

THE PUDUCHERRY GOODS AND SERVICES TAX
(SECOND AMENDMENT) BILL, 2025
(Bill No. 6 of 2025)

A
BILL

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

BE it enacted by the Puducherry Legislative
Assembly in the Seventy-sixth Year of the Republic of
India as follows :—

Short title and
commencement.

1. (1) This Act may be called the Puducherry
Goods and Services Tax (Second
Amendment) Act, 2025.

(2) Save as otherwise provided in this Act,
the provisions of this Act shall come into
force on such date, with prospective or
retrospective effect, as the Government of
Puducherry may, by notification in the
Official Gazette, appoint:

Provided that different dates may be
appointed for different provisions of this
Act and any reference in any such
provision to the commencement of this
Act, shall be construed as a reference to
the coming into force of that provision.

Amendment of
section 2.

2. In section 2 of the Puducherry Goods and
Services Tax Act, 2017 (hereinafter referred to as the
principal Act) —

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

Act
No. 6 of
2017.

Act
No. 13
of
2017.

(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;’.

3. In section 12 of the principal Act, sub-section (4) shall be omitted. Amendment
of section 12.

Amendment of section 13. 4. In section 13 of the principal Act, sub-section (4) shall be omitted.

Amendment of section 17. 5. In- section 17 of the principal Act, 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 I 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”;’.

Amendment of Section 20. 6. In section 20 of the principal Act, 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; Act No. 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. Act No. 13 of 2017.

7. In section 34 of the principal Act, 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.”.

8. In section 38 of the principal Act,—

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.”.

9. In section 39 of the principal Act, 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.

Amendment of
section 107.

10. In section 107 of the principal Act, in sub-section (6), for the proviso, the following proviso shall be substituted, 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 has been paid by the appellant.”.

Amendment of
section 112.

11. In section 112 of the principal Act, 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.”.

12. After section 122A of the principal Act, 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.

13. After section 148 of the principal Act, 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 (7),—

(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.”.

Amendment of
Schedule III.

14. In Schedule III to the principal Act,—

(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.”.

Act
No. 28
of
2005.

No refund of tax
collected.

15. No refund shall be made of all such tax which has been collected, but which would not have been so collected, had section 14 been in force at all material times.

STATEMENT OF OBJECTS AND REASONS

Various decisions have been taken by the Goods and Services Tax Council in its 55th meeting requiring amendments in the Goods and Services Tax Laws. Accordingly, the Principal Act, the Central Goods and Services Tax Act, 2017 (12 of 2017) has been amended by the enactments of the Parliament.

2. In order to maintain the uniformity in applicability of the provisions of the Principal Act, 2017 and the Puducheny Goods and Services Tax Act, 2017 (6 of 2017), it is proposed to amend the Puducherry Goods and Services Tax Act, 2017 (“the Act”).

3. The proposed Puducherry Goods and Services Tax (Second Amendment) Bill, 2025, *inter alia*, provides for the following, namely;-

(i) In Clause 2 of the Bill,

(a) clause (61) of section 2 of the Puducherry Goods and Services Tax Act is being amended 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 Integrated Goods and Services Tax Act. This amendment will be effective from 1st April 2025.

(b) Sub-clause (c) of clause (69) of section 2 is being amended to replace “municipal or local Jund” with “municipal fund or local fund” and to insert an Explanation after the said sub-clause, to provide for 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.

(c) A new clause (116A) is being inserted in section 2 to provide definition of Unique Identification Marking for implementation of Track and Trace Mechanism.

(ii) In Clause 3 of the Bill, sub-section (4) of section 12 relating to time of supply in respect of Vouchers is being deleted.

(iii) In Clause 4 of Bill, sub-section (4) of section 13 relating to time of supply in respect of Vouchers is being deleted.

(iv) Clause 5 of the Bill, seeks to amend clause (d) of sub-section (5) of section 17, to substitute the words “plant or machinery” with words “plant and machinery”. This amendment will be effective retrospectively from 1st July 2017, notwithstanding anything to the contrary contained in any judgment, decree or order of any Court or any other authority.

(v) Clause 6 of the Bill, seeks to amend section 20(1) and section 20(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 Integrated Goods and Services Tax Act in said sub-sections of section 20 of Puducherry Goods and Services Tax Act. The amendment will be effective from 1st April 2025.

