Additional Agenda Item: Development of an e-Waybill System by Goods and Services Tax Network (GSTN)
(Based on Agenda Note received from GSTN)

1. The old Section 80 (new Section 68) of the Model GST Law contains a provision for inspection of goods in movement. It provides that the Government may specify a document or a device to be carried by a person in charge of a conveyance who carries goods exceeding a certain prescribed value.

2. The provision of Section 80 of the Model GST Law was discussed in the 6th Meeting of the GST Council (held on 11 December, 2016), particularly in the context of having check-posts at the State borders. In the Council it was felt that in the GST regime, check-posts were not to be kept at the borders for physical checking of goods but it was necessary to record information regarding movement of goods across the State borders. It was also discussed that the movement of goods, whether within or across the State, shall be with a meta-permit and that the vehicles could be checked anywhere and not necessarily at the borders. It was also observed that there was provision in the GST Law to carry electronic way bill and radio-frequency identification (RFID) devices which could be logged on to GSTN and the data so recorded could be read and verified electronically.

3. Keeping this in view, GSTN needs authorisation for development of an e-Way Bill Application System. By using this System, every Logistics Service Provider can generate an e-way bill containing the invoice details and the vehicle details on 24*7 basis, without requiring any approval from a tax officer.

4. GSTN has pointed out that the idea of an e-Way was not envisaged at the time of drafting the RFP (request for proposal) of GST Systems in 2015 as no such requirement was given to them. Therefore, they would need to develop a new module as part of the GST System to ensure that data on supplies, once uploaded in the e-way bill, automatically moves to the respective GSTRs. The total number of e-Way Bills to be generated in a year is estimated to be in the range of 25 to 31 crore. GSTN has estimated the cost of creating e-Way Bill System and operating it for five years to be Rs. 232 crore, based on rates discovered during RFP processing of GST Systems.

5. The financing option to meet this cost could either be: (i) payment of user charges by the Governments based on the number of live taxpayers in their jurisdiction, or (ii) by levy of a small convenience fee on the party generating the e-Way Bill. In order to ensure that every vehicle is not stopped for checking of the e-Way Bill, GSTN has proposed to use RFID tags on goods carriers, a process already initiated by Ministry of Road Transport and Highways (MoRTH), Govt of India.

6. GSTN has indicated that the proposed system will be RFID-ready but the cost estimate does not take into account the cost of setting up of facilitation centers and RFID readers which would need to be set up by the State Tax Departments.

7. In view of the above, the following agenda is placed for deliberation before the GST Council:

(i) Approval of the proposal to create an Electronic Way (e-Way) Bills System Module as part of the GST System through GSTN;

(ii) GSTN to collect a small convenience fee for each e-Way bill for the creation and operation of the proposed e-Way Bill System.

Draft Minutes of the 10th GST Council Meeting held on 18 February 2017

The tenth meeting of the GST Council (hereinafter referred to as 'the Council') was held on 18 February 2017 in Hotel Radisson Blu, Udaipur, Rajasthan, under the Chairpersonship of the Hon'ble Union Finance Minister, Shri Arun Jaitley. The list of the Hon'ble Members of the Council who attended the meeting is at **Annexure 1**. The list of officers of the Centre (including the Ministry of Law), the States, the GST Council and the Goods and Services Tax Network (GSTN) who attended the meeting is at **Annexure 2**.

2. The following agenda items were listed for discussion in the tenth meeting of the Council –

1. Confirmation of the Minutes of the 9th GST Council Meeting held on 16 January 2017
2. Approval of the Draft Compensation Law as modified in accordance with the decisions of the GST Council and as vetted by the Ministry of Law & Justice, Government of India
3. Approval of the legal provisions in the Model GST Law as per suggestions of the GST Council and vetted by the Union Ministry of Law
4. Date of the next meeting of the GST Council
5. Any other agenda item with the permission of the Chairperson

3. In his opening remarks, the Hon'ble Chairperson welcomed all the Members. He also expressed his deep appreciation of the arrangements for the 10th Council Meeting at Udaipur and the warm hospitality extended by the Government of Rajasthan and the Hon'ble Finance Minister of Rajasthan to the delegates of the 10th Council meeting. All Members of the Council gave a loud applause to this. Thereafter, he opened the discussion on the various Agenda items.

Discussion on Agenda Items

Agenda Item 1: Confirmation of the Minutes of the 9th GST Council Meeting held on 16 January, 2017:

4. The Hon'ble Chairperson invited comments of the Members on the draft Minutes of the 9th Council Meeting (hereinafter called the 'Minutes') held on 16 January 2017 before its confirmation.

4.1 The Secretary to the Council (hereinafter referred to as 'Secretary') informed that a letter had been received from the Government of Odisha suggesting that the version of Shri Tuhin Kanta Pandey, Principal Secretary (Finance), Odisha recorded in paragraph 21 of the Minutes be replaced with the following version – "Shri Tuhin Kanta Pandey, Principal Secretary (Finance), Odisha stated that there should be no diffused accountability except for enforcement and that a fixed proportion of dealers should be assigned to the Central and the State tax administrations. He added that option may also be made available to any State if it wishes to be allocated 100% taxpayers below the turnover of Rs 1.5 crore subject to the overall share/proportion of dealers allocated to a State." The Council agreed to replace the version of the Principal Secretary (Finance), Odisha in paragraph 21 as suggested above.

4.2. The Hon'ble Minister from West Bengal stated that in paragraph 28(ii), the following explanation should be added to clarify the scope of the expression 'administrative control': 'administrative control means all administrative and statutory work in respect of taxpayer excluding enforcement action covered under paragraph 28(ix)' or alternatively, the word 'all' be added before the expression 'administrative control'. The Hon'ble Minister from Telangana also suggested to add the word 'all' before the expression 'administrative control' in the decision recorded in paragraph 28(ii). The Secretary observed that the change suggested by the Hon'ble Minister from West Bengal was not needed as it was implicit in the decision recorded in paragraph 28(i) that there shall be a vertical division of taxpayers between the Central and State tax administrations for <u>all</u> administrative purposes. The Hon'ble Minister from West Bengal stated that it would be appropriate to insert the word 'all' before the expression 'administrative control' in paragraph 28(ii) of the Minutes as was done in paragraph 28(i). The Hon'ble Minister from Telangana suggested to add the word 'all' before the expression 'administrative control' in paragraph 28(iii) of the Minutes as well. The Council agreed to the suggested changes in the Minutes.

4.3. The Chairman, Central Board of Excise and Customs (CBEC) stated that the Council's decision in its 9th Meeting to vest administrative control of 90% of taxpayers having turnover below Rs. 1.5 crore with the States (recorded in paragraph 28(ii) of the Minutes) led to a highly skewed distribution of work and that there was a perception that this distribution was loaded against the Centre. He informed that this had led to unease and concern in the CBEC cadre and requested that either the distribution percentage might be revisited or State-specific solutions could be explored. The Hon'ble Minister from West Bengal objected to this suggestion and observed that presently, the

discussion was only on the Minutes and that the decision on the issue of administrative control could not be revisited at this stage.

4.4. The Hon'ble Minister from West Bengal observed that the decision recorded in paragraph 28(iv) of the Minutes, namely, that those States wanting a different basis of division could do so in consultation with the Centre was erroneous as no such decision had been arrived at. He added that several Members had made many different proposals but finally no such conclusion was reached as recorded in the Minutes. The Hon'ble Minister from Punjab stated that this clause could be retained as it would be a matter between the Centre and a particular State and therefore, this clause did not go against any State. The Hon'ble Minister from West Bengal observed that if all States decided to adopt their own model of distribution of work, then there was no point in deciding the issue in the Council and that if each State decided to have its own arrangement, then there would be chaos. The Hon'ble Minister from Punjab responded that the principle of 90%:10% division between the States and the Centre respectively, as decided by the Council, shall remain valid and there could be a deviation only when a State agreed for the same. The Hon'ble Minister from West Bengal cautioned that no such window should be kept open.

4.5. The Hon'ble Minister from Kerala stated that the Minutes should reflect the decision of the Council and any new issues could be discussed later. He observed that in the 9th Meeting of the Council, it was agreed that States would have control over 90% of the taxpayers having turnover below Rs. 1.5 crore for audit purpose and that there was no decision in respect of the points recorded in paragraph 28(iv) ('those States wanting a different basis of division could do so in consultation with the Centre'); 28(v) ('the division of taxpayers in each State shall be done by computer at the State level based on stratified random sampling and could also take into account the geographical location and type of the taxpayers, as may be mutually agreed'); and 28(vi) ('the new registrants shall be divided equally between the Centre and the States'). He observed that these issues could be raised and decided in a Council meeting but not in the manner done presently. The Secretary observed that division of taxpayers by computer on the basis of stratified random sampling was discussed as also the issue of geographical location, as the Central Government's presence might not be there in certain areas. He added that a separate arrangement for administrative division was also discussed by several States and that many States wanted a lower workload as the number of taxpayers below the turnover of Rs. 1.5 crore was very large but the revenue yield was not much. This arrangement only gave flexibility to States. The Hon'ble Minister from Bihar stated that such a relaxation was not desirable and it went against the vision of one country, one model,

one tax. The Hon'ble Minister from Karnataka stated that the Hon'ble Deputy Chief Minister of Gujarat had suggested in the 9th meeting of the Council that different models for distribution of work between the Centre and the States be kept but this was not agreed upon. He stated that the understanding was that the number of taxpayers to be distributed between the Centre and the States for taxpayers with turnover below Rs. 1.5 crore would be worked out on the basis of the formula of 90%:10% and those above the turnover of Rs. 1.5 crore on the basis of the formula of 50%:50% and that the sum total of this number shall remain fixed. The pattern of distribution of taxpayers between the Central and State tax administration in a State could be varied keeping this number constant subject to mutual agreement between the two. The Hon'ble Minister from Bihar observed that the model should be the same as decided by the Council but some relaxation could be given in its implementation.

4.6. The Hon'ble Chairperson observed that some States might decide not to spend more energy on smaller taxpayers and prefer to give a larger share of smaller taxpayers to the Centre and in return, negotiate to have with them a larger share of taxpayers with turnover above Rs. 1.5 crore. He observed that such flexibility could be permitted in the administrative arrangement in different States while the GST law would remain the same throughout India. The Hon'ble Minister from West Bengal stated that the decision at paragraph 28(v) gave methodology regarding division of taxpayer and the flexibility mentioned in this regard was acceptable but the taxpayer distribution in the ratio of 90%:10% was a firm decision and it should not be altered. The Hon'ble Minister from Bihar also stated that the ratio of 90%:10% should not be changed. The Hon'ble Chairperson observed that change in the ratio of distribution for taxpayers with turnover below Rs. 1.5 crore and the corresponding change in distribution of taxpayers with turnover above Rs. 1.5 crore was a flexibility which a State could exercise only upon its consent and in its absence, the distribution ratio of 90%:10% would prevail. The Hon'ble Minister from Jammu & Kashmir suggested that in order to give flexibility in distribution of taxpayers, in paragraph 28(v), after the expression 'stratified random sampling', the following could be added: "or if the State so decides, on a negotiated basis, . . ." The Hon'ble Minister from Bihar observed that once numbers were decided, no flexibility should be allowed.

4.7. The Hon'ble Minister from Telangana observed that the tax administrations of the Centre and the States needed to work together and proposed that the Council's decision should be applied uniformly as otherwise, it would lead to difficulties and there could be different practices in different States. The Hon'ble Chief Minister of Puducherry observed that the decision in paragraph

28(iv) of the Minutes had been inserted due to pressure of CBEC on the Central Government and informed that the CBEC officers had also met him in this regard. He stated that flexibility be allowed without disturbing the percentages already agreed upon and that the decision should not be changed. The Secretary stated that in regard to the observation of the Hon'ble Minister from Bihar that there should be no deviation from the notion of 'One Nation, One Model, One Tax', it needed to be kept in mind that the administrative division of work would not be put in the law and that it would only be part of the Minutes. He further stated that India was a diverse country and some smaller States might not have the wherewithal to cope with increased workload and they could use this flexibility to give a larger number of smaller taxpayers to the Central tax administration. He also observed that such a flexibility could help assuage the feeling of the CBEC cadre and that it was not desirable that one set of bureaucracy remained very unhappy with the distribution of work. He added that any change in work distribution would be subject to agreement by the State and therefore such a flexibility be allowed to the States. The Hon'ble Minister from Kerala observed that if there were practical difficulties at the time of implementation, the decision could be revisited but it could not be inserted into the Minutes in this manner. The Hon'ble Minister from Telangana observed that both the Central and the State administrations needed to work together to increase the revenue and that not much revenue came from the taxpayers below the turnover of Rs. 1.5 crore.

4.8. The Hon'ble Deputy Chief Minister of Delhi informed that officers from the Central Government had met him in regard to distribution of work and stated that in the long run, there was a need to have a common cadre of tax administration, but, at this stage, the decision on the distribution ratio of 90%:10% should not be changed. The Hon'ble Chairperson observed that some States had specifically raised the issue that they needed to focus more attention on taxpayers with turnover above Rs. 1.5 crore and if some such States wanted to give up a certain percentage of smaller taxpayers in return for having a larger percent of taxpayers with turnover above Rs. 1.5 crore under their control, then such flexibility needed to be looked into. The Hon'ble Minister from Bihar stated that as implementation of GST progressed, many difficulties would arise which would require change in law, however, no loophole should be kept for possible deviation in one State as it would lead to agitation in different States. He emphasized the need for uniformity across the country. The Hon'ble Chairperson stated that law would be uniform but States could have flexibility in the administrative arrangement.

4.9. The Hon'ble Minister from Karnataka stated that his State agreed with the flexibility proposed by the Hon'ble Chairperson but that the Secretary's proposal was different. The Hon'ble

Chairperson observed that the Secretary's proposal was made from a different point of view. The Hon'ble Minister from Jammu & Kashmir wondered why the Centre was keen to give this flexibility to the States when the States were not keen to have such flexibility. The Hon'ble Chairperson responded that this was to allow flexibility to those States that wanted more taxpayers with turnover above Rs. 1.5 crore in their jurisdiction. The Hon'ble Minister from Jammu & Kashmir suggested that in that case, the formulation that he had suggested earlier could be added to paragraph 28(v) and the decision as recorded in paragraph 28(iv) could be deleted. The Hon'ble Minister from Kerala observed that as there was no decision on this subject, it should not be put in the Minutes. The Hon'ble Chief Minister of Puducherry stated that the Council should go ahead with the decision taken earlier and it could be changed later, if so needed. The Secretary reiterated that CBEC wanted this flexibility and stated that perception issue was also important. He urged that the Council should allow such flexibility and should not make the decision so inflexible that there was no role of negotiation and mutual understanding. He stated that the Council was deciding on a new taxation regime and it was not desirable to adopt an adversarial position on a matter which was not hurting the States.

4.10. The Hon'ble Deputy Chief Minister of Delhi stated that the proposed flexibility would leave space for arm-twisting by the Centre and that there could be political misuse of this flexibility. The Hon'ble Chairperson observed that such an apprehension was not correct as even he would not be able to persuade about ten to twelve ministers belonging to his party to change the ratio of distribution for taxpayers with turnover below Rs. 1.5 crore from 90%:10% to 50%:50%. He observed that some States might genuinely not want to focus on smaller taxpayers and they could use such flexibility. The Hon'ble Minister from Kerala observed that it was not so decided in the last Meeting. He informed that the Central Government officers met him in a delegation. He expressed an apprehension that such flexibility would lead to State-level negotiations leading to wrangling. He suggested that GST should be implemented first and based on experience, decisions could be modified and that the final goal should be how to maximise revenue. The Hon'ble Minister from Punjab stated that for modifying a decision, flexibility was needed. He suggested that another alternative could be that for one year, the ratio as decided in the last Meeting of the Council could be kept and thereafter, States could negotiate a different ratio with the Centre. As there was no consensus on this issue, the Council agreed to delete the decision recorded in paragraph 28(iv) of the Minutes, namely that those States wanting a different basis of division could do so in consultation with the Centre.

4.11. The Hon'ble Minister from West Bengal stated that the decision recorded in paragraph 28(vi) ('the new registrants shall be divided equally between the Centre and the States') was not discussed. The Secretary pointed out that this issue was discussed and that the discussion was recorded in paragraph 27 of the Minutes. The Hon'ble Chairperson enquired as to what would be the basis for distribution of a new taxpayer as its turnover would not be known. The Hon'ble Minister from West Bengal stated that a new registrant would declare its estimated turnover at the time of taking registration. He added that most new registrants would fall in the category of taxpayers with turnover above Rs. 1.5 crore. The Hon'ble Minister from Telangana stated that a new registrant would normally know his turnover at the time of starting his business. The Hon'ble Chairperson stated that it would be more practical that when a new registrant came in the tax-fold, he should be allocated to the Centre and the States in the ratio of 50%:50% and at the end of the year, if its turnover was below Rs. 1.5 crore, its allocation to the Central and State administration would be as per the 90%:10% formula and if its turnover was above Rs.1.5 crore, the allocation would be on the basis of 50%:50% formula. He suggested that the Minutes be modified suitably to reflect this arrangement. The Hon'ble Minister from West Bengal supported this suggestion. The Council agreed to the suggestion.

4.12. The Hon'ble Minister from West Bengal stated that the decisions recorded in paragraph 28(vii) ('The division of the taxpayers may be switched between the Centre and the States at such interval as may be decided by the Council') and in paragraph 28(viii) ('The above arrangement shall be reviewed by the Council from time to time') were not decided in the last Meeting of the Council. The Hon'ble Chairperson observed that the decision at paragraph 28(vii) was discussed and it was decided that where taxpayers were allocated in the ratio of 50%:50%, there could be a permanent division or the Council could collectively decide to switch the taxpayers. He observed that similarly for the taxpayers with turnover below Rs. 1.5 crore, the Council could decide when the 10% of the taxpayers under the administrative control of the Centre be switched to the States and a new 10% of taxpayers could come under the administrative control of the Centre. The Hon'ble Deputy Chief Minister of Delhi observed that this clause appeared to be undesirable and enquired as to what benefit could be derived out of such switching. The Hon'ble Chairperson stated that vested interests could be created if there was a permanent division. He added that the Council could possibly decide to switch the administrative control of the taxpayers after three years and that this decision would rest with the Council. The Secretary stated that the switching over could be in three years or from time to time as decided by the Council. The Hon'ble Minister from West Bengal stated that

switching could take place within the agreed formula. He stated that if a period of time was to be specified for switching or for reviewing the ratio of distribution of the taxpayers between the Centre and the States, it should be three years and not one year as suggested by the Hon'ble Minister from Punjab. The Hon'ble Minister from Bihar stated that the period for switching or for reviewing the distribution of taxpayers between the Centre and the States should not be specified as the Council had the power to review its decisions. The Hon'ble Minister from Telangana suggested to insert the words 'three years' in the decision recorded in paragraph 28(vii) of the Minutes. The Hon'ble Chairperson stated that the Council should have the flexibility to revisit the issue as it gained experience without binding itself to a fixed time-period. The Council agreed to this suggestion and to retain the decision recorded in paragraph 28(vii) of the Minutes.

4.13. The Hon'ble Minister from Telangana suggested to add the words 'and horizontal' after the word 'vertical' in the decision recorded in paragraph 28(i) of the Minutes. The Secretary clarified that the term 'horizontal division' was discussed in the context of a division where taxpayers were to be divided only for audit purposes and that the term 'vertical division' meant that the taxpayers were divided between the Central and State tax administrations for all administrative purposes. The Secretary suggested that since the expression 'all administrative purposes' was used in the decision recorded in paragraph 28(i), the word 'vertical' used in this paragraph could be deleted. The Council agreed to this suggestion.

4.14. The Hon'ble Minister from West Bengal stated that in the previous Meeting of the Council, the decision was only with regard to carve-out for 'place of supply' issues under the Integrated Goods and Services Tax (IGST) Act for the Central administration and that the decision recorded in paragraph 28(x) of the Minutes regarding carve-out relating to import or export of goods or services was not correct. The Hon'ble Chairperson stated that the Customs domain was out of the States' purview and that while one concession had already been agreed upon in regard to supplies in territorial waters, it would not be possible to agree to another concession regarding delegation of functions under the Customs Act like refund, etc. to the State administration The Hon'ble Minister from Karnataka pointed out that even today, State administrations were deciding on export-related issues and that excluding the States from this function would not be proper. He recalled that the Central administration always emphasized that its jurisdiction should not be ousted from any particular activity and that the same argument held good in respect of State administrations on this issue.

4.15. The Hon'ble Deputy Chief Minister of Delhi stated that whether a VAT (Value Added Tax) officer should have the power to decide a particular activity to be export or not needed to be discussed separately before arriving at a decision. The Hon'ble Ministers from Telangana and West Bengal also stated that this issue needed to be discussed separately and then decided. The Hon'ble Chief Minister of Puducherry also stated that this issue should be discussed and concluded separately. The Secretary stated that this issue was part of the CBEC paper circulated during the 9th Meeting of the Council and the same was recorded in paragraph 14 of the Minutes. The Hon'ble Deputy Chief Minister of Delhi reiterated that this issue needed to be discussed separately and should not be taken as concluded. The Hon'ble Chairperson read out the text of paragraph 14 of the Minutes and pointed out that all import and export-related functions were included in the paper circulated by CBEC. Shri Upender Gupta, Commissioner (GST Policy Wing), CBEC pointed out that presently, the VAT administrations decided the issue of export only up to the penultimate stage of export and not when goods were actually exported from a port.

4.16. The Hon'ble Minister from West Bengal pointed out that in paragraph 22 of the Minutes, while summing up the possible solutions for the agenda item relating to provisions for cross-empowerment to ensure single interface under GST, the Hon'ble Chairperson had indicated that IGST be cross-empowered either under law or under Article 258 of the Constitution with a carve-out for the Central tax administration in relation to place of supply issues. He stated that this summing up should be reflected in the decision too. The Hon'ble Chairperson stated that for Customs issues, no delegation of power could be given. He stated that one of the considerations for conceding to the States' demand to delegate the power to collect tax in the territorial waters was that historically, States had been collecting VAT in territorial waters but Customs administration was never with the States. The Hon'ble Minister from West Bengal stated that as there was a reverse charge issue involved, it needed further discussion. The Hon'ble Chairperson stated that as the paper circulated by CBEC during the last Meeting of the Council had covered this subject, it need not be kept pending for decision.

4.17. Dr. P.D. Vaghela, Commissioner, Commercial Taxes (CCT), Gujarat stated that States were not initially agreeable to allow only IGST to be paid on export and it was accepted subsequently with the understanding that States would also be empowered to administer IGST on exports. He pointed out that for refunding the tax on export, the certification would continue to come from the Customs department which would be accepted by the State administration. He also pointed out that if input tax credit (ITC) was used for paying IGST on export, the State administration would need to

examine the input-output ratio for utilization of such ITC. He added that the States had agreed to treat supplies to Special Economic Zones (SEZs) as inter-State supplies on the understanding that the States would have the power to examine such supplies. The Hon'ble Chairperson stated that the CCT, Gujarat could suggest a formulation which would not disturb the powers vested under the Customs Act. Shri Ritvik Pandey, CCT, Karnataka stated that the Customs Department would continue to administer the activity of import and export but tax refund on export would also include SGST and therefore, this would need to be administered also by the State administration. He added that States would not be interested in examining other issues like valuation or time of supply in relation to imports and exports. He also pointed out that import of services was covered under the IGST Act and not the Customs Act and therefore, this could not be carved out for the Central administration alone. He informed that activities like import of software services took place in a highly decentralized manner and States needed to have power to administer them. He further pointed out that the provisions relating to import of goods had already been carved out of the IGST Act. He stated that the issue was essentially one of cross-empowerment where certain issues such as valuation, time and place of import, import under bond, etc. could be excluded from the jurisdiction of the State tax administration but issues like refund of tax on export could not be carved out exclusively for the Central tax administration.

4.18. The Hon'ble Minister from West Bengal suggested that this issue could be discussed more thoroughly when the IGST Act was taken up for discussion. Shri Somesh Kumar, Principal Secretary (Finance), Telangana stated that there was large-scale export of pharmaceuticals from his State which involved refund of State VAT of approximately Rs. 350 crore in a year. He stated that the State administration would need the power to examine whether exports had taken place as these medicines could be easily diverted into the local market. He added that as this issue was not discussed, the phrase 'any issue relating to import or export of goods or services' recorded in paragraph 28(x) of the Minutes should be deleted. The Hon'ble Chairperson observed that there should be a formulation under which there should be no encroachment on the powers of the Customs authority or to carry out an investigation involving the Customs Act. The Principal Secretary (Finance), Telangana observed that State administrations must have power to examine whether a supply declared as export was genuine. Shri J. Syamala Rao, CCT, Andhra Pradesh suggested that the Law Committee of officers should examine this issue before the Council decided on it. Shri Rajiv Jalota, CCT, Maharashtra stated that his State gave approximately Rs. 6,000 crore of refund on exports and that his State VAT administration had a well laid-out procedure for

verification. He suggested that CBEC could list out as to what functions could not be carried out by the State administration but a blanket ban was not desirable as it would lead to dual administration.

4.19. Shri Manish Kumar Sinha, Commissioner, GST Council stated that when exports took place, the VAT portion of refund was administered by the State tax authorities but the moot point was whether refund of IGST could also be granted by the State tax authorities or whether it should be administered only by the Central tax administration. The Hon'ble Minister from West Bengal stated that this issue related to IGST and that refunds on exports would also impact the States and therefore, this issue needed to be examined. The Secretary stated that the objection of the Members related to the expression 'any issue' used in paragraph 28(x) of the Minutes and suggested that this could be replaced by the expression 'such issues of export and import as may be discussed in the Law Committee of officers and brought back to the Council for decision.' The Council agreed to this suggestion.

4.20. The Secretary clarified that the third entry in paragraph 28(x) of the Minutes was discussed in the last Meeting of the Council and it was agreed that where one of the two States which was a party to a dispute regarding the nature of supply (whether inter-State or intra-State) requested the Central administration to adjudicate this dispute, then the Central administration would take up adjudication of such issue. The Council agreed to retain the phrase 'or when an affected State requests that the case be adjudicated by the CGST authority' recorded in paragraph 28(x) of the Minutes.

4.21. The Hon'ble Minister from West Bengal suggested that in respect of the decision recorded in paragraph 28(xi) of the Minutes, a clause regarding deeming fiction should be added as was done in the Model GST Law in respect of supplies made to the Special Economic Zones (SEZs). The Hon'ble Chairperson observed that by a deeming fiction, a Central Government territory would not become a State territory and that the idea behind the decision recorded in paragraph 28(xi) of the Minutes was to enable States to collect GST in territorial waters. The Hon'ble Minister from Karnataka stated that, at this stage, they did not want to define the territorial waters as a State territory but only wanted to incorporate a formulation in the Minutes to deem supplies to territorial waters as intra-State supply on the same basis as the supplies to SEZs had been deemed as inter-State supplies The Hon'ble Chairperson observed that the Law Committee and the Union Ministry of Law should be given the flexibility to suitably draft a text to give effect to the decision recorded in paragraph 28(xi) of the Minutes. The Council agreed to this suggestion.

4.22. The Hon'ble Minister from West Bengal stated that no State officers were involved in the process of drafting the Minutes of the Meetings of the Council and suggested to constitute a Minutes drafting committee in which some State officers should also be inducted. The Hon'ble Chairperson observed that the Minutes were not adopted without discussion. The Hon'ble Minister from West Bengal stated that keeping State officials in the Minutes drafting committee would give more comfort to the States and would avoid lengthy discussion on the Minutes as it happened this time. The Secretary observed that this would not be a correct procedure as Minutes were approved by the Council. He added that a distrust against officials drafting the Minutes would demotivate them. The Hon'ble Chairperson observed that only a few corrections were involved in the Minutes and that nothing ever went into the Minutes where there was no unanimity amongst the Members.

5. In view of the above discussions, for Agenda item 1, the Council decided to adopt the Minutes of the 9th Meeting of the Council with the changes as recorded below:

5.1. To replace the version of the Principal Secretary (Finance) Odisha recorded in paragraph 21 of the Minutes with the following: 'Shri Tuhin Kanta Pandey, Principal Secretary (Finance), Odisha stated that there should be no diffused accountability except for enforcement and that a fixed proportion of dealers should be assigned to the Central and the State tax administrations. He added that option may also be made available to any State if it wishes to be allocated 100% taxpayers below the turnover of Rs 1.5 crore subject to the overall share/proportion of dealers allocated to a State.'

5.2. To delete the word 'vertical' in paragraph 28(i) of the Minutes.

5.3 To add the word 'all' before the expression 'administrative control' in paragraphs 28(ii) and 28(iii) of the Minutes.

5.4. To delete the decision recorded in paragraph 28(iv) of the Minutes, which reads as follows: "Those States wanting a different basis of division could do so in consultation with the Centre."

5.5. To replace the decision recorded in paragraph 28(vi) of the Minutes with the following: 'The new registrants shall be initially divided one each between the Central and the State tax administration and at the end of the year, once the turnover of such new registrants was ascertained, those units with turnover below Rs. 1.5 crore shall be divided in the ratio of 90% for the State tax administration and 10% for the Central tax administration and those units above the turnover of

Rs.1.5 crore shall be divided in the ratio of 50% each for the State and the Central tax administration.'

5.6. To replace the decision recorded in paragraph 28(x) of the Minutes with the following: 'Powers under the Integrated Goods and Services Tax (IGST) Act shall be cross-empowered to the State tax administration on the same basis as under the CGST and the SGST Acts either under law or under Article 258 of the Constitution but with the exception that the Central tax administration shall alone have the power to adjudicate a case where the disputed issue relates to place of supply; or when an affected State requests that the case be adjudicated by the CGST authority; *and for such issues of export and import as may be discussed in the Law Committee of officers and brought back to the Council for decision*.'

Agenda Item 2: **Approval of the Draft Compensation Law as modified in accordance with the decisions of the GST Council and as vetted by the Union Ministry of Law**

6. Introducing this agenda item, the Secretary stated that the draft Compensation Law that was shared with the States as the agenda note to agenda item 2 had been vetted by both the Department of Legal Affairs and the Legislative Department of the Union Law Ministry. He informed that he had taken a meeting of the Central and State Government officials in Udaipur on 17 February 2017 during which the legally vetted draft Compensation Law was discussed. He stated that during this meeting, certain suggestions were made by the State Government officials and based on this, some changes were made to the draft Compensation Law circulated earlier to the States and that this revised text was placed before the Members for consideration. He stated that the changes shown in red colour in the draft text were those suggested by the Law Ministry and those shown in blue colour were based on the suggestions of the State officials.

6.1. The changes made to the draft Compensation Law based on the discussions in the Officers' Meeting on 17 February 2017 at Udaipur are recorded below:

i. **Section 2(d) (Definition of "Compensation")**: The Section number referred to in the definition was corrected from Section 0 to Section 7.
ii. **Section 2(j) (Definition of "Prescribed")**: The word 'under' was added before the expression 'this Act'.
iii. **Section 2(k) (Definition of "Projected Growth Rate")**: The Section number referred to in the definition was corrected from Section 0 to Section 3.

iv. **Section 2(l) (Definition of "State")**: The definition of State in sub-section (ii) was modified as shown in italics –

(l) "State" shall include –

(i) . . .

(ii) for the purposes of sections 8, 9, 10 and 11 the States as defined under the Central Goods and Services Tax Act, *and Union territories defined under the Union Territories Goods and Services Tax Act*;

v. **Section 2(r) (Definition of "Union Territories Goods and Services Act")**: A new definition was added which reads as follows –

(r) "Union Territories Goods and Services Tax Act" means the Union Territories Goods and Services Tax Act, 2017;

vi. **Section 5(1), Proviso (b) (Base Year Revenue)**: The expression "any taxes" was replaced with the word "tax".

vii. **Section 7(1) (Calculation and Release of Compensation)**: A new sub-section (1) was added which reads as follows –

(1) Compensation shall be payable to any State for the transition period.

viii. **Section 7(3)(a) [earlier Section 7(2)(a)] (Calculation and Release of Compensation)**: The Section number mentioned in the sub-section was corrected from Section 0 to Section 6.

ix. **Section 7(3)(b) (Calculation and Release of Compensation)**: The portion indicated in italics was added in Section 7(3)(b) –

(b) the actual revenue collected by a State in any financial year during the transition period would be the actual revenue from State tax collected by the State and net of refunds given by the said State under Chapters XI and XXVII of the State Goods and Services Tax Act, the integrated goods and services tax apportioned to that State, *and any collection of taxes on account of the taxes levied by the respective State under the Acts specified in sub-section (4) of section 5, net of refunds of such taxes,* as certified by the Comptroller and Auditor General of India;

x. **Section 7(4)(b) (Calculation and Release of Compensation)**: The portion indicated in italics was added in Section 7(4)(b) –

(b) the actual revenue collected by a State till the end of relevant two months period in any financial year during the transition period would be the actual revenue from State tax collected by the State, net of refunds given by the State under Chapters XI and XXVII of

the State Goods and Services Tax Act, the integrated goods and services tax apportioned to that State, as certified by the Principal Chief Controller of Accounts of the Central Board of Excise and Customs, *and any collection of taxes on account of the taxes levied by the respective State under the Acts specified in sub-section (4) of section 5, net of refunds of such taxes*;

xi. **Explanation to Section 7 (Calculation and Release of Compensation)**: In view of correction made at (ix) above, the following explanation at the end of Section 7 was deleted: "Explanation.— For the purposes of this section, the actual revenue collected would include the collection on account of State tax, net of refunds of such tax given by the State under Chapter XI of the concerned State Goods and Services Tax Act, and any collection of taxes on account of the taxes levied by the respective State under the Acts specified in sub-section (4) of section 5, net of refunds of such taxes."

xii. **Section 10(1) (Crediting proceeds of cess to Fund)**: The portion indicated in italics was added in Section 10(1) –

(1) The proceeds of the cess leviable under section 8 and such other revenues as may be recommended by the Council shall be credited to a non-lapsable Fund known as the Goods and Services Tax Compensation Fund, *which shall form part of* the public account *of India* and shall be utilized for purposes specified in the said section.

xiii. **Section 10(3) (Crediting proceeds of cess to Fund)**: The portion indicated in italics was added in Section 10(3) –

(3) Fifty per cent of the amount remaining unutilized in the Fund at the end of the transition period shall be transferred to the Consolidated Fund of India, as the share of Centre, and the balance fifty per cent. shall be distributed amongst the States in the ratio of their total revenues from the State tax *or the Union territory goods and services tax, as the case may be,* in the last year of the transition period.

xiv. **Section 12 (Power to make rules)**: The portion indicated in italics was added in Section 12(1) –

(1) The Central Government shall, *on the recommendations of the Council,* by notification in the Official Gazette, make rules for carrying out the provisions of this Act.

xv. **Section 14 (Power to remove difficulties)**: The portion indicated in italics was added in Section 14(1) –

(1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, *on the recommendations of the Council*, by order published in the Official Gazette, make such provisions, not inconsistent with the provisions of this Act, as appear to it to be necessary or expedient for removing the difficulty:

6.2. The Hon'ble Chairperson explained that under Section 12 of the Draft Compensation Law, the Rules to implement this law would be made by the Central Government on the recommendation of the Council but, in order to exercise Parliamentary control over subordinate legislation, such Rules would have to be placed before the Parliament and that the Members of Parliament could seek modification of the Rules within a period of 30 working days from the date on which the Rules were tabled in the Parliament. The Hon'ble Minister from West Bengal observed that this could potentially be a problem as the Rules would have earlier been approved by the Council. The Hon'ble Chairperson stated that while sovereignty would be pooled in the GST regime, and the Parliament would approve the law as recommended by the Council, the Rules would also have to be placed before the Parliament as part of the legislative requirement, and that the Rules could theoretically be amended on the basis of a motion introduced in the Parliament. He further observed that a similar procedure would be followed in respect of a legislation passed by the State Legislature. He expressed a hope that good faith would prevail and that the Parliament and the State Legislatures would refrain from amending the Rules placed before them after the approval of the Council.

