

**Bill No. 144 of 2018**

THE INTEGRATED GOODS AND SERVICES TAX (AMENDMENT)  
BILL, 2018

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BILL

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

BE it enacted by Parliament in the Sixty-ninth Year of the Republic of India as follows:—

**1.** (1) This Act may be called the Integrated Goods and Services Tax (Amendment) Act, 2018. Short title and commencement.

5 (2) It shall come into force on such date as the Central Government 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.	<p><b>2.</b> In section 2 of the Integrated Goods and Services Tax Act, 2017 (hereinafter referred to as the principal Act),—</p> <p>(i) in clause (6), in sub-clause (iv), after the words "foreign exchange", the words "or in Indian rupees wherever permitted by the Reserve Bank of India" shall be inserted;</p> <p>(ii) in clause (16), in the <i>Explanation</i>, in the long line, after the words "function entrusted", the words, figures and letter "to a Panchayat under article 243G or" shall be inserted.</p>	13 of 2017.  5
Amendment of section 5.	<p><b>3.</b> In section 5 of the principal Act, for sub-section (4), the following sub-section shall be substituted, namely:—</p> <p>"(4) The Government may, on the recommendations of the Council, by notification, specify a class of registered persons who shall, in respect of supply of specified categories of goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such supply of goods or services or both, and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to such supply of goods or services or both."</p>	10  15
Amendment of section 8.	<p><b>4.</b> In section 8 of the principal Act, in sub-section (2), in <i>Explanation 1</i>, in clause (iii), the words, "being a business vertical" shall be omitted.</p>	
Amendment of section 12.	<p><b>5.</b> In section 12 of the principal Act, in sub-section (8), the following proviso shall be inserted, namely:—</p> <p>"Provided that where the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods."</p>	20
Amendment of section 13.	<p><b>6.</b> In section 13 of the principal Act, in sub-section (3), in clause (a), for the second proviso, the following proviso shall be substituted, namely:—</p> <p>"Provided further that nothing contained in this clause shall apply in the case of services supplied in respect of goods which are temporarily imported into India for repairs or for any other treatment or process and are exported after such repairs or treatment or process without being put to any use in India, other than that which is required for such repairs or treatment or process;"</p>	25  30
Amendment of section 17.	<p><b>7.</b> In section 17 of the principal Act, after sub-section (2), the following sub-section shall be inserted, namely:—</p> <p>"(2A). The amount not apportioned under sub-section (1) and sub-section (2) may, for the time being, on the recommendations of the Council, be apportioned at the rate of fifty per cent. to the Central Government and fifty per cent. to the State Governments or the Union territories, as the case may be, on <i>ad hoc</i> basis and shall be adjusted against the amount apportioned under the said sub-sections."</p>	35
Amendment of section 20.	<p><b>8.</b> In section 20 of the principal Act, after the fourth proviso, the following proviso shall be inserted, namely:—</p> <p>"Provided also that where the appeal is to be filed before the Appellate Authority or the Appellate Tribunal, the maximum amount payable shall be fifty crore rupees and one hundred crore rupees respectively."</p>	40

## STATEMENT OF OBJECTS AND REASONS

The Integrated Goods and Services Tax Act, 2017 (the Act) was enacted with a view to make provisions for levy and collection of tax on inter-State supply of goods or services or both by the Central Government.

2. The Act makes certain provisions for smooth transition of existing taxpayers to new goods and services tax regime. However, the new tax regime has been facing certain difficulties in respect of matters relating to supply of taxable goods or services by a supplier, who is not registered and in facilitating the settlement of balance in the integrated tax account between the Central Government and the State Governments. In order to overcome these difficulties and to improve the ease of doing business for taxpayers and to extend the export related benefits to certain specific supplies, it is proposed to amend the Integrated Goods and Services Tax Act, 2017.

3. The proposed Integrated Goods and Services Tax (Amendment) Bill, 2018, *inter alia* provides for the following, namely:—

(i) to amend section 5 of the Act empowering the Central Government to notify classes of registered persons to pay tax on reverse charge basis in respect of receipt of supplies of certain specified Categories of goods or services or both from unregistered suppliers;

(ii) to amend section 12 of the Act to provide that if the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods;

(iii) to amend section 17 of the Act to make a provision for settlement of balance in the integrated tax account equally between the Central Government and the State Governments; and

(iv) to amend section 20 of the Act to specify the amount of pre-deposit payable for filing of appeals —

(a) before the Appellate Authority to be capped at fifty crore rupees;

(b) before the Appellate Tribunal to be capped at one hundred crore rupees.

