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PART IV—Bills introduced in the West Bengal Legislative Assembly; Reports of Select Committees presented or to be presented to that Assembly; and Bills published before introduction in that Assembly.

GOVERNMENT OF WEST BENGAL

LAW DEPARTMENT

Legislative

NOTIFICATION

No. 87-L.— 3rd February, 2026.—The Governor having been pleased to order, under rule 66 of the Rules

of Procedure and Conduct of Business in the West Bengal Legislative Assembly, the publication of the following Bill, together with the Statement of Objects and Reasons which accompanies it, in the *Kolkata Gazette*, the Bill and the Statement of Objects and Reasons are accordingly hereby published for general information:—

Bill No. 2 of 2026

**THE WEST BENGAL GOODS AND SERVICES TAX
(AMENDMENT) BILL, 2026.**

**A
BILL**

to amend the West Bengal Goods and Services Tax Act, 2017.

WHEREAS it is expedient to amend the West Bengal Goods and Services Tax Act, 2017, for the purposes and in the manner hereinafter appearing;

West Ben. Act
XXVIII of 2017.

It is hereby enacted in the Seventy-seventh Year of the Republic of India, by the Legislature of West Bengal, as follows:—

Short title and
commencement.

1. (1) This Act may be called the West Bengal Goods and Services Tax (Amendment) Act, 2026.

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(Amendment) Bill, 2026.*

(Clause 2.)

(2) Save as otherwise provided, this section shall come into force with immediate effect, and the other provisions of this Act shall come into force on such date, with prospective or retrospective effect as required, as the State Government may, by notification in the *Official Gazette*, appoint and 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
West Ben. Act
XXVIII of 2017.

2. In the West Bengal Goods and Services Tax Act, 2017,—

(1) in section 2, —

(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;

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 148 A and includes a digital stamp, digital mark or any other similar marking, which is unique, secure and non-removable;’;

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(Clause 2.)

(2) in section 12, sub-section (4) shall be omitted;

(3) in section 13, sub-section (4) shall be omitted;

(4) 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 judgement, 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”;

(5) 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;

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;

(6) in section 34, in sub-section (2), for the proviso, the following proviso shall be substituted, namely:—

“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.”;

(7) in section 38,—

(i) in sub-section (1), for the words “an auto-generated statement”, the words “a statement” shall be substituted;

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(Clause 2.)

(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.”;

(8) 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;

(9) in section 107, 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.”;

(10) 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.”;

(11) 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 148 A 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.”;

(12) 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

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(Clauses 3, 4.)

- (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.

3. In Schedule III to the West Bengal Goods and Services Tax Act, 2017,—

- (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.”.

28 of 2005.

No refund of tax
collected.

- 4.** No refund shall be made of all such tax which has been collected, but which would not have been so collected, had section 3 been in force at all material times.

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STATEMENT OF OBJECTS AND REASONS.

The Bill, namely the West Bengal Goods and Services Tax (Amendment) Bill, 2026, seeks to make amendments in the West Bengal Goods and Services Tax Act, 2017 (hereinafter referred to as the said Act), on the recommendations of the Goods and Services Tax Council, in its 55th meeting mainly to provide relief, to remove the major inconveniences caused to the taxpayers, and accordingly *inter-alia* seeks—

(1) to amend section 2 by way of—

- (i) amending the definition of “Input Service Distributor” in clause (61) so as to categorically provide that an Input Service Distributor shall also be liable to distribute the input tax credit in respect of receipt of inter-state supply of input services on which tax is liable to be paid under the reverse charge mechanism in terms of sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017.

The aforesaid amendment is proposed to be made effective from the 1st day of April, 2025.

- (ii) inserting an *Explanation* after sub-clause (c) of clause (69) to provide the definitions of the terms “local fund” and “municipal fund” used in the definition of “local authority” under the said clause to clarify the scope of the said terms.