6.3. The Hon'ble Minister from Telangana stated that the Compensation Law should provide that if money fell short in the Compensation Fund, it could be raised from other sources. The Secretary stated that Section 8(1) of the draft Compensation Law provided that cess could be collected for a period of five years or such period as may be prescribed on the recommendation of the Council. He stated that this implied that the Central Government could raise resources by other means for compensation and this could be then recouped by continuation of cess beyond five years. He stated that the other decisions including the possibility of market borrowing for payment of compensation was part of the Minutes of the 8th Meeting of the Council (held on 3rd and 4th January, 2017) and need not be incorporated in the Law. The Council agreed to this suggestion.

6.4. The Hon'ble Deputy Chief Minister of Delhi enquired as to why there were two definitions of "State" in Section 2(l) of the draft Compensation Law. He further observed that the definition of "State" was not incorporated in the Central Goods and Services Tax (CGST) Act. The Secretary

clarified that the first definition of "State" related to compensation to be paid to the States and the Union Territories with Legislature and that the second definition related to the levy and collection of cess which would be applicable to the entire country and therefore, this definition was to be adopted from the CGST Act. He informed that while the definition of 'State' in the CGST Act was still under discussion, it was mentioned in the Compensation Act in order to give a final shape to this Act. He added that there would be a Union Territory GST Legislation for Union Territories without Legislature. The Hon'ble Deputy Chief Minister of Delhi observed that multiplicity of definition of 'State' should be avoided to which the Secretary clarified that two different definitions were needed as no compensation was to be paid to the Union Territories without Legislature.

6.5. The Hon'ble Minister from Karnataka pointed out that in Section 10(1) of the Compensation Law, there was a reference to 'such other revenues', and if borrowing was not defined as 'revenue', it would be more appropriate to use the word 'receipt' instead of the word 'revenue'. CCT, Karnataka stated that another alternative could be to use the word 'amount' instead of the word 'revenue'. The Secretary suggested to use the expression 'such other amounts' or 'such other proceeds' instead of the expression 'such other revenues'. Dr. G. Narayana Raju, Secretary Legislative Department, Union of India pointed out that in Article 266 of the Constitution of India, the term 'revenues' as also 'loans' was used. CCT, Karnataka stated that this supported their point of view as even the Constitution made a distinction between the expressions 'revenues' and 'loans'. The Hon'ble Minister from Karnataka suggested that the Law Committee of officers could look into it. After discussion, the Council agreed to replace the words 'such other revenues' in Section 10(1) of the Compensation Law by the words 'such other amounts'. 6.6. The Hon'ble Minister from Karnataka stated that they had requested for greater comfort in the formulation of Section 7(1) [in the current text renumbered as Section 7(2)] and recalled that in this regard, the Hon'ble Chief Minister of Karnataka had also addressed a letter to the Hon'ble Chairperson suggesting a formulation that Section 7(1) should begin with the phrase 'notwithstanding anything contained in Section 8 or Section 10'. He observed that this formulation was not reflected in the draft Compensation Law. The Hon'ble Chairperson stated that the sum and substance of the provision was clear, namely that compensation would be paid to the States on the basis of base year revenue of 2015-16 plus 14% annual rate of growth and observed that no further change to the text was required. The Council agreed to this suggestion.

6.6. The Hon'ble Minister from Kerala observed that collection of cess on GST contradicted the principle of GST. He observed that as per the deliberations, after five years of implementation of GST, cess was to be integrated with the GST rate structure and that cess was to be levied only for compensation purpose. He raised a question whether this understanding should be reflected in the Compensation Law. The Secretary stated that the Compensation Law had broadly two elements: firstly, it created a Compensation Fund which was defined to consist of amount collected as cess or such other amount as might be recommended by the Council; and secondly, it empowered the Central Government to levy cess and Section 8(1) provided that cess could also be levied for a period beyond five years. Shri K. Gnanasekaran, Additional Commissioner, Commercial Taxes, Tamil Nadu stated that Section 10(3) of the draft Compensation Law provided that fifty per cent of the amount remaining unutilised in the Compensation Fund at the end of the transition period shall be transferred to the Consolidated Fund of India as the share of the Central Government and raised a question as to whether this amount would be available for devolution to the States. The Hon'ble Chairperson stated that if this amount formed part of the devolvable pool, then devolution would apply and not otherwise. He added that the Compensation Law could not provide for the principle of devolution.

6.7. The CCT, Gujarat raised the issue of cross-empowerment under the Compensation Act. The Secretary stated that the amount of cess paid in the returns of the taxpayers falling under the administrative control of the State Tax Administration shall be examined by them. Shri Tuhin Kanta Pandey, Principal Secretary (Finance), Odisha stated that the transition period of five years for compensation should be counted from the date when GST was implemented as it would now be implemented in the middle of the financial year. The Secretary stated that suitable change had already been done by incorporating a new Section 7(1) in the revised draft Compensation Law circulated to the Members just before the start of the Council meeting.

6.8. The Hon'ble Minister from Karnataka stated that in the 8th Meeting of the Council (held on 3 and 4 January, 2017), the Council had decided to examine whether cess should be levied at single point, instead of the presently proposed multi-stage levy and that this aspect was missing in the Compensation Law. He pointed out that aerated beverages and cigarettes on which cess was likely to be levied passed through several retail agents before being finally sold from small retail kiosks and a multi-stage levy would mean that all suppliers in the retail chain would need to comply with the provisions of the Cess Act in addition to the CGST and SGST Acts. He stated that if a single

point cess was levied on these two products, it would promote ease of collection and compliance and would curb revenue leakage. The Secretary to the Council stated that while this approach presented the benefit of easy compliance, it also led to the disadvantage of not taxing the entire value chain in respect of goods like cigarettes and aerated drinks, which moved through five or six levels of retailers. He also pointed out that in the GST regime, tax on cigarettes and aerated drinks was to be charged on the entire value chain and cess was only an additional levy. He further added if the turnover of a small kiosk was below Rs. 20 lakh per annum, it would be automatically out of the GST net. He also pointed out that similar situation existed for many other consumer items like toothpaste which was also sold from small kiosks and value addition on all such sales was ignored if the kiosk's annual turnover was less than Rs. 20 lakh. He added that the only change made in the Compensation Law was to provide for a power to levy cess at a specific rate and that presently too, tax on cigarettes was charged at specific as well as *ad valorem* rate.

6.9. CCT, Karnataka stated that aerated drinks and cigarettes were mostly sold on the basis of Maximum Retail Price and therefore loss of revenue was not likely. He further added that a single point cess would help in delinking cess from the return filed by all taxpayers under GST where 90% of the taxpayers would need to file a nil entry for cess. Shri Udai Singh Kumawat, Joint Secretary, Department of Revenue stated that the computer software could take care of this aspect. The Hon'ble Minister from Karnataka stated that only for two commodities, namely cigarettes and aerated drinks, the small *kirana* shop owner would need to maintain a ledger for cess. He suggested that the Law Committee should examine this issue thoroughly as this would ease compliance. The Secretary stated that GST was in the nature of a value added tax, and a single point taxation should be avoided. CCT, Karnataka pointed out that cess was to be levied not on the amount of GST payable but on the entire value of consideration. The Secretary stated that this problem would need to be addressed for all types of supplies. The Hon'ble Chief Minister of Puducherry stated that for suppliers with turnover above Rs. 20 lakh, the same principle of taxation should apply and that no separate principle be adopted for cess. The Council agreed that the cess would be collected for the entire value chain and not on the first point of sale.

7. The Council approved the draft Compensation Law as presented to the Members on 18 February, 2017 with the changes suggested by the Union Ministry of Law (indicated in red font) and those suggested in the meeting of the officers in Udaipur on 17 February, 2017 (indicated in blue font and listed out in paragraph 6.1 above) and also approved other drafting changes that might be required to bring the draft Compensation Law in congruence with the other GST related laws. The Council

also agreed to replace the words 'such other revenues' in Section 10(1) of the Compensation Law by the words 'such other amounts'.

7.1. The Hon'ble Chairperson thanked the Council for approving the draft Compensation Law and stated that after the approval of the Union Cabinet, it would be introduced in the Parliament in the session starting from 9 March, 2017.

Agenda Item 3: Approval of the legal provisions in the Model GST Law as per suggestions of the GST Council and vetted by the Union Ministry of Law

8. Introducing this agenda item, the Secretary stated that the entire legally vetted Model GST Law could not be presented before the Council in this meeting because the Union Law Ministry could not take up its vetting before 1 February 2017 due to its preoccupation with the preparations for the Union Budget. He added that the vetted draft had many changes and the Law Committee of officers felt that they needed more time to understand the changes made by the Legislative Department of the Union Law Ministry and would also need to have a joint meeting with them. He stated that on this account, the agenda note for agenda item 3 of the 10th Meeting of the Council (circulated as part of Volume 2 of the Agenda Note) contained only 7 issues relating to provisions of Model GST Law which the Council had earlier asked the Law Committee of officers to re-examine. He stated that these were being presented for discussion and decision by the Council. He further added that the Council, during its 5th, 6th and 7th Meeting, had suggested certain changes to the Model GST Law which had been suitably incorporated and vetted by the Union Law Ministry. He stated that these were 54 issues listed in Annexure-I to the aforesaid Volume 2 of the Agenda Note and that these were being presented to the Council for information and discussion, where so required. He further informed that the changes suggested in blue font were those based on the decision of the Council and the changes suggested in red font were those suggested by the Law Committee of officers and the texts in green font were those which were to be incorporated in the SGST Law only. Thereafter, the issues contained in agenda note for agenda item 3 were discussed individually and the important points discussed in respect of these issues are recorded as below–

8.1. **Issue No. 1 (Provisions relating to Tribunal – Section 104 – Section 121):** A presentation on the provisions of the Appellate Tribunal for GST as prepared by GST Policy Wing, CBEC was circulated to all States on 17 February 2017. During the Meeting, the Members expressed that they had gone through the presentation and therefore it need not be made in the Council meeting. Thereafter, discussion on the draft legal provisions took place.

8.1.1. The Hon'ble Deputy Chief Minister of Delhi stated that the provisions contained in Section 106(1)(d) of the Model GST Law regarding three years' experience in tax administration for appointment of Technical Member (State) of the Tribunal would be problematic as his State did not have a cadre for tax administration and the officers from the cadre of the Indian Administrative Service (IAS) and the Delhi, Andaman and Nicobar Islands Civil Service (DANICS) posted in the tax administration might not have the requisite experience of three years in tax administration. The Secretary stated that the requirement of three years of experience in tax administration was in course of the entire career of an officer and not in the grade of Additional Commissioner. He expressed an apprehension that if the number of years of qualifying experience was reduced, it could adversely affect the quality of the Tribunal Members. The Hon'ble Chairperson suggested that in addition to the criterion of three years of experience in tax administration for selection as Member (Technical) (State), an additional qualifying criterion could be incorporated that officers having special knowledge of finance and taxation matters could also qualify for appointment to the Tribunal so that officers from non-tax cadres like the IAS could also be selected as a Tribunal Member. He observed that the pool of selection for Tribunal Members should be kept as wide as possible so that officers of high integrity and calibre could be selected. He further suggested that going by the present experience of difficulties faced in getting suitable judges for different tax tribunals, it would be desirable that the retirement age for the Presidents of the National and State Benches of the Tribunal was kept as 70 years instead of the presently proposed 68 years. The Council agreed to both these proposals.

8.1.2. The Hon'ble Minister from West Bengal suggested to delete the provision of Section 106(1)(b)(iii) providing for eligibility of an officer of the Indian Legal Service holding a post not less than Additional Secretary for three years to become Member (Judicial) of the Tribunal. He stated that a similar demand could be made by officers of the State legal services. Ms. Reeta Vasishta, Additional Secretary, Legislative Department, Union Ministry of Law pointed out that the present law also had a provision for appointment of a member of the Indian Legal Service with similar qualifications as Member (Judicial) in the Tribunal and that it should be continued in the GST regime. She added that there was no State Judicial Service and that the Law Secretary in a State was drawn from the judiciary and was of the level of a District Judge. Shri Sanjeev Kaushal, Additional Chief Secretary, Haryana stated that in his State, below the Law Secretary, there was an officer of the level of Additional District Judge and altogether, almost ten persons worked in the State Law Department. The Secretary observed that in the States, officers of sufficient seniority

might not be available to be appointed as Member (Judicial) of the Appellate Tribunal. Shri Suresh Chandra, Secretary, Department of Legal Affairs, Union Ministry of Law pointed out that the Chief Justices of the Supreme Court and of the relevant High Court would need to be consulted for appointment of the President of the National Bench and the State Benches but the same might not be required for appointment of Judicial Members as appointment to Tribunals was part of the executive function and Article 50 of the Constitution provided for separation of the judiciary from the executive in the public services of the State. On a query from the Hon'ble Chairperson, the Secretary clarified that presently the Judicial Members of the Customs, Excise and the Service Tax Appellate Tribunal (CESTAT) were appointed in consultation with the judiciary. The CCT, Gujarat stated that Judicial Members of the Gujarat VAT Tribunal were appointed in consultation with the Chief Justice of the Gujarat High Court. The Hon'ble Chairperson stated that a Judicial Member had the flavour of judicial representation and therefore, the High Court of the States should be involved in the selection of Judicial Members.

8.1.3. Shri R.K.Tiwari, Additional Chief Secretary, Uttar Pradesh stated that as the proposed Appellate Tribunal was to consist of three Members, a significantly larger number of Judicial Members would be required and the provision of Section 106(1)(b)(ii) might be reconsidered and that an Additional District Judge should also be considered for appointment to the GST Tribunal. He added that members of the State Judicial Services should also be considered for appointment to the Tribunal. The Hon'ble Minister from West Bengal stated that the officers of the Indian Legal Service did not exercise quasi-judicial functions. The Hon'ble Chairperson observed that for reaching the level of Additional Secretary in the Ministry of Law, an officer would have worked for 25-30 years and so he would have been trained on legal matters. The Hon'ble Minister from West Bengal observed that he would still not have the experience of court proceedings. The Secretary, Legal Affairs stated that the cadre of Indian Legal Service was relatively small and it had advocates with experience of seven years or more and sometimes even District Judges joined as an officer of the Indian Legal Service. He added that officers in the rank of Additional Secretary in the Indian Legal Service were also discharging quasi-judicial functions as Members of several Tribunals and also working as arbitrators. The Hon'ble Minister from West Bengal stated that his State did not have a strong position on this issue. The Hon'ble Chairperson suggested to retain the provision in the draft Model GST Law that the President and the Judicial Members of the National and State Benches would be appointed in consultation with the Chief Justice of the Supreme Court and the High Court, as the case may be, and that the Technical Members would be appointed by the Central

and the State Governments. The Council agreed to this suggestion. The Secretary informed that the existing law was drafted on the same principle as enunciated by the Hon'ble Chairperson.

8.1.4. The Hon'ble Minister from Chhattisgarh stated that the retirement age of the Member (Technical) should be increased from 63 years to 65 years. The Secretary informed that in many States, the retirement age of the Tribunal Member was 58 years and a high retirement age would deprive the younger officers an opportunity to serve in the Appellate Tribunal. The Hon'ble Chairperson observed that appointment to Tribunal was different from entry into a service at a young age where such opportunity was to be provided. He stated that for Tribunal, it was important to have intake of persons of competence, integrity and good health and that keeping this in mind, the pool for selection of Members of the Tribunal should be kept wide and they should also be kept in the service for a longer period of time. He therefore suggested to accept the proposal to keep the age of retirement for Technical Members as 65 years. The Council agreed to this suggestion.

8.1.5. The Hon'ble Minister from West Bengal stated that in Section 106(1)(d), there should also be a provision for appointment of retired officers as a Technical Member (State) of the Tribunal. The Hon'ble Chairperson agreed with the suggestion and observed that retired officers should also be made eligible for appointment as Technical Member (State) as it would give a chance to good, conscientious retired officers to serve as Technical Member (State) in a Tribunal. The Council agreed to this suggestion.

8.1.6. The Additional Chief Secretary, Uttar Pradesh stated that some officers could become Member (Technical) of the Tribunal at the age of 55 years and could then continue up to 65 years, thus denying a chance to more deserving junior officers to become a Member (Technical) of the Tribunal. The Hon'ble Minister from West Bengal suggested to keep a provision that a Member (Technical) shall serve up to the age of 65 years or for 5 years, whichever was earlier. The Hon'ble Chairperson observed that if a younger officer went to the Tribunal, he could keep a lien for 5 years in his parent cadre. The Secretary observed that it was not desirable to allow a Member of the Tribunal to come back to his parent Department as this could affect his functional independence. CCT, Karnataka stated that the provisions relating to Appellate Tribunal as it stood today, did not prohibit a Member (Technical) to come back to his parent Department. The Secretary reiterated that allowing a Member (Technical) to come back to his parent Department would compromise the independence of the Appellate Tribunal and instead, he might be allowed to work in the Appellate

Tribunal for a period of 5 years or up to the age of 65 years, whichever was earlier. The Council agreed to this suggestion.

8.1.7. The Additional Chief Secretary, Uttar Pradesh suggested that there should be an age limit for a retired officer to be appointed to the Appellate Tribunal and suggested that he should have a minimum of 2 to 3 years of residuary tenure. The Council did not agree to this suggestion.

8.1.8. The Hon'ble Minister from West Bengal stated that proviso to Section 105(4) was problematic as once the GST Council recommended to constitute a certain number of Area Benches, the Central Government should not have the power to alter this number. He therefore suggested to remove the phrase "as it deems fit" in the proviso. The Additional Secretary, Legislative Department stated that this phrase was used in reference to the Council and not in reference to the Central Government. The Hon'ble Chairperson stated that the drafting of this provision should be suitably modified to reflect this understanding. The Council agreed to this suggestion.

8.1.9. The Hon'ble Chairperson suggested that the Council could consider having a provision in the GST Law that a State Bench of Appellate Tribunal could have jurisdiction over more than one State. He stated that there was a possibility that some States, particularly those in the North-East, might not have adequate work to justify creation of an independent Bench and incur expenditure on the same. The Hon'ble Minister from West Bengal stated that it would not be desirable for a taxpayer of one State to go to another State for redressal of his appeal. The Hon'ble Chairperson observed that such a Bench could hold hearing in different States over which it had jurisdiction on a rotating basis at fixed intervals. The Council agreed to the suggestion of the Hon'ble Chairperson.

8.1.10. The Hon'ble Chief Minister of Puducherry observed that in Section 116(2), the presently proposed limit for not admitting an appeal before the Appellate Tribunal was a case where the tax or input tax credit involved was up to Rs. 1 lakh. He observed that this limit was very high for smaller States where the amount of tax involved in a dispute might be relatively small. He suggested that this amount should be reduced to Rs. 50,000. The Council agreed to the suggestion.

8.1.11. The Hon'ble Minister from West Bengal observed that Section 108 (2) had a provision that the senior most Member of the National Bench shall discharge the functions of the President of the National Bench for a temporary period in case the office of the President fell vacant due to reasons like death or resignation of the President and suggested that a similar provision should be provided in respect of the State Tribunals. The Council agreed to this suggestion.

8.1.12. The Hon'ble Minister from West Bengal raised a question that if place of supply issue was only one of the issues in a dispute and there were other issues in the dispute like valuation or eligibility of input tax credit, then how can the taxpayer segregate the dispute and file one appeal before the National Bench for place of supply issue and another appeal to the jurisdictional State Bench for the other issues. He suggested that in this view, National Bench or Regional Bench might not be needed and appeal could be filed only before the State Bench. The Secretary stated that an appeal could not be bifurcated in such a manner and that any appeal which involved a dispute on place of supply as an issue, then all issues in that appeal would be heard and disposed of by the National Bench. He added that where an appeal did not involve an issue relating to place of supply, then it would be heard by the relevant State Bench. The Council agreed to this suggestion. The Hon'ble Minister from West Bengal also raised the issue whether Regional Benches of the National Bench was required. The Secretary stated that the provision under Section 105(3) was an enabling provision to be used only when needed.

8.1.13. The Council approved the provisions of the Model GST Law relating to Appellate Tribunal (contained in Sections 104 to 121), subject to the modifications as recorded above.

8.2. **Issue No. 2 (Reconciliation of Sections 4 & 5 of Model GST Law):** CCT, Gujarat stated that in the 7th Meeting of the Council (held on 22-23 December, 2016), at the suggestion of the Hon'ble Minister from West Bengal, the Council had decided to address the contradiction between Section 4(2) and Section 5(2) of the Model GST Law in respect of the authority (State Government or the Commissioner) that would specify the jurisdiction of officers other than of the Commissioner, and that in accordance with this decision, the Law Committee had revised the text of Section 5(2) of the SGST Law and proposed deletion of the erstwhile Section 4(2) of the SGST Law. He explained that by this amendment the Commissioner had been authorised to decide the jurisdiction of the VAT officers of the rank below the Additional Commissioner. The Council agreed to the proposed amendment.

8.3. **Issue No. 3 (Power to waive penalty – Section 87A):** The Secretary to the Council explained that in the 7th Meeting of the Council (held on 22-23 December, 2016), CBEC had proposed a provision regarding power to waive penalty, and after discussion, the Council had decided that the officers of the Law Committee would redraft Section 87A of the Model GST Law in a manner so as not to give discretion to the officers for levying penalty. He informed that as per these directions, a revised draft was prepared by CBEC but no consensus could be reached on this draft in the Law

Committee of officers. He explained that this provision only gave an enabling power to the Council to waive penalty provided under Sections 85 and 86 of the Model GST Law to such class of taxpayers, under such mitigating circumstances, as may be notified by the Central and State Government in this regard on the recommendation of the Council. The Secretary pointed out that in the initial period of implementation of GST, there could be issues like return not being filed within the prescribed period and such an enabling power could be used to waive penalty for certain class of taxpayers, but only on the recommendation of the Council. The Hon'ble Chairperson observed that the revised provision had kept an enabling power for waiver of penalty for a class of people and this could be approved. The Hon'ble Minister from West Bengal and the Hon'ble Deputy Chief Minister of Delhi supported the revised formulation. The Hon'ble Minister from Rajasthan suggested that this provision should also provide for a waiver of interest and fine. CCT, Gujarat stated that under VAT Law, the State Government had the power not to collect penalty or interest under a *'samadhan yojana'*. The Secretary observed that in the GST regime there could be no *'samadhan yojana'* without the approval of the Council. CCT, Karnataka observed that the proposed provision was very wide as it provided for waiver of penalty for all types of offences, including for making supplies without issuing invoice. The Secretary observed that the Council would decide regarding the types of offences for which waiver from penalty could be given. He suggested that interest should not be included for waiver but late fee could be included. The Council approved the proposed Section 87A.

8.4. **Issues No. 4 & 5 (Issues relating to Supply read with Schedules II and IV – Section 3):** Commissioner (GST Policy Wing), CBEC explained that it was decided in the 7th Meeting of the Council (held on 22-23 December 2016) that the Law Committee would examine Schedule IV and suggest a draft formulation through which the services mentioned in Schedule IV (except those mentioned in Clause 4) would be exempted through a notification and that such notification shall be issued on the recommendation of the Council. He stated that the Law Committee had proposed that all the clauses including Clause 4 (dealing with services provided by the Government towards diplomatic or consular activities; citizenship, naturalization and aliens; admission into, and emigration and expulsion from India; currency, coinage and legal tender, foreign exchange; trade and commerce with foreign countries, import and export across customs frontiers, inter-State trade and commerce; and maintenance of public order) of Schedule IV could be deleted and be dealt through a notification. He said that keeping this in view, the Law Committee had suggested a draft formulation making amendments in Section 3(2)(b) of the Model GST Law shown in blue colour in the agenda note. He further explained that in the 5th Meeting of the Council (held on 2-3 December

2016), it was decided to incorporate supplies of works contract (paragraph 5(f) of Schedule-II) and restaurant (paragraph 5(h) of Schedule-II) as composite supply on which all provisions relating to services shall apply. He informed that in view of this decision, a new clause 6 (indicated in blue colour in the agenda note) had been added in Schedule II for the consideration of the Council. He further informed that the revised drafts relating to Section 3 and Schedule II had been vetted by the Union Ministry of Law.

8.4.1. The Secretary informed that in the officers' meeting held on 17 February, 2017, an officer from Maharashtra had raised the issue of a potential conflict between Article 366(29A) under which works contract and restaurant had been treated as "tax on the sale or purchase of goods" and Schedule II of the Model GST Law, which treated these two categories of supply as services. He stated that the Union Law Ministry needed to examine this issue. The Secretary, Legal Affairs stated that if there was no double taxation on a supply, then there was no objection in retaining the formulation as proposed in clause 6 of Schedule II of the Model GST Law. The Hon'ble Chairperson observed that Article 366 of the Constitution started with the expression "In this Constitution, unless the context otherwise required, the following expressions have the meanings hereby respectively assigned to them…" and observed that it therefore followed, that if the context was otherwise, there could be no legal challenge to the definition proposed in Schedule II of the Model GST Law.

8.4.2. The Principal Secretary (Finance), Odisha stated that Section 3(2)(b) provided for notifying activities or transactions undertaken by the Central Government, State Government or any local authority as may be notified by the Central/State Government on the recommendation of the Council and suggested that this Section should also include 'any statutory regulatory or Constitutional authority' to cover the activities of regulators like Securities and Exchange Board of India (SEBI) and Telecom Regulatory Authority of India (TRAI). The Commissioner (GST Policy Wing), CBEC stated that the activities of the statutory regulators could be handled through specific exemptions. The Principal Secretary (Finance), Odisha stated that statutory regulatory authorities and Constitutional authorities were extension of the Government and therefore should be exempt under the law itself. The Secretary stated that such bodies should not be exempted from registration and that the Council should retain the power to tax them and only specific bodies could be given exemption. He informed that there were many statutory authorities and not all of them were presently exempted from Service tax like the Airport Authority of India. CCT, Karnataka supported the proposal of the Principal Secretary (Finance), Odisha and stated that without exemption in the

law, entities like the Supreme Court, the High Courts, the School Examination Boards, Union Public Service Commission, etc. which charged fees for certain services, could come under the tax net. Shri Amitabh Kumar, Joint Secretary, TRU stated that Courts were already exempt from registration under GST regime as they were included in Schedule III (activities or transactions which shall be treated neither as a supply of goods nor a supply of services) of the Model GST Law. He further stated that these entities should not be kept out of the input tax credit chain and that the Council should be given an option to either tax or exempt statutory regulatory authorities. The Council did not agree to the proposed addition of statutory regulatory authorities or Constitutional authorities in Section 3(2)(b) of the Model GST Law.

8.4.3. The Hon'ble Minister from Karnataka stated that the proposed insertion of clause 6 in Schedule II relating to 'works contract' and 'restaurant', treating them as services would make them ineligible for benefit of the Composition scheme and that this would adversely affect small restaurants and cafés whose annual turnover was below Rs. 50 lakh and who purchased their inputs like masala, etc. mostly from small, unregistered suppliers. The Hon'ble Minister from West Bengal stated that the restaurants should have the benefit of the Composition scheme. The Secretary stated that an exception could be provided to the restaurants in the Composition scheme. CCT, Karnataka stated that the same problem existed in respect of the works contractors. The Secretary observed that most works contractors would have turnover of above Rs. 50 lakh and therefore no special dispensation was needed for them. The Secretary suggested that the Law Committee should examine an exception for restaurants, being a supplier of services, to be allowed the benefit of Composition scheme and to also consider the rate of tax that might be applied for them under the Composition scheme. The Council agreed to this suggestion.

8.5. **Issue No. 6 [Power of Comptroller and Auditor General of India (CAG) – Section 65]:** The Secretary to the Council stated that in the 6th Meeting of the Council (held on 11 December 2016), it was decided to delete Section 65 (Power of CAG to call for information for audit) and to inform the CAG that the Council was not in favour of keeping this provision. He stated that subsequently, the Comptroller and Auditor General of India had discussed this issue with the Hon'ble Chairperson and had explained that while CAG had power under its Act [CAG's (Duties, Powers and Conditions of Services) Act, 1971] to call for information, the officers under the GST Law were bound to give the information to CAG and where such information was not available with the tax authorities, they must have power under the GST Law to call for such information from the taxpayers. He stated that

CAG's advice was to take this enabling power under the GST Law in order to enable GST officers to discharge their obligations *vis-à-vis* the CAG.

8.5.1. The Hon'ble Deputy Chief Minister of Delhi did not support the proposal and stated that by agreeing to this provision, CAG would be given power over GST officers. The Hon'ble Minister from Bihar stated that CAG derived its power from the Constitution and they should use the same instead of seeking additional power under the GST Law. The Hon'ble Deputy Chief Minister of Delhi also observed that CAG could take necessary powers under its own Act. The Secretary explained that CAG already had power over the GST Administration and they were suggesting that the tax department should empower itself to provide information to CAG. The Hon'ble Deputy Chief Minister of Delhi reiterated that CAG should take such powers in its own law. The Hon'ble Chairperson stated that in case of a big tax fraud, CAG might call for documents and the tax authorities should have the power to obtain such documents from the taxpayers. The Hon'ble Minister from Bihar wondered how CAG was doing audit now without such powers under the VAT Acts. He observed that documents were being given to CAG officers without such powers under the VAT laws. The Hon'ble Minister from West Bengal supported the views of the Deputy Chief Minister of Delhi and the Hon'ble Minister from Bihar. He observed that CAG currently carried out audit without these powers. He stated that this issue had already been decided in the 6th Meeting of the Council (held on 11 December, 2016) and should not be reopened. The Hon'ble Minister from Kerala stated that having such a provision under GST Law could create problems. The Hon'ble Deputy Chief Minister of Gujarat stated that CAG did not go to taxpayers of any State for auditing. The Additional Chief Secretary, Uttar Pradesh stated that this provision did not give power to the GST officers to get documents from the taxpayers. He observed that this was a very open ended and sweeping provision and could potentially lead to truckloads of documents being called for which would be physically impossible to comply with. The Hon'ble Chairperson observed that it appeared that majority of the States were not in favour of this provision and that the same might have to be dropped. He stated that he would convey the views of the Council to CAG. The Council agreed to this suggestion.

8.6. **Issue No. 7 (Definition of 'Agriculture' – Section 2(7) read with Section 23):** Introducing this agenda, the Secretary explained that in the GST law, there would be some category of persons who would not be required to take registration and one such category was 'agriculturist'. He stated that the definition of 'agriculture' and 'agriculturist' was essentially required to provide clarity that the persons engaged in agriculture would not be required to take registration under the GST regime. He recalled that in the 5th Meeting of the Council (held on 2-3 December, 2016) when the definition

of 'agriculture' was discussed, Members suggested to add many more activities in the definition of 'agriculture' like pisciculture, poultry, etc. He stated that such a broad definition of agriculture would lead to loss of power *ab initio* to tax such sectors even if these activities were being carried out by some big companies. He stated that exemption to the various sectors of agriculture was to be decided separately and that the proposed definition of 'agriculture' would have denied power to the Council to decide exemptions in the agricultural sector. He recalled that keeping this in view, in the 7th Meeting of the Council (held on 3-4 January 2017), it was decided that Officers of the Law Committee would examine whether or not definition of 'agriculture' and 'agriculturist' was needed in the GST Law. He informed that while working on the revised formulation, the Law Committee took note of the suggestions made in the 7th Meeting of the Council that the definition of 'agriculture' in GST Law should follow the same approach as in the Income Tax Act, which did not define the word 'agriculture' and only defined the phrase "agricultural income" as the Income Tax Act was concerned only with agricultural income and not with agriculture in general. He explained that the salient feature of the definition under the Income Tax Act was that it was agricultural land based and was linked to cultivation and related activities. He observed that under the GST law, the main purpose was to keep the 'agriculturist' out of the registration liability and therefore, following the approach of the Income Tax Act, the focus should be on defining 'agriculturist' and not 'agriculture'. He further added that the definition of 'agriculturist' should be restricted to cultivation of land, broadly on the lines of the Income Tax Act. He informed that keeping these aspects in mind, the Law Committee had recommended that the definitions of 'agriculture' and 'to cultivate personally' be deleted from the Model GST Law and that only a revised definition of 'agriculturist' be incorporated and that the Law Committee had also suggested a consequential change in the provision relating to registration. He further explained that as most of the primary agricultural and allied products were likely to be exempted, anyone dealing with only exempted items, or having a turnover of less than Rs. 20 lakh would not be required to take registration under GST Law. He added that a person cultivating cash crops like cotton, groundnuts, sugarcane etc., which might not be exempted as they attracted VAT in some States, would be covered by the new definition of the 'agriculturist' and would be exempted from taking registration. He stated that in such a case, GST on supply of these crops by a farmer to a buyer registered under the GST Law would be collected from the registered buyer on reverse charge basis. He also informed that the Union Ministry of Law had vetted the new formulation presented in the agenda note.

