any ambiguity in interpretation for the purpose of availment of input tax credit in such cases.

it further seeks to insert an Explanation to clarify that the said amendment is made notwithstanding anything to the contrary contained in any judgment, decree or order of any court or any other authority.

this amendment shall take effect retrospectively from 1st day of July, 2017.

(vi). Section 20 of the APGST Act, 2017 is to be amended, -

to amend sub-section (1) of section 20, so as to explicitly provide for distribution of input tax credit by the Input Service Distributor in respect of inter-State supplies, on which tax has to be paid on reverse charge basis, by inserting a reference to sub-section (3) and sub-section (4) of section 5 of the Integrated Goods and Services Tax Act in the said sub-section.

It further seeks to amend sub-section (2) of the said section so as to explicitly provide for distribution of input tax credit by the Input Service Distributor in respect of inter-State supplies, on which tax has to be paid on reverse charge basis, by inserting reference to sub section(3) and sub-section (4) of section 5 of the Integrated Goods and Services Tax Act in the said sub-section.

This amendment shall take effect from 1st day of April, 2025.

(vii). Section 34 of the APGST Act, 2017 is to be amended, -

to amend the proviso to sub-section (2) of section 34, so as to explicitly provide for the requirement of reversal of corresponding input tax credit in respect of a credit-note, if availed, by the registered recipient, for the purpose of reduction of tax liability of the supplier in respect of the said credit note.

It further seeks to remove the condition in the said proviso of not having passed the incidence of interest on supply for the purpose of reduction of tax liability of the supplier in respect of the said credit note.

(viii). Section 38 of the APGST Act, 2017 is to be amended, -

to amend sub-section (1) of section 38, to omit the expression “auto-generated” with respect to statement of input tax credit in the said sub-section.

It further seeks to amend sub-section (2) of the said section by omitting the expression “auto-generated” with respect to statement of input tax credit in the said sub section and inserting the expression “including” after the words “by the recipient” in clause(b) of said sub-section so as to make the said sub-section inclusive to cover other cases where input tax credit is not available to taxpayer under any other provisions of the Act.

It further inserts a new clause (c) in the said sub-section to provide for an enabling clause to prescribe other details to be made available in statement of input tax credit.

(ix). Section 39 of the APGST Act, 2017 is to be amended, -

to amend sub-section (1) of section 39, so as to provide for an enabling clause to prescribe conditions and restriction for filing of return under the said sub-section.

(x). Section 107 of the APGST Act, 2017 is to be amended, -

to substitute the proviso to sub-section (6) of section 107, to provide for the requirement of pre-deposit of ten per cent, of the penalty amount for filing an appeal before the Appellate Authority against an order which involves demand of penalty without involving any demand of tax.

(xi). Section 112 of the APGST Act, 2017 is to be amended, -

to insert a proviso to sub-section (8) of section 112, to provide for the requirement of pre-deposit of ten percent, of the penalty amount for filing an appeal before the Appellate Tribunal against an order which involves demand

of penalty without involving any demand of tax.

(xii). Insertion of new section 122B in the APGST Act, 2017, -

to insert a new section 122B in the said Act to provide for penal provisions for contraventions of the provision relating to track and trace mechanism.

(xiii). Insertion of new section 148A in the APGST Act, 2017, -

to insert a new section 148A in the said Act, so as to provide for an enabling provision for implementation of track and trace mechanism for ensuring effective monitoring and control of supply of specified commodities.

(xiv). Schedule III of the APGST Act, 2017 is to be amended, -

to insert a new clause (aa) in paragraph 8 of Schedule III, to specify that the supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area shall be treated neither as supply of goods nor as supply of services.

It further seeks to amend the Explanation 2 of the said Schedule to clarify that the said Explanation shall be applicable in respect of clause (a) of paragraph 8 of the said Schedule.

It also seeks to insert an Explanation 3 in the said Schedule to define the expressions "Special Economic Zone", "Free Trade Warehousing Zone" and "Domestic Tariff Area", for the purpose of the proposed clause (aa) in paragraph 8 of said Schedule.

These amendments shall take effect retrospectively with effect from the 1st day of July, 2017.

(xv). to clarify that no refund of the tax, already paid in respect of the activities or transactions under clause 15 of the Bill.

This Bill seeks to achieve the above objectives.

PAYYAVULA KESHAV

Minister for Finance & Planning,
Commercial Taxes & Legislative Affairs.

FINANCIAL MEMORANDUM

The Andhra Pradesh Goods and Services Tax (Amendment) Bill, 2025 proposes to amend certain provisions of the Andhra Pradesh Goods and Services Tax Act, 2017 relating to defining of Unique Identification Marking , Distribution of credit by Input Service Distributor, introduction of Track and Trace Mechanism for certain Goods, Penalty for failure to comply with Track and Trace Mechanism and changes in Time of supply provisions etc., It does not change the rates of GST, and also does not involve any recurring or nonrecurring expenditure from the consolidated fund of the State.

PAYYAVULA KESHAV

Minister for Finance & Planning,
Commercial Taxes & Legislative Affairs.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clauses I(2)(b), 9 and 14 of the Bill authorizes the Government to issue notification in respect of the matters specified therein and generally to carry out the purposes of the Act.

As such the notification issued, which is intended to cover matters mostly of procedural in nature is to be laid on the table of the both Houses of the State Legislature and will be subject to any modifications made by the Legislature.

The above provision of the Bill regarding delegated legislation are thus of normal type and mainly intended to cover matters of procedure.

PAYYAVULA KESHAV

Minister for Finance & Planning,
Commercial Taxes & Legislative Affairs.

**MEMORANDUM UNDER RULE 95 OF THE RULES OF PROCEDURE
AND CONDUCT OF BUSINESS IN THE ANDHRA PRADESH
LEGISLATIVE ASSEMBLY.**

The Andhra Pradesh Goods and Services Tax (Amendment) Bill, 2025, after it is passed by the Legislature of the State, may be submitted to the Governor for his assent under article 200 of the Constitution of India.

PAYYAVULA KESHAV

Minister for Finance & Planning,
Commercial Taxes & Legislative Affairs.

PRASANNA KUMAR SURYADEVARA

Secretary-General to Legislature.