(vi) Clause 7 of the Bill, seeks to amend the proviso to sub-section (2) of section 34 so as to explicitly provide for 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.

(vii) In Clause 8 of the Bill,

(a) Section 38(1) is being amended to omit the expression “auto generated” with respect to statement of input tax credit in the said sub-section.

(b) Section 38(2) is being amended by omitting the expression “auto generated” with respect to statement of input tax credit in said sub-section and also to insert the expression “including” after the words “by the recipient” in clause (b) of said sub-section to make the said clause more inclusive.

(c) Section 38(2) is being amended by inserting 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.

(viii) Clause 9 of the Bill, seeks to amend section 39(1), so as to provide for an enabling clause to prescribe conditions and restrictions, for filing of return under the said sub-section.

(ix) Clause 10 of the Bill seeks to amend section 107(6), so as to provide for 10% mandatory pre-deposit of penalty amount for appeals before Appellate Authority in cases involving only demand of penalty without any demand for tax.

(x) Clause 11 of the Bill, seeks to amend section 112(8), so as to provide for 10% mandatory pre-deposit of penalty amount for appeals before Appellate Tribunal in cases involving only demand of penalty without any demand for tax.

(xi) In Clause 12 of the Bill, New section 122B is being inserted to provide penalty for contraventions of provisions related to the Track and Trace Mechanism provided under section 148A.

(xii) In Clause 13 of the Bill, New section 148A is being inserted to provide for an enabling mechanism for Track and Trace Mechanism for specified commodities.

(xiii) In Clause 14 of the Bill,

(a) Schedule III of POST Act is being amended, with effect from 01-07-2017 by inserting a new clause (aa) in paragraph 8 of Schedule III of the Puducherry Goods and Services Tax Act, to provide 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.

(b) also seeks to amend Explanation 2 of Schedule III of the PGST Act, with effect from 01-07-2017 to clarify that the said explanation would be applicable in respect of clause (a) of paragraph 8 of the said Schedule.

(c) further seeks to amend Schedule III of PGST Act, with effect from 01-07-2017 by inserting Explanation 3 to define the terms '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.

(xiv) Clause 15 of the Bill seeks to provide that no refund of tax already paid will be available for the aforesaid activities or transactions referred to in clause (xiii).

4. The Bill seeks to achieve the above objectives.

N. RANGASAMY,
Chief Minister.

FINANCIAL MEMORANDUM

The proposed Puducherry Goods and Services Tax (Second Amendment) Bill, 2025 does not involve any recurring or non-recurring expenditure from the Consolidated Fund of the Union territory of Puducherry.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 8 of the Bill seeks to amend sub-section (2) of section 38 of the Puducherry Goods and Services Tax Act to empower the Government to provide by rules other details to be made available in the statement.

Clause 13 of the Bill seeks to insert a new section 148A in the Puducherry Goods and Services Tax Act, relating to track and trace mechanism for certain goods. Sub-section (2) of the said section 148A seeks to empower the Government to provide by rules a system for enabling affixation of unique identification marking and for electronic storage and access of information and the person through whom such system may be provided. It further seeks to empower the Government to provide by rules the Unique Identification marking for goods including the information to be recorded therein. Sub-section (3) of the said section 148A seeks to empower the Government to provide by rules, the information to be contained in, and the manner of affixing on the goods and packages a unique identification marking under clause (a), the form and manner and the time for furnishing information and details and maintaining records or documents under clause (b), the time within which and the form and manner in which other details shall be furnished under clause (c) and the amount to be paid under clause (d) of the said sub-section.

2. The matters in respect of which rules may be made in accordance with the provisions of the Bill are matters of procedure and details and it is not practicable to provide for them in the Bill itself.

3. The delegation of legislative power is, therefore, of a normal character.

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

(Copy of Letter No. 2606 / CTD / GST /2025, dated 12-08-2025 from the Hon'ble Chief Minister Thiru N. Rangasamy to the Hon'ble Speaker, Legislative Assembly, Puducherry)

The Lieutenant-Governor, Puducherry having been informed of the subject matter of the proposed Puducherry Goods and Services Tax (Second Amendment) Bill, 2025 providing to amend the Puducherry Goods and Services Tax Act, 2017 (Act No. 6 of 2017), 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.