8.6.1. The Hon'ble Deputy Chief Minister of Delhi expressed his agreement with the new formulation. The Hon'ble Minister from Punjab stated that earlier he had raised an issue regarding co-operative societies in which individual families were allotted land for cultivation but the land was not in their own names. CCT, Karnataka stated that all those who cultivated land by their own labour would be exempt from registration. The Hon'ble Minister from West Bengal raised a question whether a share-cropper would be covered under the definition of 'agriculturist'. The CCT, Karnataka pointed out that this category would be covered under the provision of cultivation of land on one's own account by servants on wages payable in cash or kind. The Hon'ble Minister from Punjab suggested to delete the phrase 'individual or a Hindu Undivided Family' in the definition. The Secretary stated that if this phrase was deleted, then even companies would be covered under the definition of 'agriculturist' and would become exempt from registration. The CCT, Gujarat stated that other entities should get registered, if they were cultivating commercial crops. As an alternative, the Hon'ble Minister from Punjab suggested to use the word 'any person'. The CCT, Gujarat stated that this term would also cover a company. The Hon'ble Minister from Haryana stated that in his State, the size of land was limited due to the Land Ceiling Act and therefore a company would also have a limited land holding for cultivation. He suggested to adopt a formula for considering a slab based turnover of company for registration under GST as done under the Income Tax Act for applying the rate of income tax. The Hon'ble Minister from Punjab stated that the definition of 'agriculturist' should not be limited in such a manner that co-operative societies got left out of its scope. The CCT, Karnataka stated that if a co-operative society was involved in cultivation of an exempt agricultural product, it would not be required to take registration. He added that the revised definition essentially kept cultivators of taxable agricultural commodities such as cash crops like tea, coffee or pepper out of the ambit of registration. He added that a company or a co-operative society growing tea, coffee or pepper would be required to take registration if these products were liable to tax under GST but it would not be required to take registration if it was growing rice, vegetables, etc. as these products would most likely be exempt from GST.

8.6.2. The Hon'ble Minister from Haryana stated that a provision could be made that a company would take registration under GST on its own volition and to limit this provision to non-commercial crops. The Secretary responded that such a provision would not be advisable and that if a company was producing a taxable commodity, it should take registration. The CCT, Gujarat reminded that this definition was formulated on the basis of Income Tax Act and that it had also been vetted by the Union Ministry of Law.

8.6.3. The Hon'ble Minister from Karnataka raised a question whether share cropping and leasing of land for agriculture would be covered under clause (c) of Section 7 (proposed definition of 'agriculturist'). He observed that this provision dealt with cultivation of land by servants on wages in cash or kind and wondered whether share-cropping was a contractual or a master-servant relationship. The Hon'ble Chairperson observed that a share-cropper should be covered under clause (a) i.e. cultivation of land by one's own labour. The CCT, Gujarat stated that a share-cropper would take land on lease and would cultivate it on his own account and would thus be covered under the definition of 'agriculturist'. The Hon'ble Minister from West Bengal stated that they would send a definition of share-cropper for vetting by the Union Ministry of Law.

8.6.4. After discussion, the Council approved the proposed definition of 'agriculturist' and the consequential change in the provision relating to registration and agreed to delete the definitions of 'agriculture' and 'to cultivate personally'.

9. The following issues were discussed in respect of Annexure-I of the Agenda Note relating to Agenda Item 3:

9.1. **Sl. No. 12, 13 & 14 (Section 9 - Composition Levy)** The Secretary suggested that in order to retain greater flexibility with the Council, it could decide to fix a higher turnover ceiling of Rs. one crore for eligibility to avail the Composition scheme under Section 9 of the Model GST Law and the Council could agree to have a lower turnover threshold of Rs. 50 lakh for a unit to avail the benefit of the Composition scheme. The Council agreed to the suggestion.

9.2. **Sl. No. 18 (Section 16- Eligibility and conditions for taking input tax credit)**: The Hon'ble Minister from Kerala stated that the definition of 'capital goods' under Section 16(1) was too wide and needed to be looked into again. He stated that in the VAT law, there was a clear negative list of goods on which input tax credit was not permitted. The Commissioner (GST Policy Wing), CBEC explained that the Council in its 7th Meeting (held on 22-23 December, 2016) had decided not to extend the benefit of input tax credit on pipelines and telecom towers and the deletion of the proviso to Section 16(1) and the Explanation to Section 16(4) was carried out to give effect to this decision. Shri Rajan Khobragade, CCT, Kerala stated that even after deleting the words 'pipelines' and 'telecom towers' in Section 16, there could still be an interpretation that input tax credit on these two items could be taken. CCT, Gujarat explained that the presently drafted definition of capital goods in the Model GST Law needed re-examination as the present explanation below Section 16(4) of the Model GST Law made any apparatus, equipment or machinery fixed to the earth and used for

making outward supply of goods or services eligible for input tax credit and this could potentially cover pipelines and telecom towers. Shri P. K. Mohanty, Consultant (GST), CBEC stated that the concern of the States was that the definition of the term 'plant and machinery' was very wide and observed that one way to address this concern was to restrict the meaning of 'plant and machinery' to certain specified chapters of the Harmonised System of Nomenclature (HSN), namely chapters 84 (mechanical machinery), 85 (electrical machinery) and 90 (apparatus and equipment) on which the benefit of input tax credit could be given and by this method, input tax credit to a product like pipeline falling under chapter 73 of the HSN would not be available. The Secretary stated that another option could be to specifically exclude pipelines and telecom towers from the definition of capital goods. CCT, Gujarat stated that even railway tracks and road could get covered in the definition of capital goods as they were fixed to earth and used for supply of goods or services. The Secretary stated that railway tracks should not be excluded from the definition of capital goods and that the major issue was the telecom towers.

9.2.1. Commissioner, GST Council stated that it was difficult to define plant and machinery and that in most of the VAT laws of the world, the terms machinery, equipment, and apparatus were used. He explained that the difficulty in giving a chapter wise listing of capital goods eligible for input tax credit would be that the list would become too long. He further stated that in case input tax credit was allowed only for goods falling under certain specified chapters of HSN, then many goods used as plant and machinery but not falling within those specified chapters would become ineligible for input tax credit. He therefore suggested to use generic expression and to list out the items on which input tax credit was not to be given. The Council agreed that the Law Committee of officers should re-examine the definition of 'capital goods'.

9.2.2. The Hon'ble Minister from Kerala raised a further issue that there should be a provision in the Model GST Law that that the annual GST return of a taxpayer should be matched with its annual income tax return. He observed that this could greatly improve compliance under the GST law. The Secretary suggested that the Law Committee of officers could examine a provision in the Model GST Law for matching the annual GST return of a taxpayer with his annual financial statement. The Council agreed to this suggestion.

9.3. **Sl. No. 24 (Section 43- Tax Return Preparers)**: The Secretary observed that in Section 43, it was agreed to replace the term 'Tax Return Preparer' by the term 'GST Practitioner' but since these individuals were of relatively modest educational background and were only helping in preparing

tax return, a word like 'Practitioner' might be inappropriate and instead suggested to use the expression *'GST Sahayak'.* The Hon'ble Minister from Kerala stated that as the word 'Practitioner' was being used for a long time, it should be retained. The Hon'ble Chairperson suggested to call them 'Advisor' to which the Hon'ble Minister from Kerala responded that this appeared to be even more high sounding expression than Tax Practitioner. The Secretary suggested an alternative expression *'GST Mitra'.* The Hon'ble Minister from Karnataka stated that the expression 'GST Practitioner' was fine and the same should be retained. The Council agreed to this suggestion.

9.4. **Sl. No. 52 (Section 142- Disclosure of information required under section 141):** CCT, Gujarat pointed out that amendment proposed was for Section 142(3) but it was wrongly indicated as amendment for Section 142(4). The Council agreed to correct the sub-section number of Section 142.

10. Subject to discussion as above, the changes proposed in Annexure-I of Agenda Note for Agenda Item 3 were approved.

10.1. For agenda item 3, the Council approved the proposed changes to the Model GST Law as recorded below:

10.1.1. **Issue No. 1 (Provisions relating to Tribunal – Section 104 – Section 121):** The provisions of Section 104 to Section 121 were approved with the following amendments:

(i) Section 106(1)(d) to have an additional qualifying criterion for appointment as Member (Technical) (State) of a State Bench, namely, officers having special knowledge of finance and taxation matters.

(ii) In Section 107(1), the retirement age for the President of the National Bench and the State Benches shall be 70 years instead of the presently proposed 68 years.

(iii) In Section 107(3), the retirement age for the Technical Member (Centre) and the Technical Member (State) of the National Bench and the State Benches shall be 65 years instead of the presently proposed 63 years.

(iv) Retired officers shall be eligible for appointment as Technical Member (State) in the Appellate Tribunal.

(v) Once an officer joins as a Member (Technical) in the Appellate Tribunal, he shall not be allowed to come back to his parent cadre. He shall serve as a Member (Technical) in the Appellate Tribunal for a period of 5 years or up to the age of 65 years, whichever is earlier.

(vi) Section 105(4) to be suitably modified to reflect the understanding that the phrase "as it deems fit" used in this Section is in reference to the Council and not in reference to the Central Government.

(vii) To have a provision in the GST Law that a State Bench of Appellate Tribunal could have jurisdiction over more than one State.

(viii) Section 116(2) to be amended to reduce the presently proposed monetary limit for not admitting an appeal before the Appellate Tribunal from Rs. 1 lakh to Rs. 50,000.

(ix) To incorporate a provision similar to Section 108 (2) (applicable for the National Tribunal) that the senior most Member of the State Bench shall discharge the functions of the President of the State Bench for a temporary period in case the office of the President fell vacant due to reasons like death or resignation of the President.

(x) An appeal involving a dispute on place of supply as well as other issues shall not be bifurcated and all issues under dispute shall be heard and disposed of by the National Bench.

10.1.2. **Issue No. 2 (Reconciliation of Sections 4 & 5 of Model GST Law):** To delete Section 4(2) of the SGST Law and to revise the Section 5(2) of the SGST Law as indicated below in underlined portion in italics and strikethrough:

Section 5(2) (SGST Law): The Commissioner shall have jurisdiction over the whole of the State, the Special Commissioner and an Additional Commissioner *in respect of all or any of the functions assigned to them,* shall have jurisdiction over the whole of the State or where the State Government so directs, over any local area thereof, and all other officers shall, subject to such conditions as may be specified, have jurisdiction over the whole of the State or over such local areas as the ~~*State Government*~~ *Commissioner may, by order,* specify.

10.1.3. **Issue No. 3 (Power to waive penalty – Section 87A):**

To add the following new Section 87A in the Model GST Law:

Section 87A: Notwithstanding anything contained in the provisions of section 85 or 86 of this Act, any of the penalty referred to in the said sections may be waived in part or full for such class of the taxpayers, under such mitigating circumstances as may be notified by the Central/State Government in this regard, on the recommendation of the Council.

10.1.4. **Issues No. 4 & 5 (Issues relating to Supply read with Schedules II and IV – Section 3):**

(i) To delete Schedule IV of the Model GST Law and to amend Section 3 of the Model GST Law as follows (as indicated below in underlined portion in italics and strikethrough):

Section 3:
For the purposes of this Act, the expression "supply" includes—

~~*(1)*~~ (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

~~(b*) importation import of services for a consideration whether or not in the course or furtherance of business; and*~~
(Note: The clause will be moved to IGST Act)

(b)~~*(c) a supply*~~ *the activities* specified in Schedule I, made or agreed to be made without a consideration.

~~*(2)*~~ *(c)* The ~~*matters*~~ *activities* to be treated as supply of goods or supply of services as referred to in Schedule II.

(2) Notwithstanding anything contained in sub-section *(1)*, —
(a) activities or transactions specified in Schedule III; or
(b) *such* activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities**,** *as may be notified by the Central/State Government on the recommendation of the Council,* ~~*as specified in Schedule IV*~~

shall be treated neither as a supply of goods nor a supply of services.

(4) Subject to sub-sections (1) and (2), the Central Government may, ~~*up*~~on *the* recommendation of the Council, specify, by notification, the transactions that are to be treated as—

(a) a supply of goods and not as a supply of services; or
(b) a supply of services and not as a supply of goods. ~~*or*~~
~~*(c) neither a supply of goods nor a supply of services.*~~

(ii) To amend Section 3(2)(b) of the Model GST Law by adding a new Clause 6 in Schedule II (as indicated below in underlined portion in italics) and to delete the existing sub-clauses 5(f) and 5(h) of Schedule II of the Model GST Law:

6. The following composite supplies shall be treated as a supply of services—

(a) works contract including transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract; and

(b) supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration.

(iii) The Law Committee of Officers to examine whether restaurants, though categorised as service, should still be extended the benefit of the Composition scheme and, if so, to also consider the rate of tax to be applied for them under the Composition scheme.

10.1.5. **Issue No. 6 [Power of Comptroller and Auditor General of India (CAG) – Section 65]:** To drop Section 65.10.1.6. **Issue No. 7 (Definition of 'Agriculture' – Section 2(7) read with Section 23):** To add the following definition of 'agriculturist' under Section 2(7) of the Model GST Law and to make consequential change in the provision relating to registration and to delete the definitions of 'agriculture' and 'to cultivate personally' in the Model GST Law.

Section 2(7): "agriculturist" means *an individual or a Hindu Undivided Family who undertakes cultivation of land on one's own account–*

(a) by one's own labour, or

(b) by the labour of one's family, or

(c) by servants on wages payable in cash or kind or by hired labour under one's personal supervision or the personal supervision of any member of one's family;

Section 23
The following persons shall not be liable to registration, namely: —
(b) an agriculturist, ~~for the purpose of agriculture.~~to the extent of supply of produce out of cultivation of land.

11. The changes to the various Sections of the Model GST Law proposed in Annexure-I of the Agenda Note relating to Agenda Item 3 was approved by the Council subject to the following observations:

(i) **Sl. No. 12, 13 & 14 of Annexure I (Section 9- Composition Levy):** In Section 9 of the Model GST Law, the ceiling of turnover for eligibility for Composition scheme shall be provided as Rs. one crore but presently, the Composition scheme would be available only for units upto a turnover of Rs. 50 lakh.

(ii) **Issue No. 18 (Section 16- Eligibility and conditions for taking input tax credit):** The Law Committee of officers to re-examine the definition of 'capital goods'.

(iii) **Sl. No. 52 (Section 142- Disclosure of information required under section 141):** To correct the sub-section number of Section 142 as (3) instead of (4).

(iv) The Law Committee of officers to examine whether there should be a provision in the Model GST Law for matching of the annual GST return of a taxpayer with his annual financial statement.

Agenda Item 4: Date of the next meeting of the GST Council

12. The Hon'ble Chairperson stated that in order to table the Model GST Law and the IGST Act as approved by the Council, before the Parliament in the Session resuming from 9 March 2017, the Council must meet prior to this date. After discussion, the Council agreed that its next meeting would be held on 4 and 5 March 2017 in New Delhi.

Agenda Item 5: Any other agenda item with the permission of the Chairperson

13. The Hon'ble Deputy Chief Minister of Delhi stated that the stakeholders who had been meeting him, had raised certain grey areas like how stock transfer of services would take place; the matters to be treated as supply; and complications in relation to definition of related party. He suggested that in order to address these grey areas, the Law Committee of officers should meet the stakeholders. The Hon'ble Chairperson stated that these suggestions should be given in writing for the Law Committee to consider.

14. The Hon'ble Chairperson observed that the Minutes of all the Council meetings should be made publicly available at an appropriate time so that it could serve as a ready reference to understand the discussion on various issues in the Council.

15. The meeting ended with a vote of thanks to the Chair.

Annexure 1

List of Ministers who attended the 10th GST Council Meeting on 18 February 2017

S No	State/Centre	Name of the Minister	Charge
1	Govt of India	Shri Arun Jaitley	Finance Minister
2	Puducherry	Shri V. Narayanasamy	Chief Minister
3	Delhi	Shri Manish Sisodia	Deputy Chief Minister
4	Gujarat	Shri Nitinbhai Patel	Deputy Chief Minister
5	Andhra Pradesh	Shri Yanamala Ramakrishnudu	Finance Minister
6	Arunachal Pradesh	Dr. Mahesh Chai	Minister, Art & Culture
7	Bihar	Shri Bijendra Prasad Yadav	Minister, Commercial Taxes
8	Chhattisgarh	Shri Amar Agrawal	Minister, Commercial Taxes
9	Haryana	Captain Abhimanyu	Minister, Excise & Taxation
10	Jammu & Kashmir	Dr. Haseeb Drabu	Finance Minister
11	Jharkhand	Shri C.P. Singh	Minister, Urban Development
12	Karnataka	Shri Krishna Byregowda	Minister, Agriculture
13	Kerala	Dr. Thomas Issac	Finance Minister
14	Punjab	Shri Parminder Singh Dhindsa	Finance Minister
15	Rajasthan	Shri Rajpal Singh Shekhawat	Finance Minister
16	Telangana	Shri Etela Rajender	Finance Minister
17	West Bengal	Dr. Amit Mitra	Finance Minister

Annexure 2

List of Officers who attended the 10th GST Council Meeting on 18 February 2017

S No	State/Centre	Name of the Officer	Charge
1	Govt of India	Dr. Hasmukh Adhia	Revenue Secretary
2	Ministry of Law	Shri Suresh Chandra	Secretary, Legal Affairs
3	Ministry of Law	Dr. G. Narayana Raju	Secretary, Legislative Department
4	Govt of India	Shri Najib Shah	Chairman, CBEC
5	Govt of India	Ms. Vanaja N. Sarna	Member (P&V), CBEC
6	Govt of India	Shri Ram Tirath	Member (GST), CBEC
7	Govt of India	Shri Mahender Singh	Director General, DG-GST, CBEC
8	Govt of India	Shri P.K. Jain	Principal Commissioner, (AR), CESTAT, CBEC
9	Govt of India	Shri B.N. Sharma	Additional Secretary, Dept. of Revenue
10	Ministry of Law	Dr. Reeta Vasishta	Additional Secretary, Legislative Department
11	Govt of India	Shri P.K. Mohanty	Consultant (GST), CBEC
12	Govt of India	Shri Upender Gupta	Commissioner (GST Policy Wing), CBEC
13	Govt of India	Shri Udai Singh Kumawat	Joint Secretary, Dept. of Revenue
14	Govt of India	Shri Amitabh Kumar	Joint Secretary (TRU), Dept. of Revenue
15	Govt of India	Shri G.D. Lohani	Commissioner, CBEC
16	Govt of India	Shri D.S.Malik	ADG, Press, Ministry of Finance
17	Ministry of Law	Dr. R.J.R. Kasibhatla	Deputy Legal Adviser
18	Govt of India	Ms. Aarti Saxena	Deputy Secretary, Dept. of Revenue
19	Govt of India	Shri Paras Sankhla	OSD to Finance Minister
20	Govt of India	Shri Ravneet Singh Khurana	Deputy Commissioner, (GST Policy Wing), CBEC
21	Govt of India	Shri Siddharth Jain	Assistant Commissioner, (GST Policy Wing), CBEC
22	GST Council	Shri Arun Goyal	Additional Secretary
23	GST Council	Shri Shashank Priya	Commissioner

S No	State/Centre	Name of the Officer	Charge
24	GST Council	Shri Manish K Sinha	Commissioner
25	GST Council	Shri G.S. Sinha	Joint Commissioner
26	GST Council	Shri Kaushik TG	Assistant Commissioner
27	GST Council	Shri Sandeep Bhutani	Superintendent
28	Andhra Pradesh	Shri J. Syamala Rao	Commissioner, Commercial Taxes
29	Andhra Pradesh	Shri T. Ramesh Babu	Additional Commissioner, Commercial Taxes
30	Arunachal Pradesh	Shri Tapas Dutta	Assistant Commissioner, VAT
31	Arunachal Pradesh	Shri Nakut Padung	Superintendent, VAT
32	Assam	Dr. Ravi Kota	Finance Commissioner
33	Assam	Shri Anurag Goel	Commissioner, Commercial Taxes
34	Bihar	Ms. Sujata Chaturvedi	Principal Secretary & Commissioner, Commercial Taxes
35	Bihar	Shri Arun Kr. Mishra	Addl. Secretary, Commercial Taxes
36	Chhattisgarh	Shri Amitabh Jain	Principal Secretary (Finance)
37	Chhattisgarh	Ms. Sangeetha P	Commissioner, Commercial Taxes
38	Delhi	Shri R.K. Mishra	Special Commissioner
39	Delhi	Shri Anand Kumar Tiwari	Additional Commissioner, GST
40	Goa	Shri Dipak Bandekar	Commissioner, Commercial Taxes
41	Gujarat	Dr. P.D. Vaghela	Commissioner, Commercial Taxes
42	Haryana	Shri Sanjeev Kaushal	Additional Chief Secretary
43	Haryana	Shri Shyamal Misra	Commissioner, Excise & Taxation
44	Haryana	Shri Rajeev Chaudhary	Deputy Commissioner, Excise & Taxation
45	Himachal Pradesh	Shri Pushpendra Rajput	Commissioner, Commercial Taxes
46	Jammu & Kashmir	Shri P.I. Khateeb	Commissioner, Commercial Taxes
47	Jammu & Kashmir	Shri P.K. Bhat	Additional Commissioner, Commercial Taxes
48	Jharkhand	Shri Sanjay Kr. Prasad	Joint Commissioner (HQ)

S No	State/Centre	Name of the Officer	Charge
49	Jharkhand	Shri G.S. Kapardar	Assistant Commissioner
50	Karnataka	Shri Ritvik Pandey	Commissioner, Commercial Taxes
51	Kerala	Shri P. Mara Pandiyan	Additional Chief Secretary (Taxes)
52	Kerala	Dr. Rajan Khobragade	Commissioner, Commercial Taxes
53	Madhya Pradesh	Shri Raghwendra Kumar Singh	Commissioner, Commercial Taxes
54	Madhya Pradesh	Shri Sudip Gupta	Deputy Commissioner
55	Maharashtra	Shri Rajiv Jalota	Commissioner, Sales Tax
56	Maharashtra	Shri Dhananjay Akhade	Joint Commissioner, Sales Tax
57	Meghalaya	Shri L. Khongsit	Assistant Commissioner, Taxes
58	Mizoram	Shri K. Sanglawma	Commissioner, Taxes
59	Mizoram	Shri Kailiana Ralte	Deputy Commissioner, Taxes
60	Mizoram	Shri R. Zosiamliana	Deputy Commissioner, Taxes
61	Odisha	Shri Tuhin Kanta Pandey	Principal Secretary (Finance)
62	Odisha	Shri Saswat Mishra	Commissioner, Commercial Taxes
63	Odisha	Shri Sahadev Sahu	Joint Commissioner, Commercial Taxes
64	Puducherry	Shri G. Srinivas	Commissioner, Commercial Taxes
65	Punjab	Shri Rajeev Gupta	Advisor (GST), Govt. of Punjab
66	Punjab	Shri Pawan Garg	Deputy Commissioner, Commercial Taxes
67	Rajasthan	Shri Prem Singh Mehra	Principal Secretary Finance
68	Rajasthan	Shri Praveen Gupta	Secretary Finance
69	Rajasthan	Shri Alok Gupta	Commissioner, Commercial Taxes
70	Sikkim	Shri Manoj Rai	Joint Commissioner, Commercial Taxes
71	Tamil Nadu	Shri K. Gnanasekaran	Additional Commissioner, Commercial Taxes
72	Tamil Nadu	Shri D. Soundarajpandian	Joint Commissioner (Taxation)
73	Telangana	Shri Somesh Kumar	Principal Secretary

S No	State/Centre	Name of the Officer	Charge
74	Telangana	Shri Anil Kumar	Commissioner, Commercial Taxes
75	Telangana	Shri Laxminarayan Jannu	Joint Commissioner, Commercial Taxes
76	Tripura	Shri Debapriya Bardhan	Commissioner, Commercial Taxes
77	Uttarakhand	Shri Piyush Kumar	Addl. Commissioner, Commercial Taxes
78	Uttarakhand	Shri Yashpal Singh	Deputy Commissioner, Commercial Taxes
79	Uttarakhand	Ms. Preeti Manral	Deputy Commissioner, Commercial Taxes
80	Uttar Pradesh	Shri R.K.Tiwari	Additional Chief Secretary
81	Uttar Pradesh	Shri Mukesh Kumar Meshram	Commissioner, Commercial Taxes
82	Uttar Pradesh	Shri Vivek Kumar	Additional Commissioner, Commercial Taxes
83	West Bengal	Shri H.K. Dwivedi	Principal Secretary, Finance
84	West Bengal	Ms. Smaraki Mahapatra	Commissioner, Commercial Taxes
85	West Bengal	Shri Khalid A Anwar	Senior Joint Commissioner, Commercial Tax
86	GSTN	Shri Prakash Kumar	CEO

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	THE CENTRAL GOODS AND SERVICES TAX BILL, 2017	
	A BILL	
	to make a provision for levy and collection of tax on intra-State supply of goods or services or both by the Central Government.	
	BE it enacted by Parliament in the Sixty- eighth Year of the Republic of India as follows:—	
	CHAPTER I PRELIMINARY	
	1. (1) This Act may be called the Central Goods and Services Tax Act, 2017.	Short title, extent and commencement.
	(2) It extends to the whole of India except the State of Jammu and Kashmir.	
	(3) It shall come into force on such date as the 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 provisions to the commencement of this Act shall be construed as a reference to the coming into force of that provision.	
	2. In this Act, unless the context otherwise requires,—	Definitions.
4 of 1882.	(1) "actionable claim" shall have the same meaning as assigned to it in section 3 of the Transfer of Property Act, 1882;	
	(2) "address of delivery" means the address of the recipient of goods or services or both indicated on the tax invoice issued by a registered person for delivery of such goods or services or both;	
	(3) "address on record" means the address of the recipient as available in the records of the supplier;	
	(4) "Adjudicating Authority" means any Authority, appointed or authorised to pass any order or decision under this Act, but does not include the Central Board of Excise and Customs, the Revisional Authority, the Authority for Advance Ruling, the Appellate Authority for Advance Ruling, the Appellate Authority and the Appellate Tribunal;	
	(5) "agent" means a person, including a factor, broker, commission agent, *arhatia*, *del credere* agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another;	
	(6) "aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of a person having the same Permanent Account Number, to be computed on all India basis and excludes central tax, State tax, Union territory tax, integrated tax and cess ;	

	(7) "agriculturist" means an individual or a Hindu Undivided Family who undertakes cultivation of land – (a) by own labour, or (b) by the labour of family, or (c) by servants on wages payable in cash or kind or by hired labour under personal supervision or the personal supervision of any member of the family;	
	(8) "Appellate Authority" means an Authority appointed or authorised to hear appeals and referred to in section 107;	
	(9) "Appellate Tribunal" means the Goods and Services Tax Appellate Tribunal constituted under section 109;	
	(10) "appointed day'' means the date on which the provisions of this Act shall come into force;	
	(11) "assessment" means determination of tax liability under this Act and includes self-assessment, re-assessment, provisional assessment, summary assessment and best judgement assessment;	
43 of 1961.	(12) "associated enterprise" shall have the same meaning as assigned to it in section 92A of the Income-tax Act, 1961;	
	(13) "audit" means the examination of records, returns and other documents maintained or furnished by the registered person under this Act or the rules made thereunder or under any other law for the time being in force to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess his compliance with the provisions of this Act or the rules made thereunder;	
	(14) "authorised bank" shall mean a bank or a branch of a bank authorised by the Government to collect the tax or any other amount payable under this Act;	

	(15) "authorised representative" means the representative as referred to under section 116;	
54 of 1963.	(16) "Board" means the Central Board of Excise and Customs constituted under the Central Boards of Revenue Act, 1963;	
	(17) "business" includes—	
	(a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;	
	(b) any activity or transaction in connection with or incidental or ancillary to sub-clause (a);	
	(c) any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction;	
	(d) supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;	
	(e) provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members;	
	(f) admission, for a consideration, of persons to any premises;	
	(g) services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;	
	(h) services provided by a race club by way of totalisator or a licence to book maker in such club ; and	
	(i) any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities;	

	(18) "business vertical" means a distinguishable component of an enterprise that is engaged in the supply of individual goods or services or a group of related goods or services which is subject to risks and returns that are different from those of the other business verticals.	
	Explanation.—For the purposes of this clause, factors that should be considered in determining whether goods or services are related include—	
	(a) the nature of the goods or services;	
	(b) the nature of the production processes;	
	(c) the type or class of customers for the goods or services;	
	(d) the methods used to distribute the goods or supply of services; and	
	(e) the nature of regulatory environment, wherever applicable, including, banking, insurance, or public utilities;	
	(19) "capital goods" means goods, the value of which is capitalised in the books of accounts of the person claiming the credit and which are used or intended to be used in the course or furtherance of business;	
	(20) "casual taxable person" means a person, other than a non-resident taxable person, who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business whether as principal, agent or in any other capacity, in a State or a Union territory where he has no fixed place of business;	
	(21) "central tax" means the central goods and services tax levied under section 9;	
	(22) "cess" shall have the meaning as assigned to it in the Central Goods and Services (Compensation to States) Act;	

38 of 1949.	(23) "chartered accountant" means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949;	
	(24) "Commissioner" means the Commissioner of central tax and includes the Principal Commissioner of Central Tax appointed under section 3 and the Commissioner of integrated tax under the Integrated Goods and Services Tax Act;	
	(25) "Commissioner of the Board" means the Commissioner referred to in section 168;	
	(26) "common portal" means the common goods and services tax electronic portal referred to in section 146;	
	(27) "common working days" in respect of a State shall mean such days in succession which are not declared as gazetted holidays by the Central Government or the concerned State Government;	
56 of 1980.	(28) "company secretary" means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980;	
	(29) "competent authority" means such authority as may be notified by the Government;	
	(30) "composite supply" means a supply made by a taxable person to a recipient comprising of two or more supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply;	
	Illustration: Where goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance is a composite supply and supply of goods is a principal supply.	
	(31) "consideration" in relation to the supply of goods or services or both includes—	

	(a) any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;	
	(b) the monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government:	
	Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such supply unless the supplier applies such deposit as consideration for the said supply;	
	(32) "continuous supply of goods" means a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, whether or not by means of a wire, cable, pipeline or other conduit, and for which the supplier invoices the recipient on a regular or periodic basis and includes supply of such goods as the Government may, subject to such condition, as it may, by notification, specify;	
	(33) "continuous supply of services" means a supply of services which is provided, or agreed to be provided, continuously or on recurrent basis, under a contract, for a period exceeding three months with periodic payment obligations and includes supply of such services as the Government may, subject to such condition, as it may, by notification, specify;	
	(34) "conveyance" includes a vessel, an aircraft and a vehicle;	
23 of 1959.	(35) "cost accountant" means a cost accountant as defined in clause (c) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959;	

	(36) "Council" means the Goods and Services Tax Council established under article 279A of the Constitution;	
	(37) "credit note" means a document issued by a registered person under sub-section (1) of section 34;	
	(38) "debit note" means a document issued by a registered person under sub-section (4) of section 34;	
	(39) "deemed exports" means such supplies of goods as may be notified under section 147;	
	(40) "designated authority" means such authority as may be notified by the Board;	
21 of 2000.	(41) "document" includes written or printed record of any sort and electronic record as defined in the Information Technology Act, 2000;	
	(42) "drawback" in relation to any goods manufactured in India and exported, means the rebate of duty or tax chargeable on any imported inputs or on any domestic inputs or input services used in the manufacture of such goods;	
	(43) "existing law" means any law, notification, order, rule or regulation relating to levy and collection of tax on goods or services or both passed or made before the commencement of this Act by any legislature or Authority or person having Authority to make such law, notification, order, rule or regulation;	
	(44) "electronic cash ledger" means the electronic cash ledger referred to in sub-section (1) of section 49;	
	(45) "electronic commerce" means the supply of goods or services or both including digital products over digital or electronic network;	

	(46) "electronic commerce operator" means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce;	
	(47) "electronic credit ledger" means the electronic credit ledger referred to in sub-section (2) of section 49;	
	(48) "exempt supply" means supply of any goods or services or both which attract nil rate of tax or which may be exempt from tax under section 11 of this Act or under section 6 of the Integrated Goods and Services Tax Act, and includes non taxable supply;	
	(49) "family" means, - (i) the spouse and children of the person, and (ii) the parents, grand-parents, brothers and sisters of the persons if they are wholly or mainly dependent on the said person;	
	(50) "fixed establishment" means a place (other than the registered place of business) which is characterised by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services, or to receive and use services for its own needs;	
	(51) "Fund" means the Consumer Welfare Fund established under section 57;	
	(52) "goods'' means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply;	
	(53) "Government" means the Central Government;	
	(54) "Goods and Services Tax (Compensation to the States) Act" means the Goods and Services Tax (Compensation to the States) Act, 2017;	

	(55) Goods and services tax practitioner" means any person who has been approved under section 48 to act as such practitioner;	
80 of 1976	(56) "India" means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and sub-soil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976, and the air space above its territory and territorial waters;	
	(57) "Integrated Goods and Services Tax Act" means the Integrated Goods and Services Tax Act , 2017 ;	
	(58) "integrated tax" means the integrated goods and services tax levied under the Integrated Goods and Services Tax Act;	
	(59) "input" means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business;	
	(60) "input service" means any service used or intended to be used by a supplier in the course or furtherance of business;	
	(61) "Input Service Distributor" means an office of the supplier of goods or services or both which receives tax invoices issued under section 31 towards the receipt of input services and issues a prescribed document for the purposes of distributing the credit of central tax, State tax, integrated tax or Union territory tax paid on the said services to a supplier of taxable goods or services or both having same Permanent Account Number as that of the said office;	

	(62) "input tax" in relation to a registered person, means the central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both and includes – (a) the integrated tax charged on import of goods; (b) the tax payable under the provisions of sub-sections (3) and (4) of section 9 ; (c) the tax payable under the provisions of sub-section (3) and (4) of section 5 of the Integrated Goods and Services Tax Act; (d) the tax payable under the provisions of sub-section (3) and (4) of section 9 of the respective State Goods and Services Tax Act; or (e) the tax payable under the provisions of sub-section (3) and (4) of section __ of the respective Union Territory Goods and Services Tax Act; but does not include the tax paid under the composition levy;	
	(63) "input tax credit" means the credit of input tax;	
	(64) "intra-State supply of goods" shall have the meaning assigned to it in section 8 of the Integrated Goods and Services Tax Act, 2017;	
	(65) "intra-State supply of services" shall have the meaning assigned to it in section 8 of the Integrated Goods and Services Tax Act. 2017;	
	(66) "invoice" or "tax invoice" means the tax invoice referred to in section 31;	
	(67) "inward supply" in relation to a person, shall mean receipt of goods or services or both whether by purchase, acquisition or any other means with or without consideration ;	
	(68) "job work" means any treatment or process undertaken by a person on goods belonging to another registered person and the expression "job worker" shall be construed accordingly;	

