Puducherry Legislative Assembly

No. 104/LAS/Ref/2021/Bill.

Puducherry, the 18th January 2021.

Under rule 140 of Rules of Procedure and Conduct of Business of the Puducherry Legislative Assembly, the following Bill viz.,

The Puducherry Value Added Tax (Amendment) Bill, 2021 (Bill No. 4 of 2021).

which was introduced in the Legislative Assembly on 18th January, 2021, is published for general information.
THE PUDUCHERRY VALUE ADDED TAX
(AMENDMENT) BILL, 2021

(Bill No. 4 of 2021)

A

BILL

further to amend the Puducherry Value Added Tax

Be it enacted by the Legislative Assembly of
Puducherry in the Seventy-first Year of the Republic
of India as follows:–

1. (1) This Act may be called the Puducherry Value
   Added Tax (Amendment) Act, 2021.

   (2) It shall be deemed to have come into force with
       effect from the 29th day of August, 2020.

2. In the Puducherry Value Added Tax Act, 2007,–

   (i) in the Sixth Schedule, the entries against
       serial numbers 2 and 3 shall be omitted.

   (ii) after the Sixth Schedule, the following new
       Schedule shall be inserted, namely,–

       "THE SEVENTH SCHEDULE
       LIST OF GOODS TAXABLE AT
       THE FIRST POINT OF SALE
       AT THE RATE SPECIFIED IN COLUMN 3
       [See Section 14(1)]

       | Sl. No. | Description of Goods | Rate |
       |--------|---------------------|------|
       | (1)    | (2)                | (3)  |
       |        | Petrol sold at :   |      |
       |        | (a) Puducherry region 28.00% |
       |        | (b) Karaikal region 28.00% |
       |        | (c) Mahe region 23.90% |
       |        | (d) Yanam region 25.70% |
Diesel sold at:

(a) Puducherry region 19.75%
(b) Karaikal region 19.75%
(c) Mahe region 18.15%
(d) Yanam region 20.00%.

STATEMENT OF OBJECTS AND REASONS

Petrol and diesel are subject to tax under the Puducherry Value Added Tax Act, 2007 (hereinafter referred to as the said Act) and are covered in the Sixth Schedule pertaining to the list of goods taxable at the rate of 35% at the first point of sale at entry Nos. 2 and 3. However, a lower tax rate for petrol and diesel is being implemented through notification issued under section 31 of the said Act which empowers the Government to issue notification to reduce the rate of tax payable under the said Act.

2. The rate of tax on petrol and diesel was revised with effect from 29th May, 2020 through notification issued vide G.O. Ms. No. 24, dated 27th May, 2020 under section 31 and the new rates were valid only for three months i.e., up to 28th August, 2020. The said notification was challenged before the Hon'ble High Court of Judicature at Madras. The Hon'ble High Court by order, dated 27th August, 2020 quashed the impugned notification, dated 27th May, 2020 observing that alteration to the rate of tax of this nature would have to be effected only by way of amendment to the Schedule itself under section 75 and not by issuance of a notification under section 31 of the said Act.

3. In view of the order of the Hon'ble High Court and to implement new tax rate on petrol and diesel with effect from 29th August, 2020, in exercise of the powers conferred under sub-section (1) of section 75 of the said Act, the Sixth Schedule to the said Act was amended to omit petrol and diesel from it and a new Seventh Schedule containing the rate of tax applicable on petrol and diesel was inserted through a notification issued vide G.O. Ms. No. 41, dated 28th August, 2020.
4. In order to give effect to the amendments made in the Sixth Schedule and the insertion of Seventh Schedule in the said Act through the notification, a Bill titled “The Puducherry Value Added Tax (Amendment) Bill, 2021” is proposed to be enacted.

5. This Bill seeks to achieve the above objects.

V. NARAYANASAMY,
Chief Minister.

FINANCIAL MEMORANDUM

The proposed Puducherry Value Added Tax (Amendment) Bill, 2021 does not involve any recurring or non-recurring expenditure from the Consolidated Fund of the Union territory of Puducherry.

MEMORANDUM REGARDING DELEGATED LEGISLATION

— Nil —

ADMINISTRATOR’S RECOMMENDATION
UNDER SUB-SECTION (1) OF SECTION 23 OF
THE GOVERNMENT OF UNION TERRITORIES ACT, 1963

(Copy of Letter No. 01-CM/AS/2021, dated 16-01-2021 from the Hon’ble Chief Minister Thiru V. Narayanasamy to the Hon’ble Speaker, Legislative Assembly, Puducherry)

The Lieutenant-Governor, Puducherry, having been informed of the subject matter of the proposed Puducherry Value Added Tax (Amendment) Bill, 2021, recommends under sub-section (1) of section 23 of the Government of Union Territories Act, 1963 (Central Act 20 of 1963), the introduction in and consideration by the Legislative Assembly of the said Bill.

R. MOUNISSAMY,
Secretary.
Legislative Assembly Secretariat.

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