4. The Bill seeks to achieve the above objectives.

NEW DELHI;

PIYUSHGOYAL

The 4th August, 2018.

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## PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 AND 274 OF THE CONSTITUTION OF INDIA

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**[Copy of D.O. No. CBEC/20/08/02/2018-GST dated 6th August, 2018 from Shri Piyush Goyal, Minister of Finance to the Secretary General, Lok Sabha]**

The President, having been informed of the subject matter of the Integrated Goods and Services Tax (Amendment) Bill, 2018, recommends the introduction of the Integrated Goods and Services Tax (Amendment) Bill, 2018, to the Lok Sabha under clauses (1) and (3) of the article 117 read with clause (1) of article 274 of the Constitution of India, and also recommends to Lok Sabha the consideration of the Bill.

## FINANCIAL MEMORANDUM

The proposed Integrated Goods and Services Tax (Amendment) Bill, 2018 does not involve any recurring or non-recurring expenditure from the Consolidated Fund of India.

ANNEXURE

EXTRACTS FROM THE INTEGRATED GOODS AND SERVICES TAX ACT, 2017

(13 OF 2017)

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**2.** In this Act, unless the context otherwise requires,—

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(6) "export of services" means the supply of any service when,—

\* \* \* \* \*

(iv) the payment for such service has been received by the supplier of service in convertible foreign exchange; and

\* \* \* \* \*

(16) "non-taxable online recipient" means any Government, local authority, governmental authority, an individual or any other person not registered and receiving online information and database access or retrieval services in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory.

*Explanation.*—For the purposes of this clause, the expression "governmental authority" means an authority or a board or any other body,—

(i) set up by an Act of Parliament or a State Legislature; or

(ii) established by any Government,

with ninety per cent. or more participation by way of equity or control, to carry out any function entrusted to a municipality under article 243W of the Constitution;

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CHAPTER III

LEVY AND COLLECTION OF TAX

**5. (1)\*** \* \* \* \* \* Levy and collection.

(4) The integrated tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

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**8. (1)\*** \* \* \* \* \* Intra-State supply.

(2) Subject to the provisions of section 12, supply of services where the location of the supplier and the place of supply of services are in the same State or same Union territory shall be treated as intra-State supply:

Provided that the intra-State supply of services shall not include supply of services to or by a Special Economic Zone developer or a Special Economic Zone unit.

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*Explanation 1.*—For the purposes of this Act, where a person has,—

\* \* \* \*

(iii) an establishment in a State or Union territory and any other establishment being a business vertical registered within that State or Union territory,

then such establishments shall be treated as establishments of distinct persons.

\* \* \* \*

Place of supply of services where location of supplier and recipient is in India.

**12. (1)\***

(8) The place of supply of services by way of transportation of goods, including by mail or courier to,—

(a) a registered person, shall be the location of such person;

(b) a person other than a registered person, shall be the location at which such goods are handed over for their transportation.

\* \* \* \*

Place of supply of services where location of supplier or location of recipient is outside India.

**13. (1)\***

(3) The place of supply of the following services shall be the location where the services are actually performed, namely:—

(a) services supplied in respect of goods which are required to be made physically available by the recipient of services to the supplier of services, or to a person acting on behalf of the supplier of services in order to provide the services:

Provided that when such services are provided from a remote location by way of electronic means, the place of supply shall be the location where goods are situated at the time of supply of services:

Provided further that nothing contained in this clause shall apply in the case of services supplied in respect of goods which are temporarily imported into India for repairs and are exported after repairs without being put to any other use in India, than that which is required for such repairs;

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LOK SABHA

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further to amend the Integrated goods and Services Tax Act, 2017.

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*(Shri Piyush Goyal, Minister of Finance, Corporation Affairs, Railways and Coal)*

MGIPMRND—1401LS(S3)—06-08-2018.