	(69) "local authority" means—	
	(a) a "Panchayat" as defined in clause (d) of article 243 of the Constitution;	
	(b) a "Municipality" as defined in clause (e) of article 243P of the Constitution;	
	(c) a Municipal Committee, a Zilla Parishad, a District Board, and any other authority legally entitled to, or entrusted by the Central Government or any State Government with the control or management of a municipal or local fund;	
41 of 2006.	(d) a Cantonment Board as defined in section 3 of the Cantonments Act, 2006;	
	(e) a Regional Council or a District Council constituted under the Sixth Schedule to the Constitution;	
	(f) a Development Board constituted under article 371 of the Constitution; or	
	(g) a Regional Council constituted under article 371A of the Constitution;	
	(70) "location of the recipient of services" means,- (a) where a supply is received at a place of business for which the registration has been obtained, the location of such place of business; (b) where a supply is received at a place other than the place of business for which registration has been obtained which is a fixed establishment elsewhere, the location of such fixed establishment; (c) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and (d) in absence of such places, the location of the usual place of residence of the recipient;	
	(71) "location of the supplier of services" means,- (a) where a supply is made from a place of business for which the registration has been obtained, the location of such place of business;	

	(b) where a supply is made from a place other than the place of business for which registration has been obtained which is a fixed establishment elsewhere, the location of such fixed establishment; (c) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provisions of the supply; and (d) in absence of such places, the location of the usual place of residence of the supplier;	
	(72) "manufacture" means processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term "manufacturer" shall be construed accordingly;	
	(73) "market value" shall mean the full amount which a recipient of a supply is required to pay in order to obtain the goods or services or both of like kind and quality at or about the same time and at the same commercial level where the recipient and the supplier are not related;	
	(74) "mixed supply" means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.	
	Illustration : A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drink and fruit juices when supplied for a single price is a mixed supply. Each of these items can be supplied separately and is not dependent on any other. It shall not be a mixed supply if these items are supplied separately;	

	(75) "money" means the Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveler cheque, money order, postal or electronic remittance or any other instrument recognized by the Reserve Bank of India when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination but shall not include any currency that is held for its numismatic value;	
59 of 1988.	(76) "motor vehicle" shall have the same meaning as assigned to it in clause (28) of section 2 of the Motor Vehicles Act, 1988;	
	(77) "non-resident taxable person" means any person who occasionally undertakes transactions involving supply of goods or services or both whether as principal or agent or in any other capacity but who has no fixed place of business or residence in India;	
	(78) "non-taxable supply'' means a supply of goods or services or both which is not leviable to tax under this Act or under the Integrated Goods and Services Tax Act or under the Union Territory Goods And Services Tax Act;	
	(79) "non-taxable territory" means the territory which is outside the taxable territory;	
	(80) "notification" means a notification published in the Official Gazette and the expressions 'notify' and 'notified' shall be construed accordingly;	
	(a) "other territory" includes territories other than those comprising in a State and those referred to in sub-clauses (a) to (e) of clause ___ of section 2 ;	
	(81) "output tax" in relation to a taxable person, means the central tax chargeable under this Act on taxable supply of goods or services or both made by him or by his agent and excludes tax payable by him on reverse charge basis;	

	(82) "outward supply" in relation to a taxable person, means supply of goods or services or both, whether by sale, transfer, barter, exchange, licence, rental, lease or disposal or any other mode, made or agreed to be made by such person in the course or furtherance of business;	
	(83) "person" includes—	
	(a) an individual;	
	(b) a Hindu undivided family;	
	(c) a company;	
	(d) a firm;	
	(e) a Limited Liability Partnership;	
	(f) an association of persons or a body of individuals, whether incorporated or not, in India or outside India;	
18 of 2013.	(g) any corporation established by or under any Central Act, State Act or Provincial Act or a Government company as defined in clause (45) of section 2 of the Companies Act, 2013;	
	(h) any body corporate incorporated by or under the laws of a country outside India;	
	(i) a co-operative society registered under any law relating to cooperative societies;	
	(j) a local authority;	
	(k) Central Government or a State Government;	
21 of 1860.	(l) society as defined under the Societies Registration Act, 1860;	
	(m) trust; and	
	(n) every artificial juridical person, not falling within any of the above;	

	(84) "place of business" includes—	
	(a) a place from where the business is ordinarily carried on, and includes a warehouse, a godown or any other place where a taxable person stores his goods, supplies or receives goods or services or both; or	
	(b) a place where a taxable person maintains his books of account; or	
	(c) a place where a taxable person is engaged in business through an agent, by whatever name called;	
	(85) "place of supply" means the place of supply as defined under the provisions of the Integrated Goods and Services Tax Act;	
	(86) "prescribed'' means prescribed by rules made under this Act, on the recommendations of the Council;	
	(87) "principal" means a person on whose behalf an agent carries on the business of supply or receipt of goods or services or both;	
	(88) "principal place of business" means the place of business specified as the principal place of business in the certificate of registration;	
	(89) "principal supply" means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary;	
	(90) "proper officer" in relation to any function to be performed under this Act, means the officer of the central tax who is assigned that function by the Commissioner;	
	(91) "quarter" shall mean a period comprising three consecutive calendar months, ending on the last day of March, June, September and December of a calendar year;	

	(92) "recipient" of supply of goods or services or both, means-	
	(a) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;	
	(b) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and	
	(c) where no consideration is payable for the supply of a service, the person to whom the service is rendered, and any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply and shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied;	
	(93) "registered person" means a person who is registered under section 22 but does not include a person having a Unique Identity Number.	
	(94) "regulations" means the regulations made by the Board under this Act on the recommendations of the Council;	
	(95) "removal'' in relation to goods, means -	
	(a) despatch of the goods for delivery by the supplier thereof or by any other person acting on behalf of such supplier; or	
	(b) collection of the goods by the recipient thereof or by any other person acting on behalf of such recipient;	
	(96) "return" means any return prescribed or otherwise required to be furnished by or under this Act or the rules made thereunder;	

	(97) "reverse charge'' means the liability to pay tax by the recipient of supply of goods or services or both instead of the supplier of such goods or services or both in respect of such categories of supplies as may be notified under sub-section (3) of section 9 of this Act or specified in sub-section (4) of that section or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act;	
	(98) "Revisional Authority" means an authority appointed or authorised under this Act for revision of decision or orders referred under section 108;	
	(99) "Schedule" means a Schedule appended to this Act;	
42 of 1956.	(100) "securities" shall have the same meaning as assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 ;	
	(101) "services" means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;	
	(102) "State" includes a Union territory with Legislature;	
	(103) "State tax" means the tax levied under any State Goods and Services Tax Act;	
	(104) "State Goods and Services Tax Act" means the respective State Goods and Services Tax Act 2017;	

	(105) "supplier" in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied;	
	(106) "tax period'' means the period for which the return is required to be furnished;	
	(107) "taxable person" means a person who is registered or liable to be registered under section 22;	
	(108) "taxable supply'' means a supply of goods or services or both which is chargeable to tax under this Act;	
	(109) "taxable territory'' means the territory to which the provisions of this Act apply;	
	(110) "telecommunication service" means service of any description (including electronic mail, voice mail, data services, audio text services, video text services, radio paging and cellular mobile telephone services) which is made available to users by means of any transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature, by wire, radio, visual or other electro-magnetic means;	
	(111) "turnover in a State" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis) and exempt supplies made within a State by a taxable person, exports of goods or services or both and inter-State supplies of goods or services or both made from the State by the said taxable person excluding central tax, State tax, Union territory tax, integrated tax and cess;	
	(112) "usual place of residence" means—	
	(a) in case of an individual, the place where he ordinarily resides;	

	(b) in other cases, the place where the person is incorporated or otherwise legally constituted;	
	(113) "Union territory" means (a) The Andaman and Nicobar Islands; (b) Lakshwadeep; (c) Dadra and Nagar Haveli; (d) Daman and Diu; (e) Chandigarh; and (f) Other territory;	
	(114) "Union territory tax" means the Union territory goods and services tax levied under the Union Territory Goods and Services Tax Act;	
	(115) "Union territory Goods and Services Tax Act" means the Union Territory Goods and Services Tax Act, 2017;	
	(116) "valid return" means a return furnished under sub-section (1) of section 39 on which self-assessed tax has been paid in full;	
	(117) "voucher" means an instrument in the form of a document containing an undertaking or an obligation to supply, in exchange of such instrument, goods or services or both of specified description or of any description in accordance with the condition of such exchange;	
	(118) "works contract" means a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods is involved in the execution of such contract;	
	(119) words and expressions used and not defined in this Act but defined in the Integrated Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act shall have the same meanings as assigned to them in those Acts.	

	CHAPTER II ADMINISTRATION	
	3. The Government shall, by notification, specify the following classes of officers for the purposes of this Act, namely:—	Officers under this Act.
	(a) the Principal Chief Commissioners of Central Tax or Principal Directors General of Central Tax, (b) Chief Commissioners of Central Tax or Directors General of Central Tax, (c) Principal Commissioners of Central Tax or Principal Additional Directors General of Central Tax, (d) Commissioners of Central Tax or Additional Directors General of Central Tax, (e) Additional Commissioners of Central Tax or Additional Directors of Central Tax, (f) Joint Commissioners of Central Tax or Joint Directors of Central Tax, (g) Deputy Commissioners of Central Tax or Deputy Directors of Central Tax, (h) Assistant Commissioners of Central Tax or Assistant Directors of Central Tax, and (i) any other class of officers as it may deem fit:	
1 of 1944.	Provided that the officers appointed under the Central Excise Act, 1944 shall be deemed to be the officers appointed under the provisions of this Act.	
	4. (1) The Board may, in addition to the officers as may be notified by the Government under section 3, appoint such persons as it may think fit to be officers under this Act.	Appointment of officers.

	(2) Without prejudice to the provisions of sub-section (1), the Board may authorise any officer referred to under clauses (a) to (h) of section 3 to appoint officers of central tax below the rank of Assistant Commissioner of central tax for the administration of this Act.	
	5. (1) Subject to such conditions and limitations as the Board may impose, an officer of the central tax may exercise the powers and discharge the duties conferred or imposed on him under this Act.	Powers of officers.
	(2) An officer of central tax may exercise the powers and discharge the duties conferred or imposed under this Act on any other officer of central tax who is subordinate to him.	
	(3) The Commissioner may, subject to such conditions and limitations as may be specified in this behalf by him, delegate his powers to any other officer subordinate to him.	
	(4) Notwithstanding anything contained in this section, an Appellate Authority shall not exercise the powers and discharge the duties conferred or imposed on any other officer of central tax.	
	6. Without prejudice to the provisions of this Act, the Central Government shall, on the recommendations of the Council, by notification, and subject to such conditions as may be specified therein, authorise officers appointed under the State Goods and Services Tax Act to be the proper officers for the purposes of this Act.	Appointment of Officers of State Tax as proper officer in certain circumstances.
	CHAPTER III LEVY AND COLLECTION OF TAX	
	7. (1) For the purposes of this Act, the expression "supply" includes—	Scope of supply.
	(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;	

	(b) import of services for a consideration whether or not in course or furtherance of business;	
	(c) the activities specified in Schedule I, made or agreed to be made without a consideration; and	
	(d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.	
	(2) Notwithstanding anything contained in sub-section (1),—	
	(a) activities or transactions specified in Schedule III; or	
	(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,	
	shall be treated neither as a supply of goods nor a supply of services.	
	(3) Subject to sub-sections (1) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as—	
	(a) a supply of goods and not as a supply of services; or	
	(b) a supply of services and not as a supply of goods.	
	8. The tax liability on a composite or a mixed supply shall be determined in the following manner, namely: —	Tax liability on composite and mixed supplies.
	(a) a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply; and	
	(b) a mixed supply comprising two or more supplies shall be treated as a supply of that particular supply which attracts the highest rate of tax.	

	9. (1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both except on the supply of alcoholic liquor for human consumption, on the value determined under section 15, and at such rates, not exceeding twenty per cent., as may be notified by the Government, on the recommendations of the Council and collected in such manner as may be prescribed.	Levy and Collection.
	(2) The central tax on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.	
	(3) The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such 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 the supply of such goods or services or both.	
	(4) The central 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.	
	(5) The Government may, on the recommendations of the Council, by notification, specify categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the person liable for paying the tax in relation to the supply of such services:	

	Provided that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax:	
	Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also he does not have a representative in the said territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.	
	10. (1) Notwithstanding anything to the contrary contained in this Act but subject to sub-sections (3) and (4) of section 9, a registered person, whose aggregate turnover in the preceding financial year did not exceed fifty lakh rupees may opt to pay, in lieu of the tax payable by him, an amount calculated at such rate as may be prescribed, but not exceeding one per cent. of the turnover in case of a manufacturer, 2.5 per cent. of the turnover in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II and 0.5 per cent. of the turnover in case of other suppliers, subject to such conditions and restrictions as may be prescribed	Composition levy.
	Provided that the Government may increase the said limit of fifty lakh rupees to such higher amount, not exceeding one crore rupees, as may be recommended by the Council.	
	(2) The registered person shall be eligible to opt under sub-section (1), if: —	
	(a) he is not engaged in the supply of services other than supplies referred to in clause (b) of paragraph 6 of Schedule II;	
	(b) he is not engaged in making any supply of goods which are not leviable to tax under this Act;	
	(c) he is not engaged in making any inter-State outward supplies of goods;	

	(d) he is not engaged in making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52; or	
	(e) he is not a manufacturer of such goods as may be notified on the recommendations of the Council:	
43 of 1961	Provided that where more than one registered persons are having the same Permanent Account Number (issued under the Income-tax Act 1961), the registered person shall not be eligible to opt for such scheme unless all such registered persons, opt to pay tax under sub-section (1).	
	(3) The option availed of by a registered person under sub-section (1) shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the limit specified under sub-section (1).	
	(4) A taxable person to whom the provisions of sub-section (1) apply shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax.	
	(5) If the proper officer has reasons to believe that a taxable person was not eligible to opt to pay tax under sub-section (1), such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the provisions of section 73 or section 74 shall, mutatis mutandis, apply for determination of tax and penalty.	
	11. (1) Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council, by notification, exempt generally either absolutely or subject to such conditions as may be specified therein, goods or services or both of any specified description from the whole or any part of the tax leviable thereon with effect from such the date as may be specified in such notification.	Power to grant exemption from tax.

	(2) Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council, by special order in each case, under circumstances of an exceptional nature to be stated in such order exempt from payment of tax, any goods or services or both on which tax is leviable.	
	(3) The Government may, if it considers necessary or expedient so to do for the purpose of clarifying the scope or applicability of any notification issued under sub-section (1) or order issued under sub-section (2), insert an explanation in such notification or order, as the case may be, by notification at any time within one year of issue of the notification under sub-section (1) or order under sub-section (2), and every such explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be.	
	Explanation.—For the purposes of this section, where an exemption in respect of any goods or services or both from the whole of the tax leviable thereon has been granted absolutely, the registered person providing such goods or services or both shall not collect the tax on such supply of goods or services or both.	
	CHAPTER IV TIME AND VALUE OF SUPPLY	
	12. (1) The liability to pay central tax on goods shall arise at the time of supply, as determined in terms of the provisions of this section.	Time of supply of goods.
	(2) The time of supply of goods shall be the earlier of the following dates, namely,-	
	(a) the date of issue of invoice by the supplier or the last date on which he is required, under section 31, to issue the invoice with respect to the supply; or	
	(b) the date on which the supplier receives the payment with respect to the supply:	

	Provided that where the supplier of taxable goods receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess shall, at the option of the said supplier, be the date of issue of invoice.	
	Explanation 1.—For the purposes of clauses (a) and (b), the expression "supply" shall be deemed to have been made to the extent it is covered by the invoice or the payment.	
	Explanation 2.—For the purposes of clause (b), "the date on which the supplier receives the payment" shall be the date on which the payment is entered in his books of accounts or the date on which the payment is credited to his bank account, whichever is earlier.	
	(3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earliest of the following dates, namely,—	
	(a) the date of the receipt of goods; or	
	(b) the date on which the payment is made; or	
	(c) the date immediately following thirty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:	
	Provided that where it is not possible to determine the time of supply under clause (a), clause (b) or clause (c) the time of supply shall be the date of entry in the books of account of the recipient of supply.	
	Explanation.—For the purposes of clause (b), "the date on which the payment is made" shall be the date on which the payment is entered in the books of accounts of the recipient or the date on which the payment is debited in his bank account, whichever is earlier.	
	(4) In case of supply of vouchers, by a supplier, the time of supply shall be-	

	(a) the date of issue of voucher, if the supply is identifiable at that point; or	
	(b) the date of redemption of voucher, in all other cases.	
	(5) Where it is not possible to determine the time of supply under the provisions of sub-section (2), sub-section (3) or sub-section (4), the time of supply shall—	
	(a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or	
	(b) in any other case, be the date on which the central tax is paid.	
	(6) The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.	
	13. (1) The liability to pay central tax on services shall arise at the time of supply, as determined in terms of the provisions of this section.	Time of supply of services.
	(2) The time of supply of services shall be the earliest of the following dates, namely:—	
	(a) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under sub-section (2) of section 31 or the date of receipt of payment, whichever is earlier; or	
	(b) the date of provisions of service , if the invoice is not issued within the period prescribed under sub-section (2) of section 31 or the date of receipt of payment, whichever is earlier; or	
	(c) the date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of clause (a) or (b) do not apply:	
	Provided that where the supplier of taxable service receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess shall, at the option of the said supplier, be in accordance with clause (a).	

	Explanation .—For the purposes of clauses (a) and (b), (i) the supply shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the date of payment.	
	(ii) "the date of receipt of payment" shall be the date on which the payment is entered in the books of accounts of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.	
	(3) In case of supplies in respect of which tax is paid or liable to be paid on reverse charge basis, the time of supply shall be the earlier of the following dates, namely:—	
	(a) the date on which the payment is made; or	
	(b) the date immediately following sixty days from the date of issue of invoice or any other document, by whatever name called, in lieu thereof by the supplier:	
	Provided that where it is not possible to determine the time of supply under clause (a) or clause (b), the time of supply shall be the date of entry in the books of account of the recipient of supply:	
	Provided further that in case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply shall be the date of entry in the books of account of the recipient of supply or the date of payment, whichever is earlier.	
	Explanation.—For the purposes of clause (a), "the date on which the payment is made" shall be the date on which the payment is entered in the books of accounts of the recipient or the date on which the payment is debited in his bank account, whichever is earlier.	
	(4) In case of supply of vouchers, by a supplier, the time of supply shall be—	
	(a) the date of issue of voucher, if the supply is identifiable at that point; or	

	(b) the date of redemption of voucher, in all other cases;	
	(5) Where it is not possible to determine the time of supply of services in the manner specified in sub-section (2), sub-section (3) or sub-section (4), the time of supply shall—	
	(a) in a case where a periodical return has to be filed, be the date on which such return is to be filed; or	
	(b) in any other case, be the date on which the central tax is paid.	
	(6) The time of supply to the extent it relates to an addition in the value of supply by way of interest, late fee or penalty for delayed payment of any consideration shall be the date on which the supplier receives such addition in value.	
	14. (1) Notwithstanding anything contained in section 12 or section 13, the time of supply, in cases where there is a change in the rate of tax in respect of goods or services or both, shall be determined in the following manner, namely,—	Change in rate of tax in respect of supply of goods or services.
	(a) in case the goods or services or both have been supplied before the change in rate of tax—	
	(i) where the invoice for the same has been issued and the payment is also received after the change in rate of tax, the time of supply shall be the date of receipt of payment or the date of issue of invoice, whichever is earlier; or	
	(ii) where the invoice has been issued prior to the change in rate of tax but payment is received after the change in rate of tax, the time of supply shall be the date of issue of invoice; or	
	(iii) where the payment has been received before the change in rate of tax, but the invoice for the same is issued after the change in rate of tax, the time of supply shall be the date of receipt of payment;	

	(b) in case the goods or services or both have been supplied after the change in rate of tax—	
	(i) where the payment is received after the change in rate of tax but the invoice has been issued prior to the change in rate of tax, the time of supply shall be the date of receipt of payment; or	
	(ii) where the invoice has been issued and payment is received before the change in rate of tax, the time of supply shall be the date of receipt of payment or date of issue of invoice, whichever is earlier; or	
	(iii) where the invoice has been issued after the change in rate of tax but the payment is received before the change in rate of tax, the time of supply shall be the date of issue of invoice:	
	Provided that the date of receipt of payment shall be the date of credit in the bank account when such credit in the bank account is after four working days from the date of change in the rate of tax.	
	Explanation.—For the purposes of this section, "the date of receipt of payment" shall be the date on which the payment is entered in the books of accounts of the supplier or the date on which the payment is credited to his bank account, whichever is earlier.	
	15. (1) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.	Value of taxable supply.
	(2) The value of supply shall include——	
	(a) any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than this Act, , the State Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to the States) Act, if charged separately by the supplier to the recipient;	

	(b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;	
	(c) incidental expenses, including, commission and packing, charged by the supplier to the recipient of a supply, any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or, as the case may be, supply of services;	
	(d) interest or late fee or penalty for delayed payment of any consideration for any supply; and	
	(e) subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.	
	Explanation.—For the purposes of this sub-section, the amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.	
	(3) The value of the supply shall not include any discount which is given,-	
	(a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and	
	(b) after the supply has been effected, if -	
	(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and	
	(ii) input tax credit has been reversed by the recipient of the supply as is attributable to the discount on the basis of document issued by the supplier.	

	(4) Where the value of the supply of goods or services or both cannot be determined under sub-section (1), the same shall be determined in such manner as may be prescribed.	
	(5) Notwithstanding anything contained in sub-section (1) or sub-section (4), the value of such supplies as may be notified by the Government on the recommendations of the Council shall be determined in such manner as may be prescribed.	
	Explanation.- For the purposes of this Act,- (a) persons shall be deemed to be "related persons'' if - i. such persons are officers or directors of one another's businesses; ii. such persons are legally recognized partners in business; iii. such persons are employer and employee; iv. any person directly or indirectly owns, controls or holds twenty five per cent or more of the outstanding voting stock or shares of both of them; v. one of them directly or indirectly controls the other; vi. both of them are directly or indirectly controlled by a third person; vii. together they directly or indirectly control a third person; or viii. they are members of the same family; (b) the term "person" also includes legal persons. (c) persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.	
	CHAPTER V INPUT TAX CREDIT	

.	16. (1) Every registered person shall, subject to such conditions and restrictions as may be prescribed and within the time and manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.	Eligibility and conditions for taking input tax credit.
	(2) Notwithstanding anything contained in this section, but subject to the provisions of section 41, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,—	
	(a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;	
	(b) he has received the goods or services or both.	
	Explanation.—For the purpose of this clause, it shall be deemed that the registered person has received the goods where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;	
	(c) the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilization of input tax credit admissible in respect of the said supply; and	
	(d) he has furnished the return under section 39:	
	Provided that where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment:	
	Provided further that where a recipient fails to pay to the supplier of goods or services or both other than the supplies on which tax is payable on reverse charge	

	basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon, in such manner as may be prescribed:	
	Provided also that the recipient shall be entitled to avail of the credit of input tax on payment by him of the amount towards the value of supply of goods or services or both along with tax payable thereon.	
43 of 1961.	(3) Where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery as defined in explanation to section 17 under the provisions of the Income-tax Act, 1961, the input tax credit shall not be allowed on the said tax component.	
	(4) A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after furnishing of the return under section 39 for the month of September following the end of financial year to which such invoice or invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier.	
	17. (1) Where the goods or services or both are used by the registered person partly for the purpose of any business and partly for other purposes, the amount of credit shall be restricted to so much of the input tax as is attributable to the purposes of his business.	Apportionment of credit and blocked credits.
	(2) Where the goods or services or both are used by the registered person partly for effecting taxable supplies including zero-rated supplies under this Act or under the Integrated Goods and Services Tax Act and partly for effecting exempt supplies under the said Acts, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies.	

	Explanation .—For the purposes of this sub-section, exempt supplies shall include supplies on which the recipient is liable to pay tax on reverse charge basis and transactions in securities, sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.	
	(3) The value of exempt supply under sub-section (2), shall be such as may be prescribed, and shall include supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building;	
	(4) A banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances shall have the option to either comply with the provisions of sub-section (2), or avail of, every month, an amount equal to fifty per cent. of the eligible input tax credit on inputs, capital goods and input services in that month and the rest shall lapse.	
	Provided that the option once exercised shall not be withdrawn during the remaining part of the financial year:	
	Provided further that the restriction of fifty per cent. shall not apply to the tax paid on supplies made by a registered person to another registered person having the same Permanent Account Number.	
	(5) Notwithstanding anything contained in sub-section (1) of section 16 and clause (a) or clause(b) or clause (c) or clause (d) of sub-sections (1) of section 18, input tax credit shall not be available in respect of the following, namely:-	
	(a) motor vehicles and other conveyances except when they are used—	
	(i) for making the following taxable supplies, namely:—	

	(A) further supply of such vehicles or conveyances ; or	
	(B) transportation of passengers; or	
	(C) imparting training on driving, flying, navigating such vehicles or conveyances;	
	(ii) for transportation of goods;	
	(b) supply of goods or services or both, relating to, namely:-	
	(i) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery except where an inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply;	
	(ii) membership of a club, health and fitness centre;	
	(iii) rent-a-cab, life insurance, and health insurance except where - (A) the Government notifies the services which are obligatory for an employer to provide to its employees under any law for the time being in force; or (B) such inward supply of goods or services or both of a particular category as is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as part of a taxable composite or mixed supply; and	
	(iv) travel benefits extended to employees on vacation such as leave or home travel concession.	
	(c) works contract services when supplied for construction of immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service;	

	(d) goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.	
	Explanation.—For the purposes of clauses (c) and (d), the expression "construction" includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalization, to the said immovable property;	
	(e) goods or services or both on which tax has been paid under section 10;	
	(f) goods or services or both received by a non-resident taxable person except on goods imported by him;	
	(g) goods or services or both used for personal consumption;	
	(h) goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples; and	
	(i) any tax paid in terms of sections 74, 129 and 130.	
	(6) The Government may prescribe the manner in which the credit referred to in sub-sections (1) and (2) may be attributed.	
	Explanation.— For the purposes of this Chapter and Chapter VI, the expression "plant and machinery" means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes- (i) land, building or any other civil structures; (ii) telecommunication towers; and (iii) pipelines laid outside the factory premises.	
	18. (1) Subject to such conditions and restrictions as may be prescribed–	Availability of credit in special circumstances.

	(a) a person who has applied for registration under this Act within thirty days from the date on which he becomes liable to registration and has been granted such registration shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act;	
	(b) a person who takes registration under sub-section (3) of section 25 shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration;	
	(c) where any registered person ceases to pay tax under section 10, he shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods on the day immediately preceding the date from which he becomes liable to pay tax under section 9:	
	Provided that the credit on capital goods shall be reduced by such percentage points as may be prescribed;	
	(d) where an exempt supply of goods or services or both by a registered person becomes a taxable supply, such person shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock relatable to such exempt supply and on capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable:	
	Provided that the credit on capital goods shall be reduced by such percentage points as may be prescribed.	

	(2) A taxable person shall not be entitled to take input tax credit under sub-section (1) in respect of any supply of goods or services or both to him after the expiry of one year from the date of issue of tax invoice relating to such supply.	
	(3) Where there is a change in the constitution of a registered person on account of sale, merger, demerger, amalgamation, lease or transfer of the business with the specific provisions for transfer of liabilities, the said registered person shall be allowed to transfer the input tax credit which remains unutilised in his electronic credit ledger to such sold, merged, demerged, amalgamated, leased or transferred business in such manner as may be prescribed.	
	(4) Where any registered person who has availed of input tax credit opts to pay tax under section 10 or, where the goods or services or both supplied by him become exempt absolutely under section 11, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods, reduced by such percentage points as may be prescribed, on the day immediately preceding the date of exercising of such option or, as the case may be, the date of such exemption:	
	Provided that after payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse.	
	(5) The amount of credit under sub-section (1) and the amount payable under sub-section (4) shall be calculated in such manner as may be prescribed.	

	(6) In case of supply of capital goods or plant and machinery, on which input tax credit has been taken, the registered person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery reduced by the percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery determined under section 15, whichever is higher:	
	Provided that where refractory bricks, moulds and dies, jigs and fixtures are supplied as scrap, the taxable person may pay tax on the transaction value of such goods determined under section 15.	
	19. (1) The principal shall, subject to such conditions and restrictions as may be prescribed, be allowed input tax credit on inputs sent to a job-worker for job-work.	Taking input tax credit in respect of inputs sent for job work.
	(2) Notwithstanding anything contained in clause (6) of sub-section (2) of section 16, the principal shall be entitled to take credit of input tax on inputs even if the inputs are directly sent to a job worker for job-work without being first brought to his place of business.	
	(3) Where the inputs sent for job work are not received back by the principal after completion of job-work or otherwise or are not supplied from the place of business of the job worker in accordance with clause (a) or clause (b) of sub-section (1) of section 43 within one year of being sent out, it shall be deemed that such inputs had been supplied by the principal to the job-worker on the day when the said inputs were sent out:	
	Provided that where the inputs are sent directly to a job worker, the period of one year shall be counted from the date of receipt of inputs by the job worker.	
	(4) The principal shall, subject to such conditions and restrictions as may be prescribed, be allowed input tax credit on capital goods sent to a job worker for job work.	

	(5) Notwithstanding anything contained in clause (b) of sub-section (2) of section 16, the principal shall be entitled to take credit of input tax on capital goods even if the capital goods are directly sent to a job worker for job-work without being first brought to his place of business.	
	(6) Where the capital goods sent for job work are not received back by the principal within a period of three years of being sent out, it shall be deemed that such capital goods had been supplied by the principal to the job worker on the day when the said capital goods were sent out:	
	Provided that where the capital goods are sent directly to a job worker, the period of three years shall be counted from the date of receipt of capital goods by the job worker.	
	(7) Nothing contained in sub-section (3) or sub-section (6) shall apply to moulds and dies, jigs and fixtures, or tools sent out to a job worker for job work.	
	Explanation.- For the purpose of this section, "principal" means the person referred to sub-section (1) of section 143.	
	20. (1) The Input Service Distributor shall distribute the credit of central tax as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit being distributed in such manner as may be prescribed.	Manner of distribution of credit by Input Service Distributor.
	(2) The Input Service Distributor may distribute the credit subject to the following conditions, namely:—	
	(a) the credit can be distributed to the recipients of credit against a document containing such details as may be prescribed;	
	(b) the amount of the credit distributed shall not exceed the amount of credit available for distribution;	

	(c) the credit of tax paid on input services attributable to a recipient of credit shall be distributed to that recipient;	
	(d) the credit of tax paid on input services attributable to more than one recipient of credit shall be distributed amongst such recipients to whom the input service is attributable and such distribution shall be *pro rata* on the basis of the turnover in a State of such recipient, during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the said relevant period~~;~~.	
	(e) the credit of tax paid on input services attributable to all recipients of credit shall be distributed amongst such recipients and such distribution shall be pro rata on the basis of the turnover in a State of such recipient, during the relevant period, to the aggregate of the turnover of all recipients and which are operational in the current year, during the said relevant period.	
	Explanation—For the purposes of this section,—	
	(a) the "relevant period" shall be—	
	(i) if the recipients of credit have turnover in their States in the financial year preceding the year during which credit is to be distributed, the said financial year; or	
	(ii) if some or all recipients of the credit do not have any turnover in their States in the financial year preceding the year during which the credit is to be distributed, the last quarter for which details of such turnover of all the recipients are available, previous to the month during which credit is to be distributed;	
	(b) the expression "recipient of credit" means the supplier of goods or services or both having the same Permanent Account Number as that of the Input Service Distributor;	

	(c) the term 'turnover',- (i) means aggregate value of turnover, as defined under sub-section (6) of section 2; (ii) in relation to any registered person engaged in the supply of taxable goods as well as goods not taxable under this Act, means aggregate value of turnover, as defined under clause (6) of section 2, reduced by the amount of any duty or tax levied under entry 84 of list I of the Seventh Schedule to the Constitution and entry 51 and 54 of List II of the said Schedule.	
	21. Where the Input Service Distributor distributes the credit in contravention of the provisions contained in section 21 resulting in excess distribution of credit to one or more recipients of credit, the excess credit so distributed shall be recovered from such recipients along with interest, and the provisions of section 73 or section 74, as the case may be, shall, *mutatis mutandis*, apply, for effecting such recovery.	Manner of recovery of credit distributed in excess.
	CHAPTER - VI REGISTRATION	
	22. (1).Every supplier shall be liable to be registered under this Act in the State or Union territory other than special category States from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds twenty lakh rupees:	Persons liable for registration.
	Provided that where such person makes taxable supplies of goods or services or both from any of the special category States, he shall be liable to be registered if his aggregate turnover in a financial year exceeds ten lakh rupees.	
	(2) Every person who, on the day immediately preceding the appointed day, is registered or holds a license under an existing law, shall be liable to be registered under this Act with effect from the appointed day.	

	(3) Where a business carried on by a taxable person registered under this Act is transferred, whether on account of succession or otherwise, to another person as a going concern, the transferee or the successor, as the case may be, shall be liable to be registered with effect from the date of such transfer or succession.	
	(4) Notwithstanding anything contained in sub-section (1) and (3) in a case of transfer pursuant to sanction of a scheme or an arrangement for amalgamation or, as the case may be, de-merger of two or more companies pursuant to an order of a High Court, the transferee shall be liable to be registered, with effect from the date on which the Registrar of Companies issues a certificate of incorporation giving effect to such order of the High Court.	
	Explanation—For the purposes of this section,—	
	(i) the expression aggregate turnover shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals;	
	(ii) the supply of goods, after completion of job-work, by a registered job worker shall be treated as the supply of goods by the principal referred to in section 143, and the value of such goods shall not be included in the aggregate turnover of the registered job worker.	
	(iii) the expression "Special category States" shall mean the States as specified in sub-clause (g) of clause (4) of article 279A of the Constitution.	
	23. (1) The following persons shall not be liable to registration, namely:—	Persons not liable for registration.
	(a) any person engaged exclusively in the business of supplying goods or services or both that are not liable to tax or wholly exempt from tax under this Act;	
	(b) an agriculturist, to the extent of supply of produce out of cultivation of land.	
	(2) The Government may, on the recommendations of the Council, by notification, specify the category of persons who may be exempted from obtaining registration under this Act.	