Further, it is proposed that the words “municipal or local fund” in sub-clause (c) be substituted with the words “municipal fund or local fund” so as to provide clarity to the definition of “local authority” as specified in sub-clause(c) of clause (69) of section 2.

- (iii) inserting a new clause (116A) to define the term “unique identification marking” as a unique, secure and non-removable mark for the implementation of the track and trace mechanism for certain goods, as provided in the proposed section 148A.

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

(3) 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.

(4) to amend clause (d) of sub-section (5) of section 17 by substituting the expression “plant or machinery” with the expression “plant and machinery” so as to remove any ambiguity in the interpretation of the same, in respect of eligibility of input tax credit.

The aforesaid amendment is proposed to be made effective retrospectively from the 1st day of July, 2017.

Further, it is also proposed to insert an *Explanation* to clarify that, for the purposes of the aforesaid clause (d), the said amendment is made notwithstanding anything to the contrary contained in any judgement, decree or order of any court or any other authority.

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- (5) to amend sub-section (1) of section 20 to explicitly provide that an office of the supplier who is in receipt of tax invoices in respect of inter-state supply of input services on which tax is liable to be paid under the reverse charge mechanism in terms of sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017, for or on behalf of distinct persons referred to in section 25, shall also be required to be registered as Input Service Distributor in terms of clause (viii) of section 24 and shall distribute such input tax credit.

Further, sub-section (2) of section 20 is also proposed to be amended to explicitly provide that the said input tax credit shall be distributed in the manner as prescribed in the rules.

The above amendments are proposed to be made effective from 1st day of April, 2025.

- (6) to amend section 34 by substituting the existing proviso in sub-section (2) to specifically provide that the reduction in outward tax liability of a supplier on account of issuance of credit note shall not be permitted unless the input tax credit as is attributable to such credit note, if availed, has not been reversed by a registered recipient and in case of supply to an unregistered recipient, the reduction in outward tax liability would be permitted if the incidence of tax on such supply has not been passed on.
- (7) to amend sub-section (1) and sub-section (2) of section 38 to substitute the expression “auto-generated statement” in reference to the statement of input tax credit available to the recipients of supplies as specified in the said sub-sections with the expression “statement”.

Sub-section (2) of section 38 is further proposed to be amended by inserting the expression “including” after the words “by the recipient” in clause (b) so as to make the said clause inclusive to cover all cases where input tax credit would not be available to a taxpayer under the provisions of the Act and by inserting a new clause (c) to provide for an enabling clause to prescribe other details that may be made available in the statement of input tax credit.

- (8) 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.
- (9) to substitute the proviso to sub-section (6) of section 107 to provide that in case of an order demanding penalty without demand of any tax, no appeal can be filed before the Appellate Authority unless a sum equal to ten per cent. of the said penalty has been paid by the appellant.
- (10) to insert a proviso to sub-section (8) of section 112 to provide that in case of an order demanding penalty without demand of any tax, no appeal can be filed before the Appellate Tribunal 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.

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- (11) to insert a new section 122B to provide for levy of penalty of one lakh rupees or ten per cent. of the tax payable on such goods, whichever is higher, for contraventions of the provisions relating to track and trace mechanism for certain goods.
- (12) to insert a new section 148A 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.
- (13) 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.

Consequential amendment has been proposed in *Explanation 2* of Schedule III.

Further, *Explanation 3* is proposed to be inserted 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 the said Schedule.

The above amendments are proposed to be made effective retrospectively from 1st day of July, 2017.

- (14) It is also proposed that no refund shall be made of all such taxes which has been collected, but which would not have been so collected, had section 3 been in force at all material times.

2. The Bill has been framed with the above objects in view.

3. There is no financial implication involved in giving effect to the provisions of the Bill.

KOLKATA:
The 27th January, 2026.

CHANDRIMA BHATTACHARYA,
Member-in-charge.

By order of the Governor,

SUBHRADIP MITRA,
*Pr. Secy. to the Govt. of West Bengal,
Law Department.*