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PART V

Bills introduced in the Gujarat Legislative Assembly

(To be translated into Gujarati and the translation to be published in the *Gujarat Government Gazette*. The date of publication to be reported.)

The following Bill is published with the consent of the Speaker given under the proviso to rule 127A of the Gujarat Legislative Assembly Rules:-

THE GUJARAT GOODS AND SERVICES TAX (AMENDMENT) BILL, 2024.

GUJARAT BILL NO. 13 OF 2024.

A BILL

further to amend the Gujarat Goods and Services Tax Act, 2017.

It is hereby enacted in the Seventy-fifth Year of the Republic of India as follows:-

1. (1) This Act may be called the Gujarat Goods and Services Tax (Amendment) Act, 2024. **Short title and commencement.**

(2) It shall come into force on such date as the State Government may, by notification in the *Official Gazette*, appoint:

- Amendment of section 2 of Guj. 25 of 2017.** 2. In the Gujarat Goods and Services Tax Act, 2017 (hereinafter referred to as “the principal Act”), in section 2, for clause (61), the following clause shall be substituted, **Guj.25 of 2017.** namely:—

“(61) “Input Service Distributor” means an office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, and liable to distribute the input tax credit in respect of such invoices in the manner provided in section 20;”.

Substitution of section 20 of Guj. 25 of 2017. **3.** In the principal Act, for section 20, the following section shall be substituted, namely:—

Manner of distribution of credit by Input Service Distributor “**20.** (1) Any office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, shall be required to be registered as Input Service Distributor under clause (viii) of section 24 and shall distribute the input tax credit in respect of such invoices.

(2) The Input Service Distributor shall distribute the credit of State tax or integrated tax charged on invoices received by him, including the credit of State tax or integrated tax in respect of services subject to levy of tax under sub-section (3) or sub-section (4) of section 9 paid by a distinct person registered in the same State as the said Input Service Distributor, in such manner, within such time and subject to such restrictions and conditions as may be prescribed.

(3) The credit of State tax shall be distributed as State tax or integrated tax and integrated tax as integrated tax or State tax, by way of issue of a document containing the amount of input tax credit, in such manner as may be prescribed.”.

Insertion of new section 122A to Guj. 25 of 2017. **4.** In the principal Act, after section 122, the following section shall be inserted, namely: —

Penalty for failure to register certain machines used in manufacture of goods as per special procedure. “**122A.** (1) Notwithstanding anything contained in this Act, where any person, who is engaged in the manufacture of goods in respect of which any special procedure relating to registration of machines has been notified under section 148, acts in contravention of the said special procedure, he shall, in addition to any penalty that is paid or is payable by him under Chapter XV or any other provisions of this Chapter, be liable to pay a penalty equal to an amount of one lakh rupees for every machine not so registered.

(2) In addition to the penalty under sub-section (1), every machine not so registered shall be liable for seizure and confiscation:

Provided that such machine shall not be confiscated where—

(a) the penalty so imposed is paid; and

(b) the registration of such machine is made in accordance with the special procedure within three days of the receipt of communication of the order of penalty.”.

STATEMENT OF OBJECTS AND REASONS

The Gujarat Goods and Services Tax Act, 2017 was enacted with a view to making a provision for levy and collection of tax on intra-State supply of goods or services or both by the Government of Gujarat.

Various decisions have been taken by the Goods and Services Tax Council in its 50th and 52nd meetings requiring amendments in the Goods and Services Tax Laws. Accordingly, the Central Goods and Services Tax Act, 2017 (12 of 2017) has been amended by the Parliament by the Finance Act, 2024 (8 of 2024). With a view to implementing the recommendations of the Goods and Services Tax Council as soon as possible and in order to maintain the uniformity in applicability of the provisions of the Central Goods and Services Tax Act, 2017 and the Gujarat Goods and Services Tax Act, 2017 (Guj. 25 of 2017), this Bill requires to be passed by the Legislative Assembly of the State of Gujarat.

This Bill seeks to amend the Gujarat Goods and Services Tax Act, 2017 to achieve the aforesaid objects.

The following notes on clauses explain, in brief, the important provisions of this Bill:-

- Clause 1.-** This clause provides for the Short title and Commencement.
- Clause 2.-** This clause seeks to substitute the definition of "Input Service Distributor".
- Clause 3.-** This clause seeks to substitute section 20 of the Gujarat Goods and Services Tax Act, 2017 so as to make Input Service Distribution mechanism mandatory for distribution of input tax credit of common input services procured from third parties by the Input Service Distributor for or on behalf of the distinct persons referred to in section 25 of the said Act.
- Clause 4.-** This clause seeks to insert new section 122A to the Gujarat Goods and Services Tax Act, 2017 so as to provide for special penalty for non-registration of machines by manufacturers who are required to follow special procedure notified under section 148 of the said Act.

KANUBHAI DESAI,

MEMORANDUM REGARDING DELEGATED LEGISLATION

This Bill involves the delegation of legislative powers in the following respects: -

- Clause 1.-** Sub-clause 2 of this clause empowers the State Government to appoint, by notification in the *Official Gazette*, the date on which the provisions of this Bill shall come into force.
- Clause 4.-** The provisions of sub-section (2) of section 20 of the Gujarat Goods and Services Tax Act, 2017 proposed to be substituted by this clause empowers the State Government to prescribe by rules, the manner in which, the time within which, restrictions and conditions subject to which the Input Service Distributor shall distribute the credit of State tax or integrated tax charged on invoices received by him, including the credit of State tax or integrated tax in respect of services subject to levy of tax under sub-section (3) or sub-section (4) of section 9 paid by a distinct person registered in the same State as the said Input Service Distributor.

Further, the provisions of sub-section (3) of section 20 of the Gujarat Goods and Services Tax Act, 2017 proposed to be substituted by this clause empowers the State Government to prescribe by rules, the manner in which the credit of State tax shall be distributed as State tax or integrated tax and integrated tax as integrated tax or State tax, by way of issue of a document containing the amount of input tax credit.

The delegation of legislative powers, as aforesaid, is necessary and is of normal character.

Dated the 14th August, 2024.

KANUBHAI DESAI.

By order and in the name of the Governor of Gujarat,

K. M. LALA,

Secretary to the Government of Gujarat,

Legislative and Parliamentary Affairs Department.

Gandhinagar,

Dated the 14th August, 2024.