	24. Notwithstanding anything contained in sub-section (1) and (3) of section 22, the following categories of persons undertaking taxable supplies shall be required to be registered under this Act,-	Compulsory registration in certain cases.
	(i) persons making any inter-State taxable supply;	
	(ii) casual taxable persons;	
	(iii) persons who are required to pay tax under reverse charge;	
	(iv) person who are required to pay tax under sub-section (5) of section 9;	
	(v) non-resident taxable persons;	
	(vi) persons who are required to deduct tax under section 51, whether or not separately registered under this Act;	
	(vii) persons who supply goods or services or both on behalf of other taxable persons whether as an agent or otherwise;	
	(viii) input service distributor, whether or not separately registered under this Act;	
	(ix) persons who supply goods or services or both, other than supplies specified under sub-section (5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52;	
	(x) every electronic commerce operator;	
	(xi) every person supplying online information and data base access or retrieval services from a place outside India to a person in India, other than a registered person; and	
	(xii) such other person or class of persons as may be notified by the Central Government on the recommendations of the Council.	
	25. (1) Every person who is liable to be registered under section 22 shall apply for registration in every such State or Union territory in which he is so liable within thirty days from the date on which he becomes liable	Procedure for Registration.

	to registration, in such manner and subject to such conditions as may be prescribed:	
	Provided that a casual taxable person or a non-resident taxable person shall apply for registration at least five days prior to the commencement of business.	
	Explanation.- Every person who makes a supply from the territorial waters of India shall obtain registration in the coastal State or Union territory where the nearest point of the appropriate base line is located.	
	(2) A person seeking registration under this Act shall be granted a single registration in a State or Union territory.	
	Provided that a person having multiple business verticals in a State may be granted a separate registration for each business vertical, subject to such conditions as may be prescribed.	
	(3) A person, though not liable to be registered under section 22 may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered person, shall apply to such person:	
	(4) A person who has obtained or is required to obtain more than one registration, whether in one State or in one Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act:	
	(5) An establishment of a person who has obtained or is required to obtain registration in a State or Union territory, and any of his other establishments in another State or Union territory shall be treated as establishments of distinct persons for the purposes of this Act.	
43 of 1961.	(6) Every person shall have a Permanent Account Number issued under the Income-tax Act, 1961 in order to be eligible for grant of registration.	
	Provided that a person required to deduct tax under section 51 may have, in lieu of a Permanent Account Number, a Tax Deduction and Collection Account Number issued under the said Act in order to be eligible for grant of registration.	

	(7) Notwithstanding anything contained in sub-section (6), a non-resident taxable person may be granted registration under sub-section (1) on the provisions of such other documents as may be prescribed.	
	(8) Where a person who is liable to be registered under this Act fails to obtain registration, the proper officer may, without prejudice to any action which may be taken under this Act, or under any other law for the time being in force, proceed to register such person in such manner as may be prescribed.	
	(9) Notwithstanding anything contained in sub-section (1),—	
46 of 1947.	(a) any specialized agency of the United Nations Organization or any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries ; and	
	(b) any other person or class of persons, as may be notified by the Commissioner,	
	shall be granted a Unique Identity Number in such manner and for such purposes, including refund of taxes on the notified supplies of goods or services or both received by them, as may be prescribed.	
	(10) The registration or the Unique Identity Number, shall be granted or rejected after due verification in such manner and within such period as may be prescribed.	
	(11) A certificate of registration shall be issued in such form and with effect from such date, as may be prescribed.	

	(12) A registration or an Unique Identity Number shall be deemed to have been granted after the expiry of the period prescribed under sub-section (10), if no deficiency has been communicated to the applicant by the proper officer within that period.	
	26. (1) The grant of registration or the Unique Identity Number under the respective State Goods and Services Tax Act or the Union territory Goods and Services Tax Act shall be deemed to be a grant of registration or the Unique Identity Number under this Act subject to the condition that the application for registration or the Unique Identity Number has not been rejected under this Act within the time specified in sub-section (10) of section 25.	Deemed Registration.
	(2) Notwithstanding anything contained in sub-section (10) of section 25 any rejection of application for registration or the Unique Identity Number under the respective State Goods and Services Tax Act or the Union territory Goods and Services Tax Act shall be deemed to be a rejection of application for registration under this Act.	
	27. (1) The certificate of registration issued to a casual taxable person or a non-resident taxable person shall be valid for a period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier and such person shall make taxable supplies only after the issuance of the certificate of registration:	Special provisions relating to casual taxable person and non-resident taxable person.
	Provided that the proper officer may, on sufficient cause being shown by the said taxable person, extend the period of ninety days by a further period not exceeding ninety days.	

	(2) A casual taxable person or a non-resident taxable person shall, at the time of submission of application for registration under sub-section (1) of section 25, make an advance deposit of tax in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought:	
	Provided that where any extension of time is sought under sub-section (1), such taxable person shall deposit an additional amount of tax equivalent to the estimated tax liability of such person for the period for which the extension is sought.	
	(3) The amount deposited under sub-section (2) shall be credited to the electronic cash ledger of such person and shall be utilised in the manner provided under section 49.	
	28. (1) Every registered person and a person to whom a Unique Identity Number has been assigned shall inform the proper officer of any changes in the information furnished at the time of registration or subsequent thereto, in such form, manner and within such period as may be prescribed.	Amendment of registration.
	(2) The proper officer may, on the basis of information furnished under sub-section (1) or as ascertained by him, approve or reject amendments in the registration particulars in such manner and within such period as may be prescribed:	
	Provided that approval of the proper officer shall not be required in respect of amendment of such particulars as may be prescribed.	
	Provided further that the proper officer shall not reject the application for amendment in the registration particulars without giving the person an opportunity of being heard.	

	(3) Any rejection or approval of amendments under the respective-State Goods and Services Tax Act or the Union territory Goods and Services Tax Act, as the case may be shall be deemed to be a rejection or approval under this Act.	
	29. (1) The proper officer may, either on his own motion or on an application filed by the registered person or by his legal heirs, in case of death of such person, cancel the registration, in such manner and within such period as may be prescribed, having regard to the circumstances where,—	Cancellation of registration.
	(a) the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of; or	
	(b) there is any change in the constitution of the business; or	
	(c) the taxable person, other than the person registered under sub-section (3) of section 25, is no longer liable to be registered under section 22.	
	(2) The proper officer may cancel the registration of taxable person from such date, including any retrospective date, as he may deem fit, where,—	
	(a) the registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed; or	
	(b) a person paying tax under section 10 has not furnished returns for three consecutive tax periods; or	
	(c) any taxable person, other than a person specified in clause (b), has not furnished returns for a continuous period of six months; or	
	(d) any person who has taken voluntary registration under sub-section (3) of section 25 has not commenced business within six months from the date of registration.	

	(3) Where any registration has been obtained by means of fraud, wilful misstatement or suppression of facts, the proper officer may cancel the registration with retrospective effect:	
	Provided that the proper officer shall not cancel the registration without giving the person an opportunity of being heard.	
	(4) The cancellation of registration under this section shall not affect the liability of the taxable person to pay tax and other dues under this Act or to discharge any obligation under this Act or the rules made thereunder for any period prior to the date of cancellation whether or not such tax and other dues are determined before or after the date of cancellation.	
	(5) The cancellation of under the respective State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, shall be deemed to be cancellation or registration under this Act.	
	(6) Every registered person whose registration is cancelled shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher, calculated in such manner as may be prescribed:	
	Provided that in case of capital goods or plant and machinery, the taxable person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery, reduced by the percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery under section 15, whichever is higher.	
	(7) The amount payable under sub-section (6) shall be calculated in such manner as may be prescribed.	

	30. (1) Subject to such conditions as may be prescribed, any registered person, whose registration is cancelled by the proper officer on his own motion, may apply to such officer for revocation of cancellation of the registration in the prescribed manner within thirty days from the date of service of the cancellation order.	Revocation of cancellation of registration.
	(2) The proper officer may, in such manner and within such period as may be prescribed, by order, either revoke cancellation of the registration or reject the application:	
	Provided that the application for revocation of cancellation of registration shall not be rejected unless the applicant has been given an opportunity of being heard.	
	(3) The revocation of cancellation of registration under the respective State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, shall be deemed to be a revocation of cancellation of registration under this Act.	
	CHAPTER- VII TAX INVOICE, CREDIT AND DEBIT NOTES	
	31. (1) A registered person supplying taxable goods shall, before or at the time of,—	Tax invoice.
	(a) removal of goods for supply to the recipient, where the supply involves movement of goods; or	
	(b) delivery of goods or making available thereof to the recipient, in any other case,	
	issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed:	
	Provided that the Government may, on the recommendations of the Council, by notification, specify the categories of goods or supplies in respect of which a tax invoice shall be issued, within such time and in such manner may be prescribed.	

	(2) A registered person supplying taxable services shall, before or after the provisions of service but within a period prescribed, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars as may be prescribed:	
	Provided that the Government may, on the recommendations of the Council, by notification and subject to the conditions mentioned therein, specify the categories of services in respect of which—	
	(a) any other document issued in relation to the supply shall be deemed to be a tax invoice; or	
	(b) tax invoice may not be required to be issued.	
	(3) Notwithstanding anything contained in sub-sections (1) and (2)—	
	(a) a registered person may, within one month from the date of issuance of certificate of registration and in such manner as may be prescribed, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him;	
	(b) a registered person may not issue a tax invoice if the value of the goods or services or both supplied is less than two hundred rupees except where the recipient of the goods or services or both requires such invoice;	
	(c) a registered person supplying exempted goods or services or both or paying tax under the provisions of section 10 shall issue, instead of a tax invoice, a bill of supply containing such particulars and in such manner as may be prescribed:	
	Provided that the registered person may not issue a bill of supply if the value of the goods or services or both supplied is less than two hundred rupees except where the recipient of the goods or services or both requires such bill;	

	(d) a registered person shall, on receipt of advance payment with respect to any supply of goods or services or both , issue a receipt voucher or any other document, containing such particulars as may be prescribed, evidencing receipt of such payment;	
	(e) a registered person who is liable to pay tax under sub-section (4) of section 9 shall issue an invoice in respect of goods or services or both received by him on the date of receipt of goods or services or both from a person who is not registered under this Act;	
	(f) a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 shall issue a payment voucher at the time of making payment to the supplier of goods or services or both who is not registered under the Act.	
	(4) In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.	
	(5) Subject to the provisions of clause (c) of sub-section (3), in case of continuous supply of services,—	
	(a) where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment;	
	(b) where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;	
	(c) where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event .	

	(6) In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply effected before such cessation.	
	(7) Notwithstanding anything contained in sub-section (1), where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued before or at the time supply or six months from the date of removal, whichever is earlier.	
	Explanation.—For the purposes of this section, the expression "tax invoice" shall include any revised invoice issued by the supplier in respect of a supply made earlier.	
	32. (1) A person who is not a registered person shall not collect in respect of any supply of goods or services or both any amount by way of tax under this Act.	Tax not to be collected by unregistered person and no unauthorised collection by registered person.
	(2) No registered person shall make any collection of tax except in accordance with the provisions of this Act and the rules made thereunder.	
	33. Notwithstanding anything contained in this Act or any other law for the time being in force, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.	Amount of tax to be indicated in tax invoice and other documents.
	34. (1) Where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both	Credit and debit notes.

	supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient a credit note containing such particulars as may be prescribed.	
	(2) Where, on receipt of advance with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment.	
	(3) Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than September following the end of the financial year in which such supply was made, or the date of filing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in such manner as may be prescribed.	
	Provided that no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.	
	(4) Where a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient a debit note containing such particulars as may be prescribed.	
	(5) Any registered person who issues a debit note in relation to a supply of goods or services or both shall declare the details of such debit note in the return for the month during which such debit note has been issued and the tax liability shall be adjusted in such manner as may be prescribed.	

	Explanation.—For the purposes of this Act, the expression "debit note" shall include a supplementary invoice.	
	CHAPTER VIII ACCOUNTS AND RECORDS	
	35. (1) Every registered person shall keep and maintain, at his principal place of business, as mentioned in the certificate of registration, a true and correct account of- (a) production or manufacture of goods; (b) inward or outward supply of goods or services or both; (c) stock of goods; (d) input tax credit availed; (e) output tax payable and paid; and (f) such other particulars as may be prescribed:	Accounts and other records.
	Provided that where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business:	
	Provided further that the registered person may keep and maintain such accounts and other particulars in electronic form in such manner as may be prescribed.	
	(2) Every owner or operator of warehouse or godown or any other place used for storage of goods and every transporter, irrespective of whether he is a registered person or not, shall maintain records of the consigner, consignee and other relevant details of such goods as may be prescribed.	
	(3) The Commissioner may notify a class of taxable persons to maintain additional accounts or documents for such purpose as may be specified therein.	

	(4) Where the Commissioner considers that any class of taxable persons is not in a position to keep and maintain accounts in accordance with the provisions of this section, he may, for reasons to be recorded in writing, permit such class of taxable persons to maintain accounts in such manner as may be prescribed.	
	(5) Every registered person whose turnover during a financial year exceeds the prescribed limit shall get his accounts audited by a chartered accountant or a cost accountant and shall submit to the proper officer a copy of the audited annual accounts, the reconciliation statement under sub-section (2) of section 44 and such other documents in such form and manner as may be prescribed.	
	(6) Subject to the provisions of clause (h) of sub-section (4) of section 17, where the registered person fails to account for the goods or services or both in accordance with sub-section (1), the proper officer shall determine the amount of tax payable on the goods or services or both that are not accounted for, as if such goods or services or both had been supplied by such person and the provisions of section 73 or section 74, as the case maybe, shall, *mutatis mutandis* apply , for determination of such tax.	
	36. Every registered person required to keep and maintain books of account or other records under sub-section (1) of section 35 shall retain them until the expiry of seventy two months from the due date of filing of annual return for the year pertaining to such accounts and records:	Period of retention of accounts.
	Provided that a registered person, who is a party to an appeal or revision or any other proceedings before any Appellate Authority or Revisional Authority or Appellate Tribunal or court, whether filed by him or by the Commissioner, or is under investigation for an offence under Chapter XIX, shall retain the books of account and other records pertaining to the subject matter of such appeal or revision or proceedings or investigation for a period of one year after final disposal of such appeal or	

	revision or proceedings or investigation, or for the period specified above, whichever is later.	
	CHAPTER- IX RETURNS	
	37. (1) Every registered person, other than an input service distributor, a non-resident taxable person and a person paying tax under the provisions of section 10 section 51 or section 52, shall furnish, electronically, in such form and manner as may be prescribed, the details of outward supplies of goods or services or both effected, during a tax period on or before the tenth day of the month succeeding the said tax period and such details shall be communicated to the recipient of the said supplies within such time and in such manner as may be prescribed:	Furnishing details of outward supplies.
	Provided that the registered person shall not be allowed to furnish the details of outward supplies during the period from the eleventh day to the fifteenth day of the month succeeding the tax period :	
	Provided further that the Commissioner may, for reasons to be recorded in writing, by notification, extend the time limit for furnishing such details, for such class of taxable persons as may be specified therein :	
	Provided also that any extension of time limit approved by the Commissioner of State tax shall be deemed to be approved by the Commissioner.	
	(2) Every registered person who has been communicated the details under sub-section (3) of section 38 or the details pertaining to inward supplies of Input Service Distributor under sub-section (4) of section 38, shall either accept or reject the details so communicated, on or before the seventeenth day, but not before the fifteenth day, of the month succeeding the tax period and the details furnished by him under sub-section (1) shall stand amended accordingly.	

	(3) Any registered person, who has furnished the details under sub-section (1) for any tax period and which have remained unmatched under section 42 or section 43, shall, upon discovery of any error or omission therein, rectify such error or omission in such manner as may be prescribed, and shall pay the tax and interest, if any, in case there is a short payment of tax on account of such error or omission, in the return to be furnished for such tax period:	
	Provided that no rectification of error or omission in respect of the details furnished under sub-section (1) shall be allowed after furnishing of the return under section 39 for the month of September following the end of the financial year to which such details pertain, or furnishing of the relevant annual return, whichever is earlier.	
	Explanation.—For the purposes of this section, the expression "details of outward supplies" shall include details of invoices, debit notes, credit notes and revised invoices issued in relation to outward supplies made during any tax period.	
	38. (1) Every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10, section 51 or section 52, shall verify, validate, modify or delete, if required, the details relating to outward supplies and credit or debit notes communicated under sub-section (1) of section 37 to prepare the details of his inward supplies and credit or debit notes and may include therein, the details of inward supplies and credit or debit notes received by him in respect of such supplies that have not been declared by the supplier under sub-section (1) of section 37.	Furnishing details of inward supplies.

	(2) Every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10, section 51 or section 52, shall furnish, electronically, the details of inward supplies of taxable goods or services or both, including inward supplies of goods or services or both on which the tax is payable on reverse charge basis under this Act and inward supplies of goods or services or both taxable under the Integrated Goods and Services Tax Act, and credit or debit notes received in respect of such supplies during a tax period after the tenth day but on or before the fifteenth day of the month succeeding the tax period in such form and manner as may be prescribed:	
	Provided that the Commissioner may, for reasons to be recorded in writing, by notification, extend the time limit for furnishing such details for such class of taxable persons as may be specified therein:	
	Provided further that any extension of time limit approved by the Commissioner of State tax shall be deemed to be approved by the Commissioner.	
	(3) The details of supplies modified, deleted or included by the recipient and furnished under sub-section (2) shall be communicated to the supplier concerned in such manner and within such time as may be prescribed.	
	(4) The details of supplies modified, deleted or included by the recipient in the return furnished under sub-section (2) or sub-section (4) of section 39 shall be communicated to the supplier concerned in such manner and within such time as may be prescribed.	

	(5) Any registered person, who has furnished the details under sub-section (2) for any tax period and which have remained unmatched under section 42 or section 43, shall, upon discovery of any error or omission therein, rectify such error or omission in the tax period during which such error or omission is noticed in such manner as may be prescribed, and shall pay the tax and interest, if any, in case there is a short payment of tax on account of such error or omission, in the return to be furnished for such tax period:	
	Provided that no rectification of error or omission in respect of the details furnished under sub-section (2) shall be allowed after furnishing of the return under section 39 for the month of September following the end of the financial year to which such details pertain, or furnishing of the relevant annual return, whichever is earlier.	
	39. (1) Every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10, section 51 or section 52 shall, for every calendar month or part thereof, furnish, in such form and manner as may be prescribed, a return, electronically, of inward and outward supplies of goods or services or both, input tax credit availed, tax payable, tax paid and other particulars as may be prescribed on or before the twentieth day of the month succeeding such calendar month or part thereof.	Furnishing of Returns.
	(2) A registered person paying tax under the provisions of section 10 shall, for each quarter or part thereof, furnish, in such form and manner as may be prescribed, a return, electronically, of inward supplies of goods or services or both, tax payable and tax paid within eighteen days after the end of such quarter.	
	(3) Every registered person required to deduct tax at source under the provisions of section 51 shall furnish, in such form and manner as may be prescribed, a return, electronically, for the month in which such deductions have been made within ten days after the end of such month.	

	(4) Every taxable person registered as an Input Service Distributor shall, for every calendar month or part thereof, furnish, in such form and manner as may be prescribed, a return, electronically, within thirteen days after the end of such month.	
	(5) Every registered non-resident taxable person shall, for every calendar month or part thereof, furnish, in such form and manner as may be prescribed, a return, electronically, within twenty days after the end of a calendar month or within seven days after the last day of the period of registration specified under sub-section (1) of section 27, whichever is earlier.	
	(6) The Commissioner may, for reasons to be recorded in writing, by notification, extend the time limit for furnishing the returns under this section for such class of taxable persons as may be specified therein:	
	Provided that any extension of time limit approved by the Commissioner of State tax shall be deemed to be approved by the Commissioner.	
	(7) Every registered person, who is required to furnish a return under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (5), shall pay to the Government the tax due as per such return not later than the last date on which he is required to furnish such return.	
	(8) Every registered person who is required to furnish a return under sub-section (1) or sub-section (2), shall furnish a return for every tax period whether or not any supplies of goods or services or both have been effected during such tax period.	

	(9) Subject to the provisions of sections 37 and 38, if any registered person after furnishing a return under sub-section (1) or sub-section (2) sub-section (3) or sub-section (4) or sub-section (5) discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities, he shall rectify such omission or incorrect particulars in the return to be furnished for the month or quarter during which such omission or incorrect particulars are noticed, subject to payment of interest under this Act:	
	Provided that no such rectification of any omission or incorrect particulars shall be allowed after the due date for furnishing of return for the month of September or second quarter following the end of the financial year, or the actual date of furnishing of relevant annual return, whichever is earlier.	
	(10) A registered person shall not be allowed to furnish a return for a tax period if the return for any of the previous tax periods has not been furnished by him.	
	40. Every registered person who has made outward supplies in the period between the date on which he became liable to registration till the date on which registration has been granted shall declare the same in the first return furnished by him after grant of registration.	First Return.
	41. (1) Every registered person shall, subject to such conditions and restrictions as may be prescribed, be entitled to take credit of input tax, as self-assessed, in his return and such amount shall be credited on a provisional basis to his electronic credit ledger.	Claim of input tax credit and provisional acceptance thereof.
	(2) The credit referred to in sub-section (1) shall be utilised only for payment of self-assessed output tax as per the return referred to in sub-section (1).	
	42. (1) The details of every inward supply furnished by a registered person (hereafter in this section referred as	Matching, reversal and

	the recipient) for a tax period shall, in the manner and within the time prescribed, be matched—	reclaim of input tax credit.
	(a) with the corresponding details of outward supply furnished by the corresponding registered person (hereafter in this section referred to as "supplier") in his valid return for the same tax period or any preceding tax period;	
51 of 1975.	(b) with the integrated goods and services tax paid under section 3 of the Customs Tariff Act, 1975 in respect of goods imported by him; and	
	(c) for duplication of claims of input tax credit.	
51 of 1975	(2) The claim of input tax credit in respect of invoices or debit notes relating to inward supply that match with the details of corresponding outward supply or with the integrated goods and services tax paid under section 3 of the Customs Tariff Act, 1975 in respect of goods imported by him shall, subject to the provisions of section 17 or section 18 be finally accepted and such acceptance shall be communicated, in such manner as may be prescribed, to the recipient.	
	(3) Where the input tax credit claimed by a recipient in respect of an inward supply is in excess of the tax declared by the supplier for the same supply or the outward supply is not declared by the supplier in his valid returns, the discrepancy shall be communicated to both such persons in such manner as may be prescribed.	
	(4) The duplication of claims of input tax credit shall be communicated to the recipient in such manner as may be prescribed.	

	(5) The amount in respect of which any discrepancy is communicated under sub-section (3) and which is not rectified by the supplier in his valid return for the month in which discrepancy is communicated shall be added to the output tax liability of the recipient, in such manner as may be prescribed, in his return for the month succeeding the month in which the discrepancy is communicated.	
	(6) The amount claimed as input tax credit that is found to be in excess on account of duplication of claims shall be added to the output tax liability of the recipient in his return for the month in which the duplication is communicated.	
	(7) The recipient shall be eligible to reduce, from his output tax liability, the amount added under sub-section (5), if the supplier declares the details of the invoice or debit note in his valid return within the time specified in sub-section (9) of section 39.	
	(8) A recipient in whose output tax liability any amount has been added under sub-section (5) or sub-section (6), shall be liable to pay interest at the rate specified under sub-section (1) of section 50 on the amount so added from the date of availing of credit till the corresponding additions are made under the said sub-sections.	
	(9) Where any reduction in output tax liability is accepted under sub-section (7), the interest paid under sub-section (8) shall be refunded to the recipient by crediting the amount in the corresponding head of his electronic cash ledger in such manner as may be prescribed:	
	Provided that the amount of interest to be credited in any case shall not exceed the amount of interest paid by the supplier.	

	(10) The amount reduced from the output tax liability in contravention of the provisions of sub-section (7) shall be added to the output tax liability of the recipient in his return for the month in which such contravention takes place and such recipient shall be liable to pay interest on the amount so added at the rate specified in sub-section (3) of section 50.	
	43. (1) The details of every credit note relating to outward supply furnished by a registered person (hereafter in this section referred to as the "supplier") for a tax period shall, in such manner and within such time as may be prescribed, be matched—	Matching, reversal and reclaim of reduction in output tax liability.
	(a) with the corresponding reduction in the claim for input tax credit by the corresponding registered person (hereafter in this section referred to as the "recipient") in his valid return for the same tax period or any subsequent tax period; and	
	(b) for duplication of claims for reduction in output tax liability.	
	(2) The claim for reduction in output tax liability by the supplier that matches with the corresponding reduction in the claim for input tax credit by the recipient shall be finally accepted and communicated, in such manner as may be prescribed, to the supplier.	
	(3) Where the reduction of output tax liability in respect of outward supplies exceeds the corresponding reduction in the claim for input tax credit or the corresponding credit note is not declared by the recipient in his valid returns, the discrepancy shall be communicated to both such persons in such manner as may be prescribed.	
	(4) The duplication of claims for reduction in output tax liability shall be communicated to the supplier in such manner as may be prescribed.	

	(5) The amount in respect of which any discrepancy is communicated under sub-section (3) and which is not rectified by the recipient in his valid return for the month in which discrepancy is communicated shall be added to the output tax liability of the supplier, in such manner as may be prescribed, in his return for the month succeeding the month in which the discrepancy is communicated.	
	(6) The amount in respect of any reduction in output tax liability that is found to be on account of duplication of claims shall be added to the output tax liability of the supplier in his return for the month in which such duplication is communicated.	
	(7) The supplier shall be eligible to reduce, from his output tax liability, the amount added under sub-section (5) if the recipient declares the details of the credit note in his valid return within the time specified in sub-section (9) of section 39.	
	(8) A supplier in whose output tax liability any amount has been added under sub-section (5) or sub-section (6), shall be liable to pay interest at the rate specified under sub-section (1) of section 50 in respect of the amount so added from the date of such claim for reduction in the output tax liability till the corresponding additions are made under the said sub-sections.	
	(9) Where any reduction in output tax liability is accepted under sub-section (7), the interest paid under sub-section (8) shall be refunded to the supplier by crediting the amount in the corresponding head of his electronic cash ledger in such manner as may be prescribed:	
	Provided that the amount of interest to be credited in any case shall not exceed the amount of interest paid by the recipient.	

	(10) The amount reduced from output tax liability in contravention of the provisions of sub-section (7), shall be added to the output tax liability of the supplier in his return for the month in which such contravention takes place and such supplier shall be liable to pay interest on the amount so added at the rate specified in sub-section (3) of section 50.	
	44. (1) Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person, shall furnish an annual return for every financial year electronically in such form and manner as may be prescribed on or before the thirty-first day of December following the end of such financial year.	Annual return.
	(2) Every registered person who is required to get his accounts audited under sub-section (5) of section 35 shall furnish, electronically, the annual return under sub-section (1) along with the audited copy of the annual accounts and a reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year with the audited annual financial statement, and such other particulars as may be prescribed.	
	45. Every registered person who is required to furnish a return under sub-section (1) of section 39 and whose registration has been cancelled shall furnish a final return within three months of the date of cancellation or date of cancellation order, whichever is later, in such form such manner as may be prescribed.	Final return.
	46. Where a registered person fails to furnish a return under section 39, section 44 or section 45, a notice shall be issued requiring him to furnish such return within fifteen days in such form and manner as may be prescribed.	Notice to return defaulters.
	47. (1) Any registered person who fails to furnish the details of outward or inward supplies required under section 37 or section 38 or returns required under section 39 or section 45 by the due date shall pay a late fee of one hundred rupees for every day during	Levy of late fee.

	which such failure continues subject to a maximum amount of five thousand rupees.	
	(2) Any registered person who fails to furnish the return required under section 44 by the due date shall be liable to pay a late fee of one hundred rupees for every day during which such failure continues subject to a maximum of an amount calculated at 0.25 per cent. of his turnover in the State.	
	48. (1) The manner of approval of goods and services tax practitioners, their eligibility conditions, duties and obligations, manner of removal and other conditions relevant for their functioning shall be such as may be prescribed.	Goods and services tax practitioners.
	(2) A registered person may authorise an approved goods and service tax practitioners to furnish the details of outward supplies under section 37, the details of inward supplies under section 38 and the return under section 39 or section in such manner as may be prescribed.	
	(3) Notwithstanding anything contained in sub-section (2), the responsibility for correctness of any particulars furnished in the return or other details filed by the goods and service tax practitioners shall continue to rest with the registered person on whose behalf such return and details are filed.	
	CHAPTER-X PAYMENT OF TAX	
	49. (1) Every deposit made towards tax, interest, penalty, fee or any other amount by a taxable person by internet banking or by using credit or debit cards or National Electronic Fund Transfer or Real Time Gross Settlement or by any other mode, subject to such conditions and restrictions as may be prescribed, shall be credited to the electronic cash ledger of such person to be maintained in such manner as may be prescribed.	Payment of tax, interest, penalty and other amounts.

	(2) The input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger, in accordance with section 41, to be maintained in such manner as may be prescribed.	
	(3) The amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules made thereunder in such manner and subject to such conditions and within such time as may be prescribed.	
	(4) The amount available in the electronic credit ledger may be used for making any payment towards output tax or integrated tax in such manner and subject to such conditions and within such time as may be prescribed.	
	(5) The amount of input tax credit available in the electronic credit ledger on account of —	
	(a) integrated tax shall first be utilised towards payment of integrated tax and the amount remaining, if any, may be utilised towards the payment of central tax and State tax, or as the case may be, Union territory tax, in that order;	
	(b) the central tax shall first be utilised towards payment of central tax and the amount remaining, if any, may be utilised towards the payment of integrated tax;	
	(c) the State tax shall be first utilized towards payment of State tax and the amount remaining, if any, may be utilized towards payment of integrated tax;	
	(d) the Union territory tax shall first be utilized towards payment of Union territory tax and the amount remaining, if any, may be utilized towards payment of integrated tax;	
	(e) the central tax shall not be utilised towards payment of State tax or Union territory tax; and	
	(f) the State tax or Union territory tax shall not be utilized towards payment of central tax;	

	(6) The balance in the electronic cash ledger or electronic credit ledger after payment of tax, interest, penalty, fee or any other amount payable under this Act or the rules made thereunder may be refunded in accordance with the provisions of section 54.	
	(7) All liabilities of a taxable person under this Act shall be recorded and maintained in an electronic liability register in such manner as may be prescribed.	
	(8) Every taxable person shall discharge his tax and other dues under this Act or the rules made thereunder in the following order, namely:—	
	(a) self-assessed tax, and other dues related to returns of previous tax periods;	
	(b) self-assessed tax, and other dues related to return of current tax period;	
	(c) any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74;	
	(9) Every person who has paid the tax on goods or services or both under this Act shall, unless the contrary is proved by him, be deemed to have passed on the full incidence of such tax to the recipient of such goods or services or both.	
	Explanation.—For the purposes of this section, (a) the date of credit to the account of the Government in the authorised bank shall be deemed to be the date of deposit in the electronic cash ledger; (b) the expression, "tax dues" means the tax payable under this Act and does not include interest, fee and penalty; (c) "other dues" means interest, penalty, fee or any other amount payable under this Act or the rules made thereunder.	

Council to decide.	50. (1) Every person liable to pay tax in accordance with the provisions of this Act or rules made thereunder, who fails to pay the tax or any part thereof to the Government within the period prescribed, shall, on his own, for the period for which the tax or any part thereof remains unpaid, pay interest at such rate, not exceeding 18%, as may be notified by the Government on the recommendations of the Council.	Interest on delayed payment of tax.
	(2) The interest under sub-section (1) shall be calculated, in the manner prescribed from the day succeeding the day on which such tax was due to be paid.	
	(3) In case a taxable person makes an undue or excess claim of input tax credit under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, he shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding 24%, as may be notified by the Government on the recommendations of the Council.	
	51. (1) Notwithstanding anything contained to the contrary in this Act, the Government may mandate,– –	Tax deduction at source.
	(a) a department or establishment of the Central Government or State Government; or	
	(b) local authority; or	
	(c) Governmental agencies; or	
	(d) such persons or category of persons as may be notified by the Government on the recommendations of the Council,	
	(hereafter in this section referred to as "the deductor"), to deduct tax at the rate of one per cent. from the payment made or credited to the supplier (hereafter in this section referred to as "the deductee") of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh fifty thousand rupees:	

	Provided that no deduction shall be made if the location of the supplier and the place of supply is in a State or Union territory which is different from the State or as the case may be, Union Territory of registration of the recipient.	
	Explanation.—For the purpose of deduction of tax specified above, the value of supply shall be taken as the amount excluding the tax indicated in the invoice.	
	(2) The amount deducted as tax under this section shall be paid to the Government by the deductor within ten days after the end of the month in which such deduction is made, in such manner as may be prescribed.	
	(3) The deductor shall furnish to the deductee a certificate mentioning therein the contract value, rate of deduction, amount deducted, amount paid to the Government and such other particulars in such manner as may be prescribed.	
	(4) If any deductor fails to furnish to the deductee the certificate, after deducting the tax at source, within five days of crediting the amount so deducted to the Government, the deductor shall pay, by way of a late fee, a sum of one hundred rupees per day from the day after the expiry of such five day period until the failure is rectified, subject to a maximum of five thousand rupees.	
	(5) The deductee shall claim credit, in his electronic cash ledger, of the tax deducted and reflected in the return of the deductor furnished under sub-section (3) of section 39, in such manner as may be prescribed.	
	(6) If any deductor fails to pay to the Government the amount deducted as tax under sub-section (1), he shall pay interest in accordance with the provisions of sub-section (1) of section 50, in addition to the amount of tax deducted.	

	(7) The determination of the amount in default under this section shall be made in the manner specified in section 73 or section 74.	
	(8) The refund to the deductor or the deductee arising on account of excess or erroneous deduction shall be dealt with in accordance with the provisions of section 54:	
	Provided that no refund to the deductor shall be granted, if the amount deducted has been credited to the electronic cash ledger of the deductee.	
	52. (1) Notwithstanding anything to the contrary contained in the Act, every electronic commerce operator (hereafter in this section referred to as the "operator"), not being an agent, shall collect an amount calculated at the rate of one per cent. of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator.	Collection of tax at source.
	Explanation.—For the purposes of this sub-section, the expression "net value of taxable supplies" shall mean the aggregate value of taxable supplies of goods or services or both, other than services notified under sub-section (5) of section 9, made during any month by all registered persons through the operator reduced by the aggregate value of taxable supplies returned to the suppliers during the said month.	
	(2) The power to collect the amount specified in sub-section (1) shall be without prejudice to any other mode of recovery from the operator.	
	(3) The amount collected under sub-section (1) shall be paid to the Government by the operator within ten days after the end of the month in which such collection is made, in such manner as may be prescribed.	

	(4) Every operator who collects the amount specified in sub-section (1) shall furnish a statement, electronically, containing the details of outward supplies of goods or services or both effected through it, including the supplies of goods or services or both returned through it, and the amount collected under sub-section (1) during a month, in such form and manner as may be prescribed, within ten days after the end of such month.	
	(5) Every operator who collects the amount specified in sub-section (1) shall furnish an annual statement, electronically, containing the details of outward supplies of goods or services effected through it, including the supplies of goods or services returned through it, and the amount collected under the said sub-section during the financial year, in such form and manner as may be prescribed, before the thirty first day of December following the end of such financial year.	
	(6) If any taxable person after furnishing a statement under sub-section (4) discovers any omission or incorrect particulars therein, other than as a result of scrutiny, audit, inspection or enforcement activity by the tax authorities, he shall rectify such omission or incorrect particulars in the statement to be furnished for the month during which such omission or incorrect particulars are noticed, subject to payment of interest, as specified in this Act:	
	Provided that no such rectification of any omission or incorrect particulars shall be allowed after the due date for furnishing of statement for the month of September following the end of the financial year or the actual date of furnishing of the relevant annual statement, whichever is earlier.	

	(7) The supplier who has supplied the goods or services or both through the operator shall claim credit, in his electronic cash ledger, of the amount collected and reflected in the statement of the operator furnished under sub-section (4), in such manner as may be prescribed.	
	(8) The details of supplies furnished by every operator under sub-section (4), shall be matched with the corresponding details of outward supplies furnished by the concerned supplier registered under this Act in such manner and within such time as may be prescribed.	
	(9) Where the details of outward supplies furnished by the operator under sub-section (4) do not match with the corresponding details furnished by the supplier under section 37, the discrepancy shall be communicated to both persons in such manner and within such time as may be prescribed.	
	(10) The amount in respect of which any discrepancy is communicated under sub-section (9) and which is not rectified by the supplier in his valid return or the operator in his statement for the month in which discrepancy is communicated, shall be added to the output tax liability of the said supplier, where the value of outward supplies furnished by the operator is more than the value of outward supplies furnished by the supplier, in his return for the month succeeding the month in which the discrepancy is communicated in such manner as may be prescribed.	
	(11) The concerned supplier, in whose output tax liability any amount has been added under sub-section (10), shall pay the tax payable in respect of such supply along with interest, at the rate specified under sub-section (1) of section 50 on the amount so added from the date such tax was due till the date of its payment.	

	(12) Any authority not below the rank of Deputy Commissioner may, serve a notice, either before or during the course of any proceedings under this Act, requiring the operator to furnish such details relating to—	
	(a) supplies of goods or services or both effected through such operator during any period; or	
	(b) stock of goods held by the suppliers making supplies through such operator in the godowns or warehouses, by whatever name called, managed by such operator and declared as additional places of business by such suppliers,	
	as may be specified in the notice.	
	(13) Every operator on whom a notice has been served under sub-section (12) shall furnish the required information within fifteen working days of the date of service of such notice.	
	(14) Any person who fails to furnish the information required by the notice served under sub-section (12) shall, without prejudice to any action that may be taken under section 122, be liable to a penalty which may extend to twenty five thousand rupees.	
	Explanation.—For the purposes of this section, the expression 'concerned supplier' shall mean the supplier of goods or services or both making supplies through the operator.	
	53. On utilisation of input tax credit availed under this Act for payment of tax dues under the Integrated Goods and Services Tax Act in accordance with ~~as~~ sub-section (5) of section 49, as reflected in the valid return under sub-section (1) of section 39 , the amount collected as central tax shall stand reduced by an amount equal to such credit so utilised and the Central Government shall transfer an amount equal to the amount so reduced from the central tax account to the integrated tax account in such manner and within such time as may be prescribed.	Transfer of input tax credit.

	CHAPTER XI REFUNDS	
	54. (1) Any person claiming refund of any tax and interest paid on such tax or any other amount paid by him, may make an application to the proper officer of central tax before the expiry of two years from the relevant date in such form and manner as may be prescribed:	Refund of tax.
	Provided that a registered person, claiming refund of any balance in the electronic cash ledger as per sub-section (6) of section 49, may claim such refund in the return furnished under section 39 in such manner as may be prescribed.	
46 of 1947.	(2) A specialized agency of the United Nations Organization or any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries or any other person or class of persons as notified under section 55 entitled to a refund of central tax paid by it on inward supplies of goods or services or both, may make an application for such refund to the proper officer, in such form and manner as may be prescribed, before the expiry of six months from the last day of the month in which such supply was received.	
	(3) Subject to the provisions of sub-section (10), a taxable person may claim refund of any unutilised input tax credit at the end of any tax period:	
	Provided that no refund of unutilised input tax credit shall be allowed in cases other than- (i) zero rated supplies made without payment of tax; (ii) where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies) except supplies of goods or services or both as may be notified on the recommendations of the Council:	

	Provided further that no refund of unutilised input tax credit shall be allowed in cases where the goods exported out of India are subjected to export duty:	
	Provided also that no refund of input tax credit shall be allowed, if the supplier of goods or services or both avails of drawback in respect of central tax or claims refund of the integrated tax paid on such supplies.	
	(4) The application shall be accompanied by—	
	(a) such documentary evidence as may be prescribed to establish that a refund is due to the applicant; and	
	(b) such documentary or other evidence (including the documents referred to in section 33) as the applicant may furnish to establish that the amount of tax and interest, if any, paid on such tax or any other amount paid in relation to which such refund is claimed was collected from, or paid by, him and the incidence of such tax and interest had not been passed on to any other person:	
	Provided that where the amount claimed as refund is less than two lakh rupees, it shall not be necessary for the applicant to furnish any documentary and other evidences and instead, he may file a declaration, based on the documentary or other evidences available with him, certifying that the incidence of such tax and interest had not been passed on to any other person.	
	(5) If, on receipt of any such application, the proper officer is satisfied that the whole or part of the amount claimed as refund is refundable, he may make an order accordingly and the amount so determined shall be credited to the Fund referred to in section 57.	

	(6) Notwithstanding anything contained in sub-section (5) , the proper officer may, in the case of any claim for refund on account of export of goods or services or both made by registered persons, other than such category of registered persons as may be notified in this behalf, refund on a provisional basis, ninety per cent. of the total amount so claimed, excluding the amount of input tax credit provisionally accepted, in the manner and subject to such conditions, limitations and safeguards as may be prescribed and thereafter make an order under sub-section (5) for final settlement of the refund claim after due verification of documents furnished by the applicant.	
	(7) The proper officer shall issue the order under sub-section (5) within sixty days from the date of receipt of application complete in all respects.	
	(8) Notwithstanding anything contained in sub-section (5) or sub-section (6), the refundable amount shall, instead of being credited to the Fund, be paid to the applicant, if such amount is relatable to –	
	(a) refund of tax on inputs or input services used in the goods or services or both which are exported out of India;	
	(b) refund of unutilised input tax credit under sub-section (3);	
	(c) refund of tax paid on a supply which is not provided, either wholly or partially, and for which invoice has not been issued or where a refund voucher has been issued;	
	(d) refund of tax in pursuance of section 77;	
	(e) the tax and interest, if any, or any other amount paid by the applicant, if he had not passed on the incidence of such tax and interest to any other person; or	

	(f) the tax or interest borne by such other class of applicants as the Government may, on the recommendations of the Council, by notification, specify.	
	(9) Notwithstanding anything to the contrary contained in any judgment, decree, order or direction of the Appellate Tribunal or any court or in any other provisions of this Act or the rules made thereunder or in any other law for the time being in force, no refund shall be made except in accordance with the provisions of sub-section (8).	
	(10) Where any refund is due under sub-section (3) to a registered person who has defaulted in furnishing any return or who is required to pay any tax, interest or penalty, which has not been stayed by any court, Tribunal or Appellate Authority by the specified date, the proper officer may—	
	(a) withhold payment of refund due until the said person has furnished the return or paid the tax, interest or penalty, as the case may be;	
	(b) deduct from the refund due, any tax, interest, penalty, fee or any other amount which the taxable person is liable to pay but which remains unpaid under this Act or under the existing law.	
	Explanation.—For the purposes of this sub-section, the expression "specified date" shall mean the last date for filing an appeal under this Act.	
	(11) Where an order giving rise to a refund is the subject matter of an appeal or further proceedings or where any other proceedings under this Act is pending and the Commissioner is of the opinion that grant of such refund is likely to adversely affect the revenue in the said appeal or other proceedings on account of malfeasance or fraud committed, he may, after giving the taxable person an opportunity of being heard, withhold the refund till such time as he may determine.	

	(12) Where a refund is withheld under sub-section (11), the taxable person shall be entitled to interest as provided under section 50, if as a result of the appeal or further proceedings he becomes entitled to refund.	
	(13) Notwithstanding anything to the contrary contained in this section, the amount of advance tax deposited by a casual taxable person or a non-resident taxable person under sub-section (2) of section 27, shall not be refunded unless such person has, in respect of the entire period for which the certificate of registration granted to him had remained in force, furnished all the returns required under section 39.	
	(14) Notwithstanding anything contained in this section, no refund under sub-section (5) or sub-section (6) shall be paid to an applicant, if the amount is less than one thousand rupees.	
	Explanation.—For the purposes of this section,—	
	(1) "refund" includes refund of tax on inputs or input services used in the goods or services or both which are exported out of India, or refund of tax on the supply of goods regarded as deemed exports, or refund of unutilised input tax credit as provided under sub-section (3) .	
	(2) "relevant date" means –	
	(a) in the case of goods exported out of India where a refund of tax paid is available in respect of inputs or input services used in such goods,—	
	(i) if the goods are exported by sea or air, the date on which the ship or the aircraft in which such goods are loaded, leaves India; or	
	(ii) if the goods are exported by land, the date on which such goods pass the frontier; or	
	(iii) if the goods are exported by post, the date of despatch of goods by the Post Office concerned to a place outside India;	

	(b) in the case of supply of goods regarded as deemed exports where a refund of tax paid is available in respect of the goods, the date on which the return relating to such deemed exports is filed;	
	(c) in the case of services exported out of India where a refund of tax paid is available in respect of inputs or input services used in such services, the date of—	
	(i) receipt of payment in convertible foreign exchange, where the supply of services had been completed prior to the receipt of such payment; or	
	(ii) issue of invoice, where payment for the services had been received in advance prior to the date of issue of the invoice;	
	(d) in case where the tax becomes refundable as a consequence of judgment, decree, order or direction of the Appellate Authority, Appellate Tribunal or any court, the date of communication of such judgment, decree, order or direction;	
	(e) in the case of refund of unutilised input tax credit under sub-section (3), the end of the financial year in which such claim for refund arises;	
	(f) in the case where tax is paid provisionally under this Act or the rules made thereunder, the date of adjustment of tax after the final assessment thereof;	
	(g) in the case of a person, other than the supplier, the date of receipt of goods or services or both by such person; and	
	(h) in any other case, the date of payment of tax.	
46 of 1947.	55. The Government may, on the recommendations of the Council, by notification, specify any specialized agency of the United Nations Organization or any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries and any other person or class of	Refund in certain cases.

	persons as may be specified in this behalf, who shall, subject to such conditions and restrictions as may be prescribed, be entitled to claim a refund of taxes paid on the notified supplies of goods or services or both received by them.	
Council to Decide	56. If any tax ordered to be refunded under sub-section (5) of section 54 to any applicant is not refunded within sixty days from the date of receipt of application under sub-section (1) of that section, interest at such rate not exceeding 6% as may be specified in the notification issued by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application under the said sub-section till the date of refund of such tax.	Interest on delayed refunds.
	Explanation.—For the purposes of this section, where any order of refund is made by an Appellate Authority, Appellate Tribunal or any court against an order of the proper officer under sub-section (5) of section 54, the order passed by the Appellate Authority, Appellate Tribunal or by the court shall be deemed to be an order passed under the said sub-section (5).	
	57. The Government shall constitute a Fund, to be called the Consumer Welfare Fund and there shall be credited to the Fund,—	Consumer Welfare Fund.
	(a) the amount of tax referred to in sub-section (5) or sub-section (6) of section 54;	
	(b) any income from investment of the amount credited to the Fund; and	
	(c) such other monies received by it in such manner as may be prescribed.	
	58. (1) All sums credited to the Fund shall be utilised by the Government for the welfare of the consumers in such manner as may be prescribed.	Utilisation of Fund.

	(2) The Government or the authority specified by it shall maintain proper and separate account and other relevant records in relation to the Fund and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Comptroller and Auditor-General of India.	
	CHAPTER– XII ASSESSMENT	
	59. Every registered person shall self assess the taxes payable under this Act and furnish a return for each tax period as specified under section 39.	Self-Assessment.
	60. (1) Subject to the provisions of sub-section (2), where the taxable person is unable to determine the value of goods or services or both or determine the rate of tax applicable thereto, he may request the proper officer in writing giving reasons for payment of tax on a provisional basis and the proper officer shall pass an order, within a period not later than ninety days from the date of receipt of such request, allowing payment of tax on provisional basis at such rate or on such value as may be specified by him.	Provisional Assessment.
	(2) The payment of tax on provisional basis may be allowed, if the taxable person executes a bond in such form as may be prescribed, and with such surety or security as the proper officer may deem fit, binding the taxable person for payment of the difference between the amount of tax as may be finally assessed and the amount of tax provisionally assessed.	
	(3) The proper officer shall, within a period not exceeding six months from the date of the communication of the order issued under sub-section (1), pass the final assessment order after taking into account such information as may be required for finalizing the assessment:	
	Provided that the period specified in this sub-section may, on sufficient cause being shown and for reasons to be recorded in writing, be extended by the Joint Commissioner or Additional Commissioner for a further	

	period not exceeding six months and by the Commissioner for such further period not exceeding four years .	
	(4) The taxable person shall be liable to pay interest on any tax payable on the supply under provisional assessment but not paid on the due date specified under sub-section (7) of section 39 or the rules made thereunder, at the rate specified under sub-section (1) of section 50, from the first day after the due date of payment of tax in respect of the said goods or services or both till the date of actual payment, whether such amount is paid before or after the issuance of order for final assessment.	
	(5) Where the taxable person is entitled to a refund consequent to the order for final assessment under sub-section (3), subject to the provisions of sub-section 8 of section 54, interest shall be paid on such refund as provided in section 50.	
	61. The proper officer may scrutinize the return and related particulars furnished by the registered person to verify the correctness of the return and inform him of the discrepancies noticed, if any, in such manner as may be prescribed.	Scrutiny of returns.
	62. (1) Notwithstanding anything to the contrary contained in section 73 or section 74, where a registered person fails to furnish the return under section 39 or section 45, even after the service of a notice under section 46, the proper officer may proceed to assess the tax liability of the said person to the best of his judgement taking into account all the relevant material which is available or which he has gathered and issue an assessment order within a period of five years from the date specified under section 74 for furnishing of the annual return for the financial year to which the tax not paid relates.	Assessment of non-filers of returns.

	(2) Where the registered person furnishes a valid return within thirty days of the service of the assessment order under sub-section (1), the said assessment order shall be deemed to have been withdrawn but the liability for payment of interest under section 50 or for payment of late fee under section 47 shall continue.	
	63. Notwithstanding anything to the contrary contained in section 73 or section 74,where a taxable person fails to obtain registration even though liable to do so or whose registration has been cancelled under sub-section (2) or sub-section (3) of section 29 but who was liable to pay tax, the proper officer may proceed to assess the tax liability of such taxable person to the best of his judgement for the relevant tax periods and issue an assessment order within a period of five years from the date specified under section 74 for filing of the annual return for the financial year to which the tax not paid relates:	Assessment of unregistered persons.
	Provided that no such assessment order shall be passed without giving the person an opportunity of being heard.	
	64. (1) The proper officer may, on any evidence showing a tax liability of a person coming to his notice, with the previous permission of Additional Commissioner or Joint Commissioner, proceed to assess the tax liability of such person to protect the interest of revenue and issue an assessment order, if he has sufficient grounds to believe that any delay in doing so may adversely affect the interest of revenue:	Summary assessment in certain special cases.
	Provided that where the taxable person to whom the liability pertains is not ascertainable and such liability pertains to supply of goods, the person in charge of such goods shall be deemed to be the taxable person liable to be assessed and liable to pay tax and any other amount due under this section.	

	(2) On any application made within thirty days from the date of receipt of order passed under sub-section (1) by the taxable person on his own motion, if the Additional Commissioner or Joint Commissioner considers that such order is erroneous, he may withdraw such order and follow the procedure laid down in section 73 or section 74.	
	CHAPTER XIII AUDIT	
	65. (1) The Commissioner or any officer authorised by him, by way of a general or a specific order, may undertake audit of any registered person for such period, at such frequency and in such manner as may be prescribed.	Audit by tax authorities.
	(2) The officers referred to in sub-section (1) may conduct audit at the place of business of the taxable person or in their office.	
	(3) The registered person shall be informed, by way of a notice not less than fifteen working days prior to the conduct of audit in such manner as may be prescribed.	
	(4) The audit under sub-section (1) shall be completed within a period of three months from the date of commencement of the audit:	
	Provided that where the Commissioner is satisfied that audit in respect of such registered person cannot be completed within three months, he may, for the reasons to be recorded in writing, extend the period by a further period not exceeding six months.	
	Explanation.—For the purposes of this sub-section, the expression "commencement of audit" shall mean the date on which the records and other documents, called for by the tax authorities, are made available by the registered person or the actual institution of audit at the place of business, whichever is later.	
	(5) During the course of audit, the authorised officer may require the registered person,—	

	(i) to afford him the necessary facility to verify the books of account or other documents as he may require;	
	(ii) to furnish such information as he may require and render assistance for timely completion of the audit.	
	(6) On conclusion of audit, the proper officer shall, within thirty days inform, the registered person, whose records are audited, about the findings, his rights and obligations and the reasons for such findings.	
	(7) Where the audit conducted under sub-section (1) results in detection of tax not paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilised, the proper officer may initiate action under section 73 or 74.	
	66. (1) If at any stage of scrutiny, inquiry, investigation or any other proceedings before him, any officer not below the rank of Assistant Commissioner, having regard to the nature and complexity of the case and the interest of revenue, is of the opinion that the value has not been correctly declared or the credit availed is not within the normal limits, he may, with the prior approval of the Commissioner, direct such taxable person by a communication in writing to get his records including books of account examined and audited by a chartered accountant or a cost accountant as may be nominated by the Commissioner.	Special audit.
	(2) The chartered accountant or cost accountant so nominated shall, within the period of ninety days, submit a report of such audit duly signed and certified by him to the said Assistant Commissioner mentioning therein such other particulars as may be specified:	
	Provided that the Assistant Commissioner may, on an application made to him in this behalf by the taxable person or the chartered accountant or cost accountant or for any material and sufficient reason, extend the said period by another ninety days.	

	(3) The provisions of sub-section (1) shall have effect notwithstanding that the accounts of the taxable person have been audited under any other provisions of this Act or any other law for the time being in force .	
	(4) The taxable person shall be given an opportunity of being heard in respect of any material gathered on the basis of special audit under sub-section (1) which is proposed to be used in any proceedings against him under this Act or the rules made thereunder.	
	(5) The expenses of the examination and audit of records under sub-section (1), including the remuneration of such chartered accountant or cost accountant, shall be determined and paid by the Commissioner and such determination shall be final.	
	(6) Where the special audit conducted under sub-section (1) results in detection of tax not paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilised, the proper officer may initiate action under section 73 or section 74 .	
	CHAPTER XIV INSPECTION, SEARCH, SEIZURE AND ARREST	
	67. (1) Where the proper officer, not below the rank of Joint Commissioner, has reasons to believe that—	Power of inspection, search and seizure.
	(a) a taxable person has suppressed any transaction relating to supply of goods or services or both or the stock of goods in hand, or has claimed input tax credit in excess of his entitlement under this Act or has indulged in contravention of any of the provisions of this Act or the rules made thereunder to evade tax under this Act; or	
	(b) any person engaged in the business of transporting goods or an owner or operator of a warehouse or a godown or any other place is keeping goods which have escaped payment of tax or has kept	

	his accounts or goods in such a manner as is likely to cause evasion of tax payable under this Act,	
	he may authorise in writing any other officer of central tax to inspect any places of business of the taxable person or the persons engaged in the business of transporting goods or the owner or the operator of warehouse or godown or any other place.	
	(2) Where the proper officer, not below the rank of Joint Commissioner, either pursuant to an inspection carried out under sub-section (1) or otherwise, has reasons to believe that any goods liable to confiscation or any documents or books or things, which in his opinion shall be useful for or relevant to any proceedings under this Act, are secreted in any place, he may authorise in writing any other officer of central tax to search and seize or may himself search and seize such goods, documents or books or things:	
	Provided that where it is not practicable to seize any such goods, the proper officer may serve on the owner or the custodian of the goods an order that he shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer:	
	Provided further that the documents or books or things so seized shall be retained by such officer only for so long as may be necessary for their examination and for any inquiry or proceedings under this Act.	
	(3) The documents, books or things referred to in sub-section (2) or any other documents, books or things produced by a taxable person or any other person, which have not been relied on for the issue of notice under this Act or rules made thereunder, shall be returned to such person within a period not exceeding thirty days of the issue of the said notice.	

	(4) The officer authorised under sub-section (2) shall have the power to seal or break open the door of any premises or to break open any *almirah*, electronic devices, box, receptacle in which any goods, accounts, registers or documents of the person are suspected to be concealed, where access to such premises, *almirah*, electronic devices, box or receptacle is denied.	
	(5) The person from whose custody any documents are seized under sub-section (2) shall be entitled to make copies thereof or take extracts therefrom in the presence of an authorised officer at such place and time as such officer may indicate in this behalf except where making such copies or taking such extracts may, in the opinion of the proper officer, prejudicially affect the investigation.	
	(6) The goods so seized under sub-section (2) shall be released, on a provisional basis, upon execution of a bond and furnishing of a security, in such manner and of such quantum, respectively, as may be prescribed or on payment of applicable tax, interest and penalty payable, as the case may be.	
	(7) Where any goods are seized under sub-section (2) and no notice in respect thereof is given within six months of the seizure of the goods, the goods shall be returned to the person from whose possession they were seized:	
	Provided that the period of six months may, on sufficient cause being shown, be extended by the proper officer for a further period not exceeding six months.	

	(8) The Government may, having regard to the perishable or hazardous nature of any goods, depreciation in the value of the goods with the passage of time, constraints of storage space for the goods or any other relevant considerations, by notification, specify the goods or class of goods which shall, as soon as may be after its seizure under sub-section (2), be disposed of by the proper officer in such manner as may be prescribed.	
	(9) Where any goods, being goods specified under sub-section (8), have been seized by a proper officer under sub-section (2), he shall prepare an inventory of such goods in the manner as may be prescribed.	
2 of 1974.	(10) The provisions of the Code of Criminal Procedure, 1973, relating to search and seizure, shall, so far as may be, apply to search and seizure under this section subject to the modification that sub-section (5) of section 165 of the said Code shall have effect as if for the word "Magistrate", wherever it occurs, the words "Principal Commissioner" or the "Commissioner" were substituted.	
	(11) Where the proper officer has reasons to believe that any person has evaded or is attempting to evade the payment of any tax, he may, for reasons to be recorded in writing, seize the accounts, registers or documents of such person produced before him and shall grant a receipt for the same, and shall retain the same for so long as may be necessary, in connection with any proceedings under this Act or the rules made thereunder for prosecution.	

	(12) The Commissioner or an officer authorised by him may cause purchase of any goods or services or both by any person authorised by him from the business premises of any taxable person, to check issue of tax invoices or bills of supply by such taxable person, and on return of goods so purchased by such officer, such taxable person or any person in charge of the business premises shall refund the amount so paid towards the goods after cancelling any tax invoice or bill of supply issued earlier.	
	68. (1) The Government may require the person in charge of a conveyance carrying any consignment of goods of value exceeding such amount as may be specified to carry with him such documents and such devices as may be prescribed.	Inspection of goods in movement.
	(2) The details of documents required to be carried under sub-section (1) shall be validated in such manner as may be prescribed.	
	(3) Where any conveyance referred to in sub-section (1) is intercepted by the proper officer at any place, he may require the person in charge of the said conveyance to produce the documents specified under the said sub-section and devices for verification, and the said person shall be liable to produce the documents and devices and also allow the inspection of goods.	
	69. (1) If the Commissioner has reason to believe that any person has committed offence specified in clause (a) or clause (b) or clause (c) or clause (d) of sub-section (1) of section 132 and punishable under clause (i) or (ii) of sub-section (1) or sub-section (2) of the said section he may, by order, authorise any officer of central tax to arrest such person.	Power to arrest.
	(2) Where a person is arrested under sub-section (1) for an offence specified under sub-section (5) of section 132, every officer authorised to arrest a person shall inform such person of the grounds of arrest and produce him before a magistrate within twenty four hours.	

2 of 1974.	(3) Subject to the provisions of the Code of Criminal Procedure, 1973,-- (a) where a person is arrested under sub-section (1) for any offence specified under sub-section (4) of section 132, he shall be admitted to bail or in default of bail, forwarded to the custody of the magistrate; (b) in the case of a non-cognizable and bailable offence, the Deputy Commissioner or the Assistant Commissioner shall, for the purpose of releasing an arrested person on bail or otherwise, have the same powers and be subject to the same provisions as an officer-in-charge of a police station.	
5 of 1908	70. (1) The proper officer under this Act shall have power to summon any person whose attendance he considers necessary either to give evidence or to produce a document or any other thing in any inquiry in the same manner, as provided in the case of a civil court under the Code of Civil Procedure , 1908.	Power to summon persons to give evidence and produce documents.
45 of 1860.	(2) Every such inquiry referred to in sub-section (1) as aforesaid shall be deemed to be a "judicial proceedings" within the meaning of section 193 and section 228 of the Indian Penal Code, 1860.	
	71. (1) Any officer under this Act authorised by the proper officer not below the rank of Joint Commissioner shall have access to any place of business of a registered person to inspect books of account, documents, computers, computer programs, computer software whether installed in a computer or otherwise and such other things as he may require and which may be available at such place, for the purposes of carrying out any audit, scrutiny, verification and checks as may be necessary to safeguard the interest of revenue.	Access to business premises.
	(2) Every person in charge of place referred to in sub-section (1) shall, on demand, make available to the officer authorised under sub-section (1) or the audit party deputed by the proper officer or a cost accountant or chartered accountant nominated under section 66—	

	(i) such records as prepared or maintained by the registered person and declared to the proper officer in such manner as may be prescribed;	
	(ii) trial balance or its equivalent;	
	(iii) statements of annual financial accounts, duly audited, wherever required;	
18 of 2013.	(iv) cost audit report, if any, under section 148 of the Companies Act, 2013;	
43 of 1961.	(v) the income-tax audit report, if any, under section 44AB of the Income-tax Act, 1961; and	
	(vi) any other relevant record,	
	for the scrutiny by the officer or audit party or the chartered accountant or cost accountant within a period not exceeding fifteen working days from the day when such demand is made, or such further period as may be allowed by the said officer or the audit party or the chartered accountant or cost accountant.	
	72. (1) All officers of Police, Railways, Customs, and those officers of State Government engaged in the collection of goods and services tax and in the collection of land revenue, including village officers, and officers of State tax are required to assist the proper officers in the implementation of this Act.	Officers required to assist proper officers.
	(2) The Government may, by notification, empower and require any other class of officers to assist the proper officers in the implementation of this Act when called upon to do so by the Commissioner.	
	CHAPTER XV DEMANDS AND RECOVERY	
	73. (1) Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised for any reason, other than the reason of fraud or any willful-misstatement or suppression of facts to evade tax, he shall serve notice	Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly

	on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised input tax credit, requiring him to show cause why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty leviable under the provisions of this Act or the rules made thereunder.	availed or utilised for any reason other than fraud or any wilful misstatement or suppression of facts.
	(2) The proper officer shall issue the notice under sub-section (1) at least three months prior to the time limit specified in sub-section (10) for issuance of order.	
	(3) Where a notice has been issued for any period under sub-section (1), the proper officer may serve a statement, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for such periods other than those covered under sub-section (1), on the person chargeable with tax.	
	(4) The service of such statement shall be deemed to be service of notice on such person under sub-section (1), subject to the condition that the grounds relied upon for such tax periods other than those covered under sub-section (1) are the same as are mentioned in the earlier notice.	
	(5) The person chargeable with tax may, before service of notice under sub-section (1) or, as the case may be, the statement under sub-section (3) pay the amount of tax along with interest payable thereon under section 50 on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment.	
	(6) The proper officer, on receipt of such information, shall not serve any notice under sub-section (1) or, as the case may be, the statement under sub-section (3), in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder:	

	(7) Where the proper officer is of the opinion that the amount paid under sub-section (5) falls short of the amount actually payable, he shall proceed to issue the notice as provided for in sub-section (1) in respect of such amount which falls short of the amount actually payable.	
	(8) Where any person chargeable with tax under sub-section (1) or sub-section (3) pays the said tax along with interest payable under section 58 within thirty days of issue of show cause notice, no penalty shall be payable and all proceedings in respect of the said notice shall be deemed to be concluded.	
	(9) The proper officer shall, after considering the representation, if any, made by person chargeable with tax, determine the amount of tax, interest and a penalty equivalent to ten per cent. of tax or ten thousand rupees, whichever is higher, due from such person and issue an order.	
	(10) The proper officer shall issue the order under sub-section (9) within three years from the due date for filing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within three years from the date of erroneous refund.	
	(11) Notwithstanding anything contained in sub-section (6) or sub-section (8), penalty under this section shall be payable where any amount of self-assessed tax or any amount collected as tax has not been paid within a period of thirty days from the due date of payment of such tax.	
	74. (1) Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilised by reason of fraud, or any willful-misstatement or suppression of facts to evade tax, he shall serve notice on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised input	Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised by reason of fraud or any willful-

	tax credit requiring him to show cause why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty equivalent to the tax specified in the notice.	misstatement or suppression of facts.
	(2) The proper officer shall issue the notice under sub-section (1) at least six months prior to the time limit specified in sub-section (10) for issuance of order.	
	(3) Where a notice has been issued for any period under sub-section (1), the proper officer may serve a statement, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for such periods other than those covered under sub-section (1), on the person chargeable with tax.	
	(4) The service of statement under sub-section (3) shall be deemed to be service of notice under sub-section (1) of section 73, subject to the condition that the grounds relied upon in the said statement, except the ground of fraud, or any wilful-misstatement or suppression of facts to evade tax, for periods other than those covered under sub-section (1) are the same as are mentioned in the earlier notice.	
	(5) The person chargeable with tax may, before service of notice under sub-section (1) or as the case may be, the statement under section (3), pay the amount of tax along with interest payable under section 50 and a penalty equivalent to fifteen per cent. of such tax on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment.	
	(6) The proper officer, on receipt of such information, shall not serve any notice under sub-section (1) or as the case may be, the statement under section (3), in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder.	

	(7) Where the proper officer is of the opinion that the amount paid under sub-section (5) falls short of the amount actually payable, he shall proceed to issue the notice as provided for in sub-section (1) in respect of such amount which falls short of the amount actually payable.	
	(8) Where any person chargeable with tax under sub-section (1) or sub-section (3) pays the said tax along with interest payable under section 50 and a penalty equivalent to twenty five per cent. of such tax within thirty days of issue of the notice, all proceedings in respect of the said notice shall be deemed to be concluded.	
	(9) The proper officer shall, after considering the representation, if any, made by the person chargeable with tax, determine the amount of tax, interest and penalty due from such person and issue an order.	
	(10) The proper officer shall issue the order under sub-section (9) within a period of five years from the due date for filing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to within five years from the date of erroneous refund.	
	(11) Where any person served with an order issued under sub-section (9) pays the tax along with interest payable thereon under section 50 and a penalty equivalent to fifty per cent. of such tax within thirty days of communication of the order, all proceedings in respect of the said notice shall be deemed to be concluded.	
	Explanation 1.– For the purposes of section 73 and section 74,--	
	(i) the expression "all proceedings in respect of the said notice" shall not include proceedings under section 132;	
	(ii) where the notice under the same proceedings is issued to the main person liable to pay tax and some	

	other persons, and such proceedings against the main person have been concluded under section 73 or section 74, the proceedings against all the persons liable to pay penalty under sections 122, 125, 129, 130 and 131 are deemed to be concluded .	
	Explanation 2.—For the purposes of this Act, the expression "suppression" shall mean non-declaration of facts or information which a taxable person is required to declare in the return, statement, report or any other document furnished under this Act or the rules made thereunder, or failure to furnish any information on being asked for, in writing, by the proper officer.	
	75. (1) Where the service of notice or issuance of order is stayed by an order of a court, the period of such stay shall be excluded in computing the period specified in sub-sections (2) and (10) of section 73 or sub-sections (2) and (10) of section 74, as the case may be.	General provisions relating to determination of tax.
	(2) Where any Appellate Authority or Appellate Tribunal or court concludes that the notice issued under sub-section (1) of section 74 is not sustainable for the reason that the charges of fraud or any wilful mis-statement or suppression of facts to evade tax has not been established against the person to whom the notice was issued, the proper officer shall determine the tax payable by such person for the period of three years, deeming as if the notice were issued under sub-section (1) or sub-section (3) of section 73.	
	(3) Where any order is required to be issued in pursuance of the direction of the Appellate Authority or Appellate Tribunal or a court, such order shall be issued within two years from the date of communication of the said direction.	
	(4) An opportunity of being heard shall be granted where a request is received in writing from the person chargeable with tax or penalty, or where any adverse decision is contemplated against such person.	

	(5) The proper officer shall, if sufficient cause is shown by the person chargeable with tax, grant time to the said person and adjourn the hearing for reasons to be recorded in writing:	
	Provided that no such adjournment shall be granted more than three times to a person during the proceedings.	
	(6) The proper officer, in his order, shall set out the relevant facts and the basis of his decision.	
	(7) The amount of tax, interest and penalty demanded in the order shall not be in excess of the amount specified in the notice and no demand shall be confirmed on the grounds other than the grounds specified in the notice.	
	(8) Where the Appellate Authority or Appellate Tribunal or court modifies the amount of tax determined by the proper officer, the amount of interest and penalty shall stand modified accordingly, taking into account the amount of tax so modified.	
	(9) The interest on the tax short paid or not paid shall be payable whether or not specified in the order determining the tax liability.	
	(10) The adjudication proceedings shall be deemed to be concluded, if the order is not issued within three years as provided for in sub-section (10) of section 73 or within five years as provided for in sub-section (10) of section 74.	

	(11) An issue on which the Appellate Authority or the Appellate Tribunal or the High Court has given its decision which is prejudicial to the interest of revenue in some other proceedings and an appeal to the Appellate Tribunal or the High Court or the Supreme Court against such decision of the Appellate Authority or the Appellate Tribunal or the High Court is pending, the period spent between the date of the decision of the Appellate Authority and that of the Appellate Tribunal or the date of decision of the Appellate Tribunal and that of the High Court or the date of the decision of the High Court and that of the Supreme Court shall be excluded in computing the period referred to in sub-section (10) of section 73 or sub-section (10) of section 74 where proceedings are initiated by way of issue of a show cause notice under said sections.	
	(12) Notwithstanding anything contained in section 73 or section 74, where any amount of self-assessed tax in accordance with a return furnished under section 39 remains unpaid, either wholly or partly, or any amount of interest payable on such tax remains unpaid, the same shall be recovered under the provisions of section 79.	
	(13) Where any penalty is imposed under section 73 or section 74, no penalty for the same act or omission shall be imposed on the same person under any other provisions of this Act.	
	76. (1) Notwithstanding anything to the contrary contained in any order or direction of any Appellate Authority or Appellate Tribunal or court or in any other provisions of this Act or the rules made thereunder or any other law for the time being in force every person who has collected from any other person any amount as representing the tax under this Act, and has not paid the said amount to the Government, shall forthwith pay the said amount to the Government, irrespective of whether the supplies in respect of which such amount was collected are taxable or not.	Tax collected but not paid to the Government.

	(2) Where any amount is required to be paid to the Government under sub-section (1), and which has not been so paid, the proper officer may serve on the person liable to pay such amount a notice requiring him to show cause why the said amount as specified in the notice, should not be paid by him to the Government and why a penalty equivalent to the amount specified in the notice should not be imposed on him under the provisions of this Act.	
	(3) The proper officer shall, after considering the representation, if any, made by the person on whom the notice is served under sub-section (2), determine the amount due from such person and thereupon such person shall pay the amount so determined.	
	(4) The person referred to in sub-section (1) shall in addition to paying the amount referred to in sub-section (1) or sub-section (3) also be liable to pay interest thereon at the rate specified under section 50 from the date such amount was collected by him to the date such amount is paid by him to the Government.	
	(5) An opportunity of hearing shall be granted where a request is received in writing from the person to whom the notice was issued to show cause.	
	(6) The proper officer shall issue an order within one year from the date of issue of the notice.	
	(7) Where the issuance of order is stayed by an order of the court or Appellate Tribunal, the period of such stay shall be excluded in computing the period of one year.	
	(8) The proper officer, in his order, shall set out the relevant facts and the basis of his decision.	

	(9) The amount paid to the Government under sub-section (1) or sub-section (3) shall be adjusted against the tax payable, if any by the person in relation to the supplies referred to in sub-section (1).	
	(10) Where any surplus is left after the adjustment under sub-section (9), the amount of such surplus shall either be credited to the Fund or refunded to the person who has borne the incidence of such amount.	
	(11) The person who has borne the incidence of the amount, may apply for the refund of the same in accordance with the provisions of section 54.	
	77. (1) A registered person who has paid the central tax and State tax or, as the case may be, the central tax and the Union territory tax on a transaction considered by him to be an intra-State supply, but which is subsequently held to be an inter-State supply, shall be refunded the amount of taxes so paid in such manner and subject to such conditions as may be prescribed.	Tax wrongfully collected and paid to Central Government or State Government.
	(2) A registered person who has paid integrated tax on a transaction considered by him to be an inter-State supply, but which is subsequently held to be an intra-State supply, shall not be required to pay any interest on the amount of central tax and State tax or, as the case may be, the central tax and the Union territory tax payable.	
	78. Any amount payable by a taxable person in pursuance of an order passed under this Act shall be paid by such person within a period of three months from the date of service of such order failing which recovery proceedings shall be initiated:	Initiation of recovery proceedings.
	Provided that where the proper officer considers it expedient in the interest of revenue, he may, for reasons to be recorded in writing, require the said taxable person, to make such payment within such period less than a period of three months as may be specified by him.	

	79. (1) Where any amount payable by a person to the Government under any of the provisions of this Act or the rules made thereunder is not paid, the proper officer shall proceed to recover the amount by one or more of the following modes, namely:—	Recovery of tax.
	(a) the proper officer may deduct or may require any other specified officer to deduct the amount so payable from any money owing to such person which may be under the control of the proper officer or such other specified officer;	
	(b) the proper officer may recover or may require any other specified officer to recover the amount so payable by detaining and selling any goods belonging to such person which are under the control of the proper officer or such other specified officer;	
	(c) (i) the proper officer may, by a notice in writing, require any other person from whom money is due or may become due to such person or who holds or may subsequently hold money for or on account of such person, to pay to the Government either forthwith upon the money becoming due or being held, or within the time specified in the notice not being before the money becomes due or is held, so much of the money as is sufficient to pay the amount due from such person or the whole of the money when it is equal to or less than that amount;	
	(ii) every person to whom the notice is issued under sub-clause (i) shall be bound to comply with such notice, and in particular, where any such notice is issued to a post office, banking company or an insurer, it shall not be necessary to produce any pass book, deposit receipt, policy or any other document for the purpose of any entry, endorsement or the like being made before payment is made, notwithstanding any rule, practice or requirement to the contrary;	
	(iii) in case the person to whom a notice under sub-clause (i) has been issued, fails to make the payment in pursuance thereof to the Government, he shall be deemed to be a defaulter in respect of the amount specified in the notice and all the	

	consequences of this Act or the rules made thereunder shall follow;	
	(iv) the officer issuing a notice under sub-clause (i) may, at any time, amend or revoke such notice or extend the time for making any payment in pursuance of the notice;	
	(v) any person making any payment in compliance with a notice issued under sub-clause (i) shall be deemed to have made the payment under the authority of the person in default and such payment being credited to the Government shall be deemed to constitute a good and sufficient discharge of the liability of such person to the person in default to the extent of the amount specified in the receipt;	
	(vi) any person discharging any liability to the person in default after service on him of the notice issued under sub-clause (i) shall be personally liable to the Government to the extent of the liability discharged or to the extent of the liability of the person in default for tax, interest and penalty, whichever is less;	
	(vii) where a person on whom a notice is served under sub-clause (i) proves to the satisfaction of the officer issuing the notice that the money demanded or any part thereof was not due to the person in default or that he did not hold any money for or on account of the person in default, at the time the notice was served on him, nor is the money demanded or any part thereof, likely to become due to the said person or be held for or on account of such person, nothing contained in this section shall be deemed to require the person on whom the notice has been served to pay to the Government any such money or part thereof;	
	(d) the proper officer may in accordance with the rules to be made in this behalf, distrain any movable or immovable property belonging to or under the control of such person, and detain the same until the amount payable is paid; and in case, any part of the said amount payable or of the cost of the distress or	

	keeping of the property, remains unpaid for a period of thirty days next after any such distress, may cause the said property to be sold and with the proceeds of such sale, may satisfy the amount payable and the costs including cost of sale remaining unpaid and shall render the surplus amount, if any, to such person;	
	(e) the proper officer may prepare a certificate signed by him specifying the amount due from such person and send it to the Collector of the district in which such person owns any property or resides or carries on his business or any officer authorised by the Government and the said Collector or the said officer, on receipt of such certificate, shall proceed to recover from such person the amount specified thereunder as if it were an arrear of land revenue;	
2 of 1974.	(f) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, the proper officer may file an application to the appropriate Magistrate and such Magistrate shall proceed to recover from such person the amount specified thereunder as if it were a fine imposed by him.	
	(2) Where the terms of any bond or other instrument executed under this Act or any rules or regulations made thereunder provide that any amount due under such instrument may be recovered in the manner laid down in sub-section (1), the amount may, without prejudice to any other mode of recovery, be recovered in accordance with the provisions of that sub-section.	
	(3) Where any amount of tax, interest or penalty is payable by a person to the Government under any of the provisions of this Act or the rules made thereunder and which remains unpaid, the proper officer of State tax, during the course of recovery of said tax arrears, may recover the amount from the said person as if it were an arrear of State tax and credit the amount so recovered to the account of the Government.	

	(4) Where the amount recovered under sub-section (3) is less than the amount due to the Central Government and State Government, the amount to be credited to the account of the respective Governments shall be in proportion to the amount due to each such Government.	
	80. On an application filed by a taxable person, the Commissioner may, for reasons to be recorded in writing, extend the time for payment or allow payment of any amount due under this Act, other than the amount due as per the liability self-assessed in any return, by such person in monthly instalments not exceeding twenty four, subject to payment of interest under section 50, subject to such conditions and limitations as may be prescribed:	Payment of tax and other amount in instalments.
	Provided that where there is default in payment of any one instalment on its due date, the whole outstanding balance payable on such date shall become due and payable forthwith and shall, without any further notice being served on the person, be liable for recovery.	
	81. Where a person, after any amount has become due from him, creates a charge on or parts with the property belonging to him or in his possession by way of sale, mortgage, exchange, or any other mode of transfer whatsoever of any of his properties in favour of any other person with the intention of defrauding the Government revenue, such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by the said person:	Transfer of property to be void in certain cases.
	Provided that, such charge or transfer shall not be void if it is made for adequate consideration, in good faith and without notice of the pendency of such proceedings under this Act or without notice of such tax or other sum payable by the said person, or with the previous permission of the proper officer.	
	82. Notwithstanding anything to the contrary contained in any law for the time being in force, save as otherwise provided in the Insolvency and Bankruptcy Code, 2016, any amount payable by a taxable person or any other person on account of tax, interest or penalty which he is liable to pay to the Government	Tax to be first charge on property.

	shall be a first charge on the property of such taxable person or such person.	
	83. (1) Where during the pendency of any proceedings under section 62 or section 63 or section 64 or section 67 or section 73 or section 74, the Commissioner is of the opinion that for the purpose of protecting the interest of the Government revenue, it is necessary so to do, he may, by order in writing attach provisionally any property, including bank account, belonging to the taxable person in such manner as may be prescribed.	Provisional attachment to protect revenue in certain cases.
	(2) Every such provisional attachment shall cease to have effect after the expiry of a period of one year from the date of the order made under sub-section (1).	
	84. Where any notice of demand in respect of any tax, penalty, interest or any other amount payable under this Act, (hereafter in this section referred to as "Government dues"), is served upon any taxable person or any other person and any appeal or revision application is filed or any other proceedings is initiated in respect of such Government dues, then—	Continuation and validation of certain recovery proceedings.
	(a) where such Government dues are enhanced in such appeal, revision or other proceedings, the Commissioner shall serve upon the taxable person or any other person another notice of demand in respect of the amount by which such Government dues are enhanced and any recovery proceedings in relation to such Government dues as are covered by the notice of demand served upon him before the disposal of such appeal, revision or other proceedings may, without the service of any fresh notice of demand, be continued from the stage at which such proceedings stood immediately before such disposal;	
	(b) where such Government dues are reduced in such appeal, revision or in other proceedings—	
	(i) it shall not be necessary for the Commissioner to serve upon the taxable person a fresh notice of demand;	

	(ii) the Commissioner shall give intimation of such reduction to him and to the appropriate authority with whom recovery proceedings is pending;	
	(iii) any recovery proceedings initiated on the basis of the demand served upon him prior to the disposal of such appeal, revision or other proceedings may be continued in relation to the amount so reduced from the stage at which such proceedings stood immediately before such disposal.	
	CHAPTER XVI LIABILITY TO PAY IN CERTAIN CASES	
	85. (1) Where a taxable person, liable to pay tax under this Act, transfers his business in whole or in part, by sale, gift, lease, leave and license, hire or in any other manner whatsoever, the taxable person and the person to whom the business is so transferred shall, jointly and severally, be liable wholly or to the extent of such transfer, to pay the tax, interest or any penalty due from the taxable person up to the time of such transfer, whether such tax, interest or penalty has been determined before such transfer, but has remained unpaid or is determined thereafter.	Liability in case of transfer of business.
	(2) Where the transferee of a business referred to in sub-section (1) carries on such business either in his own name or in some other name, he shall be liable to pay tax on the supply of goods or services or both effected by him with effect from the date of such transfer and shall, if he is a registered person under this Act apply within the prescribed time for amendment of his certificate of registration.	
	86. Where an agent supplies or receives any taxable goods on behalf of his principal, such agent and his principal shall, jointly and severally, be liable to pay the tax payable on such goods under this Act.	Liability of agent and principal.
	87. (1) When two or more companies are amalgamated or merged in pursuance of an order of court or of	Liability in case of amalgamation or

	Tribunal or of the Government and the order is to take effect from a date earlier to the date of the order and any two or more of such companies have supplied or received any goods or services or both to or from each other during the period commencing on the date from which the order takes effect till the date of the order, then such transactions of supply and receipt shall be included in the turnover of supply or receipt of the respective companies and they shall be liable to pay tax accordingly.	merger of companies.
	(2) Notwithstanding anything contained in the said order, for the purposes of this Act, the said two or more companies shall be treated as distinct companies for the period up to the date of the said order and the registration certificates of the said companies shall be cancelled with effect from the date of the said order.	
31 of 2016	88. (1) When any company is being wound up whether under the orders of a court or Tribunal or otherwise, every person appointed as receiver of any assets of a company (hereafter in this section referred to as the "liquidator"), shall, within thirty days after his appointment, give intimation of his appointment to the Commissioner.	Liability in case of company in liquidation.
	(2) The Commissioner shall, after making such inquiry or calling for such information as he may deem fit, notify the liquidator within three months from the date on which he receives intimation of the appointment of the liquidator, the amount which in the opinion of the Commissioner would be sufficient to provide for any tax, interest or penalty which is then, or is likely thereafter to become, payable by the company.	

	(3) When any private company is wound up and any tax, interest or penalty determined under this Act on the company for any period, whether before or in the course of or after its liquidation, cannot be recovered, then every person who was a director of such company at any time during the period for which the tax was due shall, jointly and severally, be liable for the payment of such tax, interest or penalty, unless he proves to the satisfaction of the Commissioner that such non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.	
18 of 2013.	89. (1) Notwithstanding anything contained in the Companies Act, 2013, where any tax, interest or penalty due from a private company in respect of any supply of goods or services or both for any period cannot be recovered, then, every person who was a director of the private company during such period shall, jointly and severally, be liable for the payment of such tax, interest or penalty unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.	Liability of directors of private company.
	(2) Where a private company is converted into a public company and the tax, interest or penalty in respect of any supply of goods or services or both for any period during which such company was a private company cannot be recovered before such conversion, then, nothing contained in sub-section (1) shall apply to any person who was a director of such private company in relation to any tax, interest or penalty in respect of such supply of goods or services or both of such private company: Provided that nothing contained in this sub-section shall apply to any personal penalty imposed on such director.	
	90. Notwithstanding any contract to the contrary and any other law for the time being in force, where any firm is liable to pay any tax, interest or penalty under this	Liability of partners of firm to pay tax.

	Act, the firm and each of the partners of the firm shall, jointly and severally, be liable for such payment:	
	Provided that where any partner retires from the firm, he or the firm, shall intimate the date of retirement of the said partner to the Commissioner by a notice in that behalf in writing and such partner shall be liable to pay tax, interest or penalty due up to the date of his retirement whether determined or not, on that date:	
	Provided further that if no such intimation is given within one month from the date of retirement, the liability of such partner under the first proviso shall continue until the date on which such intimation is received by the Commissioner.	
	91. Where the business in respect of which any tax, interest or penalty is payable under this Act is carried on by any guardian, trustee or agent of a minor or other incapacitated person on behalf of and for the benefit of such minor or other incapacitated person, the tax, interest or penalty shall be levied upon and recoverable from such guardian, trustee or agent in like manner and to the same extent as it would be determined and recoverable from any such minor or other incapacitated person, as if he were a major or capacitated person and as if he were conducting the business himself, and all the provisions of this Act or the rules made thereunder shall, apply accordingly.	Liability of guardians, trustees etc.
	92. Where the estate or any portion of the estate of a taxable person owning a business in respect of which any tax, interest or penalty is payable under this Act is under the control of the Court of Wards, the Administrator General, the Official Trustee or any receiver or manager (including any person, whatever be his designation, who in fact manages the business) appointed by or under any order of a court, the tax, interest or penalty shall be levied upon and be recoverable from such Court of Wards, Administrator General, Official Trustee, receiver or manager in like manner and to the same extent as it would be determined and be recoverable from the taxable person as if he were conducting the business himself, and all the provisions of this Act or the rules made thereunder shall apply accordingly.	Liability of Court of Wards etc.

93 of 2016	93. (1) Save as otherwise provided in the Insolvency and Bankruptcy Code, 2016 where a person, liable to pay tax, interest or penalty under this Act, dies, then—	Special provisions regarding liability to pay tax, interest or penalty in certain cases.
	(a) if a business carried on by the person is continued after his death by his legal representative or any other person, such legal representative or other person, shall be liable to pay tax, interest or penalty due from such person under this Act; and	
	(b) if the business carried on by the person is discontinued, whether before or after his death, his legal representative shall be liable to pay, out of the estate of the deceased, to the extent to which the estate is capable of meeting the charge, the tax, interest or penalty due from such person under this Act,	
	whether such tax, interest or penalty has been determined before his death but has remained unpaid or is determined after his death.	
31 of 2016	(2) Save as otherwise provided in the Insolvency and Bankruptcy Code, 2016, where a taxable person, liable to pay tax, interest or penalty under this Act, is a Hindu undivided family or an association of persons and the property of the Hindu undivided family or the association of persons is partitioned amongst the various members or groups of members, then, each member or group of members shall, jointly and severally, be liable to pay the tax, interest or penalty due from the taxable person under this Act up to the time of the partition whether such tax, penalty or interest has been determined before partition but has remained unpaid or is determined after the partition.	

31 of 2016	(3) Save as otherwise provided in the Insolvency and Bankruptcy Code, 2016, where a taxable person, liable to pay tax, interest or penalty under this Act, is a firm, and the firm is dissolved, then, every person who was a partner shall, jointly and severally, be liable to pay the tax, interest or penalty due from the firm under this Act up to the time of dissolution whether such tax, interest or penalty has been determined before the dissolution, but has remained unpaid or is determined after dissolution.	
31 of 2016	(4) Save as otherwise provided in the Insolvency and Bankruptcy Code, 2016, where a taxable person liable to pay tax, interest or penalty under this Act,—	
	(a) is the guardian of a ward on whose behalf the business is carried on by the guardian; or	
	(b) is a trustee who carries on the business under a trust for a beneficiary,	
	then, if the guardianship or trust is terminated, the ward or the beneficiary shall be liable to pay the tax, interest or penalty due from the taxable person up to the time of the termination of the guardianship or trust, whether such tax, interest or penalty has been determined before the termination of guardianship or trust but has remained unpaid or is determined thereafter.	
	94. (1) Where a taxable person is a firm or an association of persons or a Hindu undivided family and such firm, association or family has discontinued business—	Liability in other cases.
	(a) the tax, interest or penalty payable under this Act by such firm, association or family up to the date of such discontinuance may be determined as if no such discontinuance had taken place; and	
	(b) every person who, at the time of such discontinuance, was a partner of such firm, or a member of such association or family, shall, notwithstanding such discontinuance, jointly and severally, be liable for the payment of tax and interest determined and penalty imposed and payable by such	

	firm, association or family, whether such tax and interest has been determined or penalty imposed prior to or after such discontinuance and subject as aforesaid, the provisions of this Act shall, so far as may be, apply as if every such person or partner or member were himself a taxable person.	
	(2) where a change has occurred in the constitution of a firm or an association of persons, the partners of the firm or members of association, as it existed before and as it exists after the reconstitution, shall, without prejudice to the provisions of section 89, jointly and severally be liable to pay tax, interest or penalty due from such firm or association for any period before its reconstitution.	
	(3) The provisions of sub-section (1) shall, so far as may be, apply where the taxable person, being a firm or association of persons is dissolved or where the taxable person, being a Hindu Undivided Family, has effected partition with respect to the business carried on by it and accordingly references in that sub-section to discontinuance shall be construed as reference to dissolution or to partition.	
	Explanation.—For the purposes of this Chapter,—	
743 of 2012.	(a) a "Limited Liability Partnership" formed and registered under the provisions of the Limited Liability Partnership Act, 2012 shall also be considered as a firm;	
	(b) "court" means the District Court, High Court or Supreme Court;	
	CHAPTER XVII ADVANCE RULING	
	95. In this Chapter, unless the context otherwise requires,—	Definitions.
	(a) "advance ruling" means a decision provided by the Authority or the Appellate Authority to an	

	applicant on matters or on questions specified in sub-section (2) of section 97 or sub-section (1) of section 100, in relation to the supply of goods or services or both being undertaken or proposed to be undertaken by the applicant;	
	(b) "applicant" means any person registered or desirous of obtaining registration under this Act;	
	(c) "application" means an application made to the Authority under sub-section (1) of section 97;	
	(d) "Authority" means the Authority for Advance Ruling, constituted under section 96 ;	
	(e) "Appellate Authority" means the Appellate Authority for Advance Ruling constituted under section 99.	
	96. Subject to the provisions of this Chapter, for the purposes of this Act, the Authority for Advance Ruling constituted under the provisions of a State Goods and Services Tax Act or Union Territory Goods and Services Tax Act shall be deemed to be the Authority for Advance Ruling in respect of that State or Union Territory.	Constitution of Authority for Advance Ruling.
	97. (1) An applicant desirous of obtaining an advance ruling under this Chapter may make an application in such form and manner and accompanied by such fee as may be prescribed, stating the question on which the advance ruling is sought.	Application for advance ruling.
	(2) The question on which the advance ruling is sought under this Act, shall be in respect of, -	
	(a) classification of any goods or services or both;	
	(b) applicability of a notification issued under the provisions of this Act;	
	(c) the principles to be adopted for the purposes of determination of value of the goods or services or both;	

	(d) admissibility of input tax credit of tax paid or deemed to have been paid;	
	(e) determination of the liability to pay tax on any goods or services or both;	
	(f) whether applicant is required to be registered;	
	(g) whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.	
	98. (1) On receipt of an application, the Authority shall cause a copy thereof to be forwarded to the concerned officer and, if necessary, call upon him to furnish the relevant records:	Procedure on receipt of application.
	Provided that where any records have been called for by the Authority in any case, such records shall, as soon as possible, be returned to the said concerned officer.	
	(2) The Authority may, after examining the application and the records called for and after hearing the applicant or his authorised representative and the concerned officer or his authorised representative, by order, either admit or reject the application:	
	Provided that the Authority shall not admit the application where the question raised in the application is already pending or decided in any proceedings in the case of an applicant under any of the provisions of this Act:	
	Provided further that no application shall be rejected under this sub-section unless an opportunity of hearing has been given to the applicant:	
	Provided also that where the application is rejected, the reasons for such rejection shall be specified in the order.	
	(3) A copy of every order made under sub-section (2) shall be sent to the applicant and to the concerned officer.	

	(4) Where an application is admitted under sub-section (2), the Authority shall, after examining such further material as may be placed before it by the applicant or obtained by the Authority and after providing an opportunity of being heard to the applicant or his authorised representative as well as to the concerned officer or his authorised representative, pronounce its advance ruling on the question specified in the application.	
	(5) Where the members of the Authority differ on any question on which the advance ruling is sought, they shall state the point or points on which they differ and make a reference to the Appellate Authority for hearing and decision on such question.	
	(6) The Authority shall pronounce its advance ruling in writing within ninety days from the date of receipt of application.	
	(7) A copy of the advance ruling pronounced by the Authority duly signed by the members and certified in such manner as may be prescribed shall be sent to the applicant, the concerned officer and the jurisdictional officer after such pronouncement.	
	99. (1) Subject to the provisions of this Chapter, for the purposes of this Act, the Appellate Authority for Advance Ruling, constituted under the provisions of a State Goods and Services Tax Act or a Union Territory Goods and Services Tax Act shall be deemed to be the Appellate Authority in respect of that State or Union Territory.	Constitution of Appellate Authority for Advance Ruling.
	(2) The Appellate Authority shall consist of the Chief Commissioner of central tax as designated by the Board and the Commissioner of State tax having jurisdiction over the applicant.	
	100. (1) The concerned officer, the jurisdictional officer or an applicant aggrieved by any advance ruling pronounced under sub-section (4) of section 98, may appeal to the Appellate Authority.	Appeal to the Appellate Authority.

	(2) Every appeal under this section shall be filed within a period of thirty days from the date on which the ruling sought to be appealed against is communicated to the concerned officer, the jurisdictional officer and the applicant:	
	Provided that the Appellate Authority may, if it is satisfied that the appellant was prevented by a sufficient cause from presenting the appeal within the said period of thirty days, allow it to be presented within a further period not exceeding thirty days.	
	(3) Every appeal under this section shall be in such form, accompanied by such fee and verified in such manner as may be prescribed.	
	101. (1) The Appellate Authority may, after giving the parties to the appeal or reference, an opportunity of being heard, pass such order confirming or modifying the ruling appealed against or referred to.	Orders of Appellate Authority.
	(2) The order referred to in sub-section (1) shall be passed within a period of ninety days from the date of filing of the appeal under section 100 or a reference under sub-section (5) of section 98.	
	(3) Where the members of the Appellate Authority differ on any point or points referred to in appeal or reference, it shall be deemed that no advance ruling can be issued in respect of the question under the appeal or reference.	
	(4) A copy of the advance ruling pronounced by the Appellate Authority duly signed by the Members and certified in such manner as may be prescribed shall be sent to the applicant, the concerned officer, the jurisdictional officer and to the Authority after such pronouncement.	
	102. The Authority or the Appellate Authority may amend any order passed by it under section 98 or section 100, so as to rectify any error apparent on the face of the record, if such error is noticed by the Authority or the Appellate Authority on its own accord, or is brought to its notice by the concerned officer, the jurisdictional officer or the applicant	Rectification of advance ruling.

	within a period of six months from the date of the order:	
	Provided that no rectification which has the effect of enhancing the tax liability or reducing the amount of admissible input tax credit shall be made unless the applicant or the appellant has been given an opportunity of being heard.	
	103. (1) The advance ruling pronounced by the Authority or the Appellate Authority under this Chapter shall be binding only -	Applicability of advance ruling.
	(a) on the applicant who had sought it in respect of any matter referred to in sub-section (2) of section 97 for advance ruling;	
	(b) on the concerned officer or the jurisdictional officer in respect of the applicant .	
	(2) The advance ruling referred to in sub-section (1) shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed.	
	104. (1) Where the Authority or the Appellate Authority finds that advance ruling pronounced by it under sub-section (4) of section 98 or under sub-section (1) of section 101 has been obtained by the applicant or the appellant by fraud or suppression of material facts or misrepresentation of facts, it may, by order, declare such ruling to be void ab-initio and thereupon all the provisions of this Act or the rules made thereunder shall apply to the applicant as if such advance ruling had never been made:	Advance ruling to be void in certain circumstances.
	Provided that no order shall be passed under this sub-section unless an opportunity of being heard has been given to the applicant.	
	Explanation.—The period beginning with the date of such advance ruling and ending with the date of order under this sub-section shall be excluded while computing the period specified in sub-sections (2) and (10) of section 73 or sub-sections (2) and (10) of section 74,	

	(2) A copy of the order made under sub-section (1) shall be sent to the applicant, the concerned officer and the jurisdictional officer.	
5 of 1908.	105. (1) The Authority or the Appellate Authority shall, for the purpose of exercising its powers regarding – (a) discovery and inspection; (b) enforcing the attendance of any person and examining him on oath; (c) issuing commissions and compelling production of books of account and other records, have all the powers of a civil court under the Code of Civil Procedure, 1908.	Powers of Authority and Appellate Authority.
2 of 1974. 45 of 1860.	(2) The Authority or the Appellate Authority shall be deemed to be a civil court for the purposes of section 195, but not for the purposes of Chapter XXVI of the Code of Criminal Procedure, 1973, and every proceedings before the Authority or the Appellate Authority shall be deemed to be a judicial proceedings within the meaning of sections 193 and 228, and for the purpose of section 196 of the Indian Penal Code.	
	106. The Authority or the Appellate Authority shall, subject to the provisions of this Chapter, have power to regulate its own procedure.	Procedure of Authority and Appellate Authority.
	CHAPTER–XVIII APPEALS AND REVISION	
	107. (1) Any person aggrieved by any decision or order passed under this Act by an adjudicating authority may appeal to such Appellate Authority as may be prescribed within three months from the date on which the said decision or order is communicated to such person.	Appeals to Appellate Authority.

	(2) The Commissioner may, on his own motion, or upon request from the Commissioner of State tax or Commissioner of Union territory tax, call for and examine the record of any proceedings in which an adjudicating authority has passed any decision or order under this Act or the State Goods and Services Tax Act or the Union territory Goods and Services Tax Act, for the purpose of satisfying himself as to the legality or propriety of the said decision or order and may, by order, direct any officer subordinate to him to apply to the Appellate Authority within six months from the date of communication of the said decision or order for the determination of such points arising out of the said decision or order as may be specified by the Commissioner in his order.	
	(3) Where, in pursuance of an order under sub-section (2), the authorised officer makes an application to the Appellate Authority, such application shall be dealt with by such Appellate Authority as if it were an appeal made against the decision or order of the adjudicating authority and such authorised officer were an appellant and the provisions of this Act relating to appeals shall apply to such application.	
	(4) The Appellate Authority may, if he is satisfied that the appellant was prevented by sufficient cause from presenting the appeal within the aforesaid period of three months or six months, as the case may be, allow it to be presented within a further period of one month.	
	(5) Every appeal under this section shall be in such form and shall be verified in such manner as may be prescribed.	
	(6) No appeal shall be filed under sub-section (1), unless the appellant has paid–	
	(a) in full, such part of the amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him; and	

	(b) a sum equal to ten per cent. of the remaining amount of tax in dispute arising from the said order, in relation to which the appeal has been filed.	
	(7) Where the appellant has paid the amount under sub-section (6), the recovery proceedings for the balance amount shall be deemed to be stayed.	
	(8) The Appellate Authority shall give an opportunity to the appellant of being heard.	
	(9) The Appellate Authority may, if sufficient cause is shown at any stage of hearing of an appeal, grant time to the parties or any of them and adjourn the hearing of the appeal for reasons to be recorded in writing:	
	Provided that no such adjournment shall be granted more than three times to a party during hearing of the appeal.	
	(10) The Appellate Authority may, at the time of hearing of an appeal, allow an appellant to add any ground of appeal not specified in the grounds of appeal, if it is satisfied that the omission of that ground from the grounds of appeal was not wilful or unreasonable.	
	(11) The Appellate Authority shall, after making such further inquiry as may be necessary, pass such order, as it thinks just and proper, confirming, modifying or annulling the decision or order appealed against but shall not refer the case back to the adjudicating authority that passed the said decision or order:	
	Provided that an order enhancing any fee or penalty or fine in lieu of confiscation or confiscating goods of greater value or reducing the amount of refund or input tax credit shall not be passed unless the appellant has been given a reasonable opportunity of showing cause against the proposed order:	
	Provided further that where the Appellate Authority is of the opinion that any tax has not been paid or short-paid or erroneously refunded, or where input tax credit has	

	been wrongly availed or utilised, no order requiring the appellant to pay such tax or input tax credit shall be passed unless the appellant is given notice to show cause against the proposed order and the order is passed within the time limit specified under section 73 or section 74.	
	(12) The order of the Appellate Authority disposing of the appeal shall be in writing and shall state the points for determination, the decision thereon and the reasons for such decision.	
	(13) The Appellate Authority shall, where it is possible to do so, hear and decide every appeal within a period of one year from the date on which it is filed:	
	Provided that where the issuance of order is stayed by an order of a court or Tribunal, the period of such stay shall be excluded in computing the period of one year.	
	(14) On disposal of the appeal, the Appellate Authority shall communicate the order passed by it to the appellant, respondent and to the adjudicating authority.	
	(15) A copy of the order passed by the Appellate Authority shall also be sent to the jurisdictional Commissioner or the authority designated by him in this behalf and the jurisdictional Commissioner of State tax or Commissioner of Union Territory Tax or an authority designated by him in this behalf.	
	(16) Every order passed under this section shall, subject to the provisions of section 108 or section 113 or section 117 or section 118 be final and binding on the parties.	
	108. (1) Subject to the provisions of section 121 and any rules made thereunder, the Revisional Authority, may on his own motion, or upon information received by him or on request from the Commissioner of State tax, or Commissioner of Union territory tax call for and examine the record of any proceedings, and if he considers that any decision or order passed under this	Revisional powers of Revisional Authority.

	Act or under the respective State Goods and Services tax Act or the Union territory Goods and Services Tax by any officer subordinate to him is erroneous in so far as it is prejudicial to the interest of revenue and is illegal or improper or has not taken into account certain material facts, whether available at the time of issuance of the said order or not or in consequence of an observation by the Comptroller and Auditor General of India, he may, if necessary, stay the operation of such decision or order for such period as he deems fit and after giving the person concerned an opportunity of being heard and after making such further inquiry as may be necessary, pass such order, as he thinks just and proper, including enhancing or modifying or annulling the said decision or order.	
	(2) The Revisional Authority shall not exercise any power under sub-section (1), if—	
	(a) the order has been subject to an appeal under section 107 or under section 112 or under section 117 or under section 118; or	
	(b) the period specified under sub-section (2) of section 107 has not yet expired or more than three years have expired after the passing of the decision or order sought to be revised; or	
	(c) the order has already been taken for revision under this section at an earlier stage; or	
	(d) the order has been passed in exercise of the powers under sub-section (1) :	
	Provided that the Revisional Authority may pass an order under sub-section (1) on any point which has not been raised and decided in an appeal referred to in clause (a) of sub-section (2), before the expiry of a period of one year from the date of the order in such appeal or before the expiry of a period of three years referred to in clause (b) of that sub-section, whichever is later.	
	(3) Every order passed in revision under sub-section (1) shall, subject to the provisions of section 113 or section 117 or section 118 be final and binding on the parties.	

	(4) If the said decision or order involves an issue on which the Appellate Tribunal or the High Court has given its decision in some other proceedings and an appeal to the High Court or the Supreme Court against such decision of the Appellate Tribunal or the High Court is pending, the period spent between the date of the decision of the Appellate Tribunal and the date of the decision of the High Court or the date of the decision of the High Court and the date of the decision of the Supreme Court shall be excluded in computing the period of limitation referred to in clause (b) of sub-section (2) where proceedings for revision have been initiated by way of issue of a notice under this section.	
	(5) Where the issuance of an order under sub-section (1) is stayed by the order of a court or Appellate Tribunal, the period of such stay shall be excluded in computing the period of limitation referred to in clause (b) of sub-section (2).	
	(6) For the purposes of this section, the term,—	
	(i) "record" shall include all records relating to any proceedings under this Act available at the time of examination by the Revisional Authority;	
	(ii) "decision" shall include intimation given by any officer lower in rank than the Revisional Authority.	
	109. (1) The Government shall, on the recommendations of the Council, by notification, constitute with effect from such date as may be specified therein, an Appellate Tribunal known as the Goods and Services Tax Appellate Tribunal for hearing appeals against the orders passed by the Appellate Authority or the Revisional Authority.	Constitution of Appellate Tribunal and Benches thereof.

	(2) The powers of the Appellate Tribunal shall be exercisable by the National Bench and Benches thereof (hereafter in this Chapter referred to as "Regional Benches"), State Benches and Benches thereof (hereafter in this Chapter referred to as "Area Benches").	
	(3) The National Bench of the Appellate Tribunal shall be situated at New Delhi which shall be presided over by the President and shall consist of one Technical Member (Centre) and one Technical Member (State).	
	(4) The Government shall, on the recommendations of the Council, by notification, constitute such number of Regional Benches as may be required and such Regional Benches shall consist of a Judicial Member, one Technical Member (Centre) and one Technical Member (State).	
	(5) The National Bench or Regional Benches of the Appellate Tribunal shall have jurisdiction to hear appeals against the orders passed by the Appellate Authority or the Revisional Authority in the cases where one of the issues involved relates to the place of supply.	
	(6) The Government, shall, by notification, specify for each State or Union Territory, a Bench of the Appellate Tribunal (hereafter in this Chapter, referred to as "State Bench") for exercising the powers of the Appellate Tribunal within the concerned State or Union territory:	
	Provided that the Government shall, on receipt of a request from any State Government, constitute such number of Area Benches in that State, as may be recommended by the Council.	
	Provided further that the Government may, on receipt of a request from any State, or on its own motion for a Union Territory, notify the Appellate Authority in a State to act as the Appellate Tribunal for any other State or Union Territory, as may be recommended by the Council subject to such terms and conditions as may be prescribed.	

	(7) The State or Area Benches shall have jurisdiction to hear appeals against the orders passed by the Appellate Authority or the Revisional Authority in the cases involving matters other than those referred to in sub-section (5).	
	(8) The President and the State President shall, by general or special order, distribute the business or transfer cases among Regional Benches or, as the case may be, Area Benches in a State.	
	(9) Each State Bench and Area Benches of the Appellate Tribunal shall consist of a Judicial Member, one Technical Member (Centre) and one Technical Member (State) and the State Government may designate the senior most Judicial Member in a State as the State President.	
	(10) In the absence of a Member in any Bench due to vacancy or otherwise, any appeal may, with the approval of the President or, as the case may be, the State President, be heard by a Bench of two Members.	
	(11) If the Members of the National Bench, Regional Benches, State Bench or Area Benches, differ in opinion on any point or points, it shall be decided according to the opinion of the majority, if there is a majority, but if the Members are equally divided, they shall state the point or points on which they differ, and the case shall be referred by the President or as the case may be, State President for hearing on such point or points to one or more of the other Members of the National Bench, Regional Benches, State Bench or Area Benches and such point or points shall be decided according to the opinion of the majority of Members who have heard the case, including those who first heard it.	
	(12) The Government, in consultation with the President may, for the administrative convenience, transfer- (a) any Judicial Member or a Member Technical (State) from one Bench to another Bench, whether National or Regional; or	

	(b) any Member Technical (Centre) from one Bench to another Bench, whether National, Regional, State or Area.	
	(13) The State Government, in consultation with the State President may, for the administrative convenience, transfer a Judicial Member or a Member Technical (State) from one Bench to another Bench within the State.	
	(14) No act or proceedings of the Appellate Tribunal shall be questioned or shall be invalid merely on the ground of the existence of any vacancy or defect in the constitution of the Appellate Tribunal, as the case may be	
	110. (1) A person shall not be qualified for appointment as-	President and Members of the Appellate Tribunal, their qualification, appointment, conditions of service, etc.
	(a) the President, unless he has been a Judge of the Supreme Court or is or has been the Chief Justice of a High Court, or is or has been a Judge of a High Court for a period not less than five years;	
	(b) a Judicial Member, unless he – (i) has been a Judge of the High Court; or (ii) is or has been a District Judge qualified to be appointed as a Judge of a High Court; or (iii) is or has been a Member of Indian Legal Service and has held a post not less than Additional Secretary for three years;	
	(c) a Technical Member (Centre) unless he is or has been a member of Indian Revenue (Customs and Central Excise) Service, Group A, and has completed at least fifteen years of service in Group A;	
	(d) a Technical Member (State) who is or has been an officer of the State Government not below the rank of Additional Commissioner of Value Added Tax or the State goods and services tax or such rank as	

	may be notified by the concerned State Government on the recommendations of the Council with at least three years of experience in the administration of an existing law or the State Goods and Services Tax Act or in the field of finance and taxation.	
	(2) The President and the Judicial Members of the National Bench and the Regional Benches shall be appointed by the Government after consultation with the Chief Justice of India or his nominee:	
	Provided that in the event of the occurrence of any vacancy in the office of the President by reason of his death, resignation or otherwise, the senior most Member of the National Bench shall act as the President until the date on which a new President, appointed in accordance with the provisions of this Act to fill such vacancy, enters upon his office:	
	Provided further that where the President is unable to discharge his functions owing to absence, illness or any other cause, the senior most Member of the National Bench shall discharge the functions of the President until the date on which the President resumes his duties.	
	(3) The Technical Member (Centre) and Technical Member (State) of the National Bench and Regional Benches shall be appointed by the Government on the recommendations of the Selection Committee consisting of such persons and in such manner as may be prescribed.	
	(4) The Judicial Member of the State Bench or Area Benches shall be appointed by the State Government after consultation with the Chief Justice of High Court of the State or his nominee.	
	(5) The Technical Member (Centre) of the State Bench or Area Benches shall be appointed by the Central Government and Technical Member (State) of the State Bench or Area Benches shall be appointed by the State Government in such manner as may be prescribed.	

	(6) No appointment of the Members of the Appellate Tribunal shall be invalid merely by the reason of any vacancy or defect in the constitution of the Selection Committee.	
	(7) Before appointing any person as the President or Members of the Appellate Tribunal, the Central Government or, as the case may be, the State Government, shall satisfy itself that such person does not have any financial or other interests which are likely to prejudicially affect his functions as such President or Member.	
	(8) The salary, allowances and other terms and conditions of service of the President, State President and the Members of the Appellate Tribunal shall be such as may be prescribed:	
	Provided that neither salary and allowances nor other terms and conditions of service of the President, State President or Members of the Appellate Tribunal shall be varied to their disadvantage after their appointment.	
	(9) The President of the Appellate Tribunal shall hold office for a term of three years from the date on which he enters upon his office, or until he attains the age of seventy years, whichever is earlier and shall be eligible for re-appointment	
	(10) The Judicial Member of the Appellate Tribunal and the State President shall hold office for a term of three years from the date on which he enters upon his office, and until he attains the age of sixty-five years, whichever is earlier and shall be eligible for re-appointment.	
	(11) The Technical Member (Centre) or Technical Member (State) of the Appellate Tribunal shall hold office for a term until he attains the age of sixty-five years	
	(12) The President, State President or any Member may, by notice in writing under his hand addressed to the Central Government or, as the case may be, State Government resign from his office:	
	Provided that the President, State President or Member shall continue to hold office until the expiry of three months from the date of receipt of such notice by the Central Government, or, as the case may be, the State Government or until a person duly appointed as his	

	successor enters upon his office or until the expiry of his term of office, whichever is earliest.	
	(13) The Central Government may, after consultation with the Chief Justice of India, in case of the President, Judicial Members and Technical Members of the National Bench, Regional Benches or Technical Members (Centre) of State Bench or Area Benches, and the State Government may, after consultation with the Chief Justice of High Court, in case of the State President, Judicial Members, Technical Members (State) of the State Bench or Area Benches, may remove from the office such President or Member, who— (a) has been adjudged an insolvent; or (b) has been convicted of an offence which, in the opinion of the such Government involves moral turpitude; or (c) has become physically or mentally incapable of acting as such President, State President or Member; or (d) has acquired such financial or other interest as is likely to affect prejudicially his functions as such President, State President or Member; or (e) has so abused his position as to render his continuance in office prejudicial to the public interest:	
	Provided that the President, State President or the Member shall not be removed on any of the grounds specified in clauses (d) and (e), unless he has been informed of the charges against him and has been given an opportunity of being heard.	
	(14) Without prejudice to the provisions of sub-section (13),- (a) the President or a Judicial and Technical Member of the National Bench or Regional Benches, Technical Member (Centre) of the State Bench or Area Benches shall not be removed from their office except by an order made by the Central Government on the ground of proved misbehaviour or incapacity after an inquiry made by a Judge of the Supreme Court nominated by the Chief Justice of India on a reference made to him by the Central Government and of which the President or the said Member had been given an opportunity of being heard;	

	(b) the Judicial Member or Member Technical (State) of the State Bench or Area Benches shall not be removed from their office except by an order made by the State Government on the ground of proved misbehaviour or incapacity after an inquiry made by a Judge of the concerned High Court nominated by the Chief Justice of the concerned High Court on a reference made to him by the State Government and of which the said Member had been given an opportunity of being heard.	
	(15) The Central Government, with the concurrence of the Chief Justice of India, may suspend from office, the President or a Judicial or Technical Members of the National Bench or the Regional Benches or the Technical Member (Centre) of the State Bench or Area Benches in respect of whom a reference has been made to the Judge of the Supreme Court under sub-section (14).	
	(16) The State Government, with the concurrence of the Chief Justice of the High Court, may suspend from office, a Judicial Member or Member Technical (State) of the State Bench or Area Benches in respect of whom a reference has been made to the Judge of the High Court under sub-section (14).	
	(17) Subject to the provisions of article 220 of the Constitution, the President, State President or other Members, on ceasing to hold their office, shall not be eligible to appear, act or plead before the National Bench and the Regional Benches or the State Bench and the Area Benches thereof where he was the President or, as the case may be, a Member.	
5 of 1908.	111. (1) The Appellate Tribunal shall not, while disposing of any proceedings before it or an appeal before it, be bound by the procedure laid down in the Code of Civil Procedure, 1908, but shall be guided by the principles of natural justice and subject to the other provisions of this Act and the rules made thereunder, the Appellate Tribunal shall have power to regulate its own procedure.	Procedure before Appellate Tribunal.

5 of 1908.	(2) The Appellate Tribunal shall, for the purposes of discharging its functions under this Act, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 while trying a suit in respect of the following matters, namely:—	
	(a) summoning and enforcing the attendance of any person and examining him on oath;	
	(b) requiring the discovery and production of documents;	
	(c) receiving evidence on affidavits;	
1 of 1872.	(d) subject to the provisions of sections 123 and 124 of the Indian Evidence Act, 1872, requisitioning any public record or document or a copy of such record or document from any office;	
	(e) issuing commissions for the examination of witnesses or documents;	
	(f) dismissing a representation for default or deciding it ex parte;	
	(g) setting aside any order of dismissal of any representation for default or any order passed by it *ex parte*; and	
	(h) any other matter which may be prescribed.	
	(3) Any order made by the Appellate Tribunal may be enforced by it in the same manner as if it were a decree made by a court in a suit pending therein, and it shall be lawful for the Appellate Tribunal to send for execution of its orders to the court within the local limits of whose jurisdiction,—	
	(a) in the case of an order against a company, the registered office of the company is situated; or	
	(b) in the case of an order against any other person, the person concerned voluntarily resides or carries on business or personally works for gain.	

45 of 1860. 2 of 1974.	(4) All proceedings before the Appellate Tribunal shall be deemed to be judicial proceedings within the meaning of sections 193 and 228, and for the purposes of section 196 of the Indian Penal Code, and the Appellate Tribunal shall be deemed to be civil court for the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.	
	112. (1) Any person aggrieved by an order passed against him under section 107 or section 108 of this Act may appeal to the Appellate Tribunal against such order within three months from the date on which the order sought to be appealed against is communicated to the person preferring the appeal.	Appeals to Appellate Tribunal.
	(2) The Appellate Tribunal may, in its discretion, refuse to admit any such appeal where the tax or input tax credit involved or the difference in tax or input tax credit involved or the amount of fine, fee or penalty determined by such order, does not exceed fifty-thousand rupees.	
	(3) The Commissioner may, on his own motion, or upon request from the Commissioner of State tax or Commissioner of Union territory tax call for and examine the record of any order passed by the Appellate Authority or the Revisional Authority under this Act or under the State Goods And Services Tax Act or Union territory Goods and Services Tax Act for the purpose of satisfying himself as to the legality or propriety of the said order and may, by order, direct any officer subordinate to him to apply to the Appellate Tribunal within six months from the date on which the said order has been passed for determination of such points arising out of the said order as may be specified by the Commissioner in his order.	

	(4) Where in pursuance of an order under sub-section (3) the authorised officer makes an application to the Appellate Tribunal, such application shall be dealt with by the Appellate Tribunal as if it were an appeal made against the order under sub-section (11) of section 107 or under sub-section (1) of section 108 and the provisions of this Act shall apply to such application, as they apply in relation to appeals filed under sub-section (1).	
	(5) On receipt of notice that an appeal has been preferred under this section, the party against whom the appeal has been preferred may, notwithstanding that he may not have appealed against such order or any part thereof, file, within forty-five days of the receipt of notice, a memorandum of cross-objections, verified in the prescribed manner, against any part of the order appealed against and such memorandum shall be disposed of by the Appellate Tribunal, as if it were an appeal presented within the time specified in sub-section (1).	
	(6) The Appellate Tribunal may admit an appeal within three months after the expiry of the period referred to in sub-section (1), or permit the filing of a memorandum of cross-objections within forty-five days after the expiry of the period referred to in sub-section (5), if it is satisfied that there was sufficient cause for not presenting it within that period.	
	(7) An appeal to the Appellate Tribunal shall be in such form, verified in such manner and shall be accompanied by such fee, as may be prescribed:	
	Provided that no such fee shall be payable in the case of an appeal by the Commissioner or a memorandum of cross objections.	
	(8) No appeal shall be filed under sub-section (1), unless the appellant has paid—	
	(a) in full, such part of the amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him, and	

	(b) a sum equal to twenty per cent. of the remaining amount of tax in dispute, in addition to the amount paid under sub-section (6) of the section 107, arising from the said order, in relation to which the appeal has been filed.	
	(9) Where the appellant has paid the amount as per sub-section (8), the recovery proceedings for the balance amount shall be deemed to be stayed till the disposal of the appeal.	
	(10) Every application made before the Appellate Tribunal, —	
	(a) in an appeal for rectification of error or for any other purpose; or	
	(b) for restoration of an appeal or an application,	
	shall be accompanied by such fees as may be prescribed.	
	113. (1) The Appellate Tribunal may, after giving the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit, confirming, modifying or annulling the decision or order appealed against or may refer the case back to the Appellate Authority, or the Revisional Authority or to the original adjudicating authority, with such directions as it may think fit, for a fresh adjudication or decision after taking additional evidence, if necessary.	Orders of Appellate Tribunal.
	(2) The Appellate Tribunal may, if sufficient cause is shown, at any stage of hearing of an appeal, grant time to the parties or any of them and adjourn the hearing of the appeal for reasons to be recorded in writing:	
	Provided that no such adjournment shall be granted more than three times to a party during hearing of the appeal.	

	(3) The Appellate Tribunal may amend any order passed by it under sub-section (1) so as to rectify any error apparent on the face of the record, if such error is noticed by it on its own accord, or is brought to its notice by the Commissioner or the Commissioner of State Tax or the Commissioner of the Union territory tax the other party to the appeal within a period of three months from the date of the order:	
	Provided that no amendment which has the effect of enhancing an assessment or reducing a refund or input tax credit or otherwise increasing the liability of the other party, shall be made under this sub-section, unless the party has been given an opportunity of being heard.	
	(4) The Appellate Tribunal shall, as far as possible, hear and decide every appeal within a period of one year from the date on which it is filed.	
	(5) The Appellate Tribunal shall send a copy of every order passed under this section to the Appellate Authority or the Revisional Authority, or the original adjudicating authority, as the case may be, the appellant and the jurisdictional Commissioner or the Commissioner of State Tax or the Union territory tax.	
	(6) Save as provided in section 117 or section 118, orders passed by the Appellate Tribunal on an appeal shall be final and binding on the parties.	
	114. The President shall exercise such financial and administrative powers over the National Bench and Regional Benches of the Appellate Tribunal as may be prescribed:	Financial and administrative powers of President and State President.
	Provided that the President shall have the authority to delegate such of his financial and administrative powers as he may think fit to any other Member or any officer of the National Bench and Regional Benches, subject to the condition that such Member or officer shall, while exercising such delegated powers, continue to act under the direction, control and supervision of the President:	

	115. Where an amount paid by the appellant under sub-section (6) of section 107 or under sub-section (8) of section 112 is required to be refunded consequent to any order of the Appellate Authority or of the Appellate Tribunal, interest at the rate specified under section 56 shall be payable in respect of such refund from the date of payment of the amount till the date of refund of such amount.	Interest on refund of amount paid for admission of appeal.
	116. (1) Any person who is entitled or required to appear before an Officer of central tax appointed under this Act, or the Appellate Authority or the Appellate Tribunal in connection with any proceedings under this Act, may, otherwise than when required under this Act to appear personally for examination on oath or affirmation, subject to the other provisions of this section, appear by an authorised representative.	Appearance by authorised representative.
	(2) For the purposes of this Act, the expression "authorised representative" shall mean a person authorised by the person referred to in sub-section (1) to appear on his behalf, being —	
	(a) his relative or regular employee; or	
	(b) an advocate who is entitled to practice in any court in India, and who has not been debarred from practicing before any court in India; or	
	(c) any chartered accountant, a cost accountant or a company secretary, who holds a certificate of practice and who has not been debarred from practice; or	
	(d) a retired officer of the Commercial Tax Department of any State Government or Union territory or of the Board who, during his service under the Government, had worked in a post not below the rank than that of a Group-B Gazetted officer for a period of not less than two years:	
	Provided that such officer shall not be entitled to appear before any proceedings under this Act for a period of one year from the date of his retirement or resignation.;	

	(e) any person who has been authorised to act as a Goods and services tax Practitioners on behalf of the concerned registered person.	
	(3) No person, —	
	(a) who has been dismissed or removed from Government service; or	
	(b) who is convicted of an offence connected with any proceedings under this Act, the State Goods and Services Tax Act, the Integrated Goods and Services Tax Act or the Union territory Goods and Services Tax Act, or under existing law or under any of the Acts passed by a State legislature dealing with the imposition of taxes on sale of goods or supply of goods or services or both; or	
	(c) who is found guilty of misconduct by the prescribed authority;	
	(d) who has been adjudged as an insolvent,	
	shall be qualified to represent any person under sub-section (1)—	
	(i) for all times in case of persons referred to in clauses (a) , (b) and (c).	
	(ii) for the period during which the insolvency continues in the case of a person referred to in clause (d).	
	(4) Any person who has been disqualified under the provisions of the State Goods and Services Tax Act or the Union territory Goods and Services Tax Act shall be deemed to be disqualified under this Act.	
	117. (1) Any person aggrieved by any order passed by the State Bench or Area Benches of the Appellate Tribunal may file an appeal to the High Court and the High Court may admit such appeal, if it is satisfied that the case involves a substantial question of law.	Appeal to High Court.

	(2) An appeal under sub-section (1) shall be filed within a period of one hundred and eighty days from the date on which the order appealed against is received by the aggrieved person and it shall be in such form, verified in such manner as may be prescribed.	
	Provided that the High Court may entertain an appeal after the expiry of the said period if it is satisfied that there was sufficient cause for not filing it within such period.	
	(3) Where the High Court is satisfied that a substantial question of law is involved in any case, it shall formulate that question and the appeal shall be heard only on the question so formulated, and the respondents shall, at the hearing of the appeal, be allowed to argue that the case does not involve such question:	
	Provided that nothing in this sub-section shall be deemed to take away or abridge the power of the court to hear, for reasons to be recorded, the appeal on any other substantial question of law not formulated by it, if it is satisfied that the case involves such question.	
	(4) The High Court shall decide the question of law so formulated and deliver such judgment thereon containing the grounds on which such decision is founded and may award such cost as it deems fit.	
	(5) The High Court may determine any issue which––	
	(a) has not been determined by the State Bench or Area Benches; or	
	(b) has been wrongly determined by the State Bench or Area Benches, by reason of a decision on such question of law as herein referred to in sub-section (3) .	

	(6) Where an appeal has been filed before the High Court, it shall be heard by a Bench of not less than two Judges of the High Court, and shall be decided in accordance with the opinion of such Judges or of the majority, if any, of such Judges.	
	(7) Where there is no such majority, the Judges shall state the point of law upon which they differ and the case shall, then, be heard upon that point only, by one or more of the other Judges of the High Court and such point shall be decided according to the opinion of the majority of the Judges who have heard the case including those who first heard it.	
	(8) Where the High Court delivers a judgment in an appeal filed before it under this section, effect shall be given to such judgment by either side on the basis of a certified copy of the judgment.	
5 of 1908	(9) Save as otherwise provided in this Act, the provisions of the Code of Civil Procedure, 1908, relating to appeals to the High Court shall, as far as may be, apply in the case of appeals under this section.	
	118. (1) An appeal shall lie to the Supreme Court- (a) from any order passed by the National Bench and Regional Benches of the Appellate Tribunal; or	Appeal to Supreme Court.
	(b) from any judgment or order passed by the High Court in an appeal made under section 117 in any case which, on its own motion or on an application made by or on behalf of the party aggrieved, immediately after passing of the judgment or order, the High Court certifies to be a fit one for appeal to the Supreme Court.	
5 of 1908	(2) The provisions of the Code of Civil Procedure, 1908, relating to appeals to the Supreme Court shall, so far as may be, apply in the case of appeals under this section as they apply in the case of appeals from decrees of a High Court.	

	(3) Where the judgment of the High Court is varied or reversed in the appeal, effect shall be given to the order of the Supreme Court in the manner provided in section 117 in the case of a judgment of the High Court.	
	119. Notwithstanding that an appeal has been preferred to the High Court or the Supreme Court, sums due to the Government as a result of an order passed by the National or Regional Benches of the Appellate Tribunal under sub-section (1) of section 113 or an order passed by the State Bench or Area Benches under sub-section (1) of section 113 or an order passed by the High Court under section 117, as the case may be, shall be payable in accordance with the order so passed.	Sums due to be paid notwithstanding appeal etc.
	120. (1) The Board may, on the recommendations of the Council, from time to time, issue orders or instructions or directions fixing such monetary limits, as it may deem fit, for the purposes of regulating the filing of appeal or application by the officer of the central tax under the provisions of this Chapter.	Appeal not to be filed in certain cases.
	(2) Where, in pursuance of the orders or instructions or directions, issued under sub-section (1), the officer of the central tax has not filed an appeal or application against any decision or order passed under the provisions of this Act, it shall not preclude such officer of the central tax from filing appeal or application in any other case involving the same or similar issues or questions of law.	
	(3) Notwithstanding the fact that no appeal or application has been filed by the officer of the central tax pursuant to the orders or instructions or directions issued under sub-section (1), no person, being a party in appeal or application shall contend that the officer of the central tax has acquiesced in the decision on the disputed issue by not filing an appeal or application.	

	(4) The Appellate Tribunal or court hearing such appeal or application shall have regard to the circumstances under which appeal or application was not filed by the officer of the central tax in pursuance of the orders or instructions or directions issued under sub-section (1).	
	121. Notwithstanding anything to the contrary in any provisions of this Act, no appeal shall lie against any decision taken or order passed by an officer of central tax if such decision taken or order passed relates to any one or more of the following matters, namely:—	Non Appealable decisions and orders.
	(a) an order of the Commissioner or other authority empowered to direct transfer of proceedings from one officer to another officer;	
	(b) an order pertaining to the seizure or retention of books of account, register and other documents; or	
	(c) an order sanctioning prosecution under this Act; or	
	(d) an order passed under section 80.	
	CHAPTER XIX OFFENCES AND PENALTIES	
	122. (1) Where a taxable person who—	Penalty for certain offences.
	(i) supplies any goods or services or both without issue of any invoice or issues an incorrect or false invoice with regard to any such supply;	
	(ii) issues any invoice or bill without supply of goods or services or both in violation of the provisions of this Act or the rules made thereunder;	
	(iii) collects any amount as tax but fails to pay the same to the Government beyond a period of three months from the date on which such payment becomes due;	
	(iv) collects any tax in contravention of the provisions of this Act but fails to pay to the	

	Government beyond a period of three months from the date on which such payment becomes due;	
	(v) fails to deduct the tax in terms of sub-section (1) of section 51, or deducts an amount which is less than the amount required to be deducted under the said sub-section, or where he fails to pay to the Government under sub-section (2) thereof, the amount deducted as tax;	
	(vi) fails to collect tax in terms of sub-section (1) of section 52, or collects an amount which is less than the amount required to be collected under the said sub-section or where he fails to pay to the Government the amount collected as tax under sub-section (3) of section 52;	
	(vii) takes or utilizes input tax credit without actual receipt of goods or services or both either fully or partially, in contravention of the provisions of this Act or the rules made thereunder;	
	(viii) fraudulently obtains refund of tax under this Act;	
	(ix) takes or distributes input tax credit in contravention of section 20, or the rules made thereunder;	
	(x) falsifies or substitutes financial records or produces fake accounts or documents or furnishes any false information or return with an intention to evade payment of tax due under this Act;	
	(xi) is liable to be registered under this Act but fails to obtain registration;	
	(xii) furnishes any false information with regard to registration particulars, either at the time of applying for registration, or subsequently;	
	(xiii) obstructs or prevents any officer in discharge of his duties under this Act;	
	(xiv) transports any taxable goods without the cover of documents as may be specified in this behalf;	

	(xv) suppresses his turnover leading to evasion of tax under this Act;	
	(xvi) fails to keep, maintain or retain books of account and other documents in accordance with the provisions of this Act or the rules made thereunder;	
	(xvii) fails to furnish information or documents called for by an officer of central tax in accordance with the provisions of this Act or the rules made thereunder or furnishes false information or documents during any proceedings under this Act;	
	(xviii) supplies, transports or stores any goods which he has reasons to believe are liable to confiscation under this Act;	
	(xix) issues any invoice or document by using the registration number of another registered person;	
	(xx) tampers with, or destroys any material evidence or document;	
	(xxi) disposes off or tampers with any goods that have been detained, seized, or attached under this Act,	
	shall be liable to pay a penalty of ten thousand rupees or an amount equivalent to the tax evaded or the tax not deducted under section 51 or short deducted or deducted but not paid to the Government or tax not collected under section 52 or short collected or collected but not paid to the Government or input tax credit availed of or passed on or distributed irregularly, or the refund claimed fraudulently whichever is higher.	

	(2) Any registered person who supplies any goods or services or both on which any tax has not been paid or short-paid or erroneously refunded, or where the input tax credit has been wrongly availed or utilised for any reason, other than the reason of fraud or any wilful misstatement or suppression of facts to evade tax, shall be liable to a penalty of ten thousand rupees or ten per cent. of the tax due from such person, whichever is higher.	
	(3) Any person who—	
	(a) aids or abets any of the offences specified in clauses (i) to (xxi) of sub-section (1);	
	(b) acquires possession of, or in any way concerns himself in transporting, removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner deals with any goods which he knows or has reasons to believe are liable to confiscation under this Act or the rules made thereunder;	
	(c) receives or is in any way concerned with the supply of, or in any other manner deals with any supply of services which he knows or has reasons to believe are in contravention of any provisions of this Act or the rules made thereunder;	
	(d) fails to appear before the officer of central tax, when issued with a summon for appearance to give evidence or produce a document in an inquiry;	
	(e) fails to issue invoice in accordance with the provisions of this Act or the rules made thereunder or fails to account for an invoice in his books of account,	
	shall be liable to a penalty which may extend to twenty five thousand rupees.	
	123. If a person who is required to furnish an information return under section 150 fails to do so within the period specified in the notice issued under sub-section (3) thereof, the proper officer may direct, that such person shall be liable to pay a penalty of one	Penalty for failure to furnish information return.

	hundred rupees for each day of the period during which the failure to furnish such return continues:	
	Provided that the penalty imposed under this section shall not exceed five thousand rupees.	
	124. If any person required to furnish any information or return under section 151,-	Fine for failure to furnish statistics.
	(a) without reasonable cause fails to furnish such information or return as may be required under that section, or	
	(b) willfully furnishes or causes to furnish any information or return which he knows to be false,	
	he shall be punishable with a fine which may extend to ten thousand rupees and in case of a continuing offence to a further fine which may extend to one hundred rupees for each day after the first day during which the offence continues subject to a maximum limit of twenty five thousand rupees.	
	125. Any person, who contravenes any of the provisions of this Act or any rules made thereunder for which no penalty is separately provided for in this Act, shall be liable to a penalty which may extend to twenty five thousand rupees.	General penalty.
	126. (1) No officer under this Act shall impose any penalty for minor breaches of tax regulations or procedural requirements and in particular, any omission or mistake in documentation which is easily rectifiable and made without fraudulent intent or gross negligence.	General disciplines related to penalty.
	Explanation.—For the purpose of this sub-section,—	
	(a) a breach shall be considered a 'minor breach' if the amount of tax involved is less than five thousand rupees;	
	(b) an omission or mistake in documentation shall be considered to be easily rectifiable if the same is an error apparent on the face of record.	

	(2) The penalty imposed under this Act shall depend on the facts and circumstances of each case and shall be commensurate with the degree and severity of the breach.	
	(3) No penalty shall be imposed on any person without giving him an opportunity of being heard.	
	(4) The officer under this Act shall while imposing penalty in an order for a breach of any law, regulation or procedural requirement, specify the nature of the breach and the applicable law, regulation or procedure under which the amount of penalty for the breach has been specified.	
	(5) When a person voluntarily discloses to an officer under this Act the circumstances of a breach of the tax law, regulation or procedural requirement prior to the discovery of the breach by the officer under this Act, the proper officer may consider this fact as a mitigating factor when quantifying a penalty for that person.	
	(6) The provisions of this section shall not apply in such cases where the penalty specified under this Act is either a fixed sum or expressed as a fixed percentage.	
	127. Where the proper officer is of the view that a person is liable to a penalty and the same is not covered under any proceedings under section 61 or section 62 or section 63 or section 64 or section 73 or section 74 or section 129 or section 130 he may issue an order levying such penalty after giving a reasonable opportunity of being heard to such person.	Power to impose penalty in certain cases.
	128. The Government may, by notification, waive in part or full, any penalty referred to in section 122 or section 123 or section 125 or any late fee referred to in section 47 for such class of taxpayers and under such mitigating circumstances as may be specified therein on the recommendations of the Council.	Power to waive penalty or fee or both
	129. (1) Notwithstanding anything contained in this the Act, where any person transports any goods or stores any goods while they are in transit in	Detention, Seizure and release of goods

	contravention of the provisions of this Act or the rules made thereunder, all such goods and conveyance used as a means of transport for carrying the said goods and documents relating to such goods and conveyances shall be liable to detention or seizure and after detention or seizure, shall be released,—	and conveyances in transit.
	(a) on payment of the applicable tax and penalty equal to one hundred per cent. of the tax payable on such goods and, in case of exempted goods, on payment of an amount equal to two per cent of the value of goods or twenty five thousand rupees, whichever is less, where the owner of the goods comes forward for payment of such tax and penalty;	
	(b) on payment of the applicable tax and penalty equal to the fifty per cent. of the value of the goods reduced by the tax amount paid thereon and, in case of exempted goods, on payment of an amount equal to five per cent of the value of goods or twenty five thousand rupees, whichever is less, where the owner of the goods does not come forward for payment of such tax and penalty;	
	(c) upon furnishing a security in such form as may be prescribed equivalent to the amount payable under clause (a) or clause (b):	
	Provided that no such goods or conveyance shall be detained or seized without serving an order of detention or seizure on the person transporting the goods.	
	(2) The provisions of sub-section (6) of section 67 shall, mutatis mutandis, apply for detention and seizure of goods and conveyances.	
	(3) The proper officer detaining or seizing goods or conveyances shall issue a notice specifying the tax and penalty payable and thereafter, pass an order for payment of tax and penalty under clause (a) or clause (b) or clause (c).	
	(4) No tax, interest or penalty shall be determined under sub-section (3) without giving the person concerned a reasonable opportunity of being heard.	

	(5) On payment of amount referred in sub-section (1), all proceedings in respect of the notice specified in sub-section (3) shall be deemed to be concluded.	
	(6) Where the person transporting any goods or the owner of the goods fails to pay the amount of tax and penalty as provided in sub-section (1) within seven days of such detention or seizure, further proceedings shall be initiated in terms of section 130:	
	Provided that where the detained or seized goods are perishable or hazardous in nature or are likely to depreciate in value with passage of time, the said period of seven days may be reduced by the proper officer.	
	130. (1) Notwithstanding anything contained in this Act, if any person –	Confiscation of goods or conveyances and levy of penalty.
	(i) supplies or receives any goods in contravention of any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or	
	(ii) does not account for any goods on which he is liable to pay tax under this Act; or	
	(iii) supplies any goods liable to tax under this Act without having applied for registration; or	
	(iv) contravenes any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or	
	(v) uses any conveyance as a means of transport for carriage of goods in contravention of the provisions of this Act or the rules made thereunder unless the owner of the conveyance proves that it was so used without the knowledge or connivance of the owner himself, his agent, if any, and the person in charge of the conveyance,	

	then, all such goods or conveyances shall be liable to confiscation and the person shall be liable to penalty under section 122.	
	(2) Whenever confiscation of any goods or conveyance is authorised by this Act, the central tax officer adjudging it shall give to the owner of the goods an option to pay in lieu of confiscation, such fine as the said officer thinks fit:	
	Provided that such such fine leviable shall not exceed the market value of the goods confiscated, less the tax chargeable thereon:	
	Provided further that the aggregate of such fine and penalty leviable shall not be less than the amount of penalty leviable under sub-section (1) of section 129:	
	Provided also that where any such conveyance is used for the carriage of the goods or passengers for hire, the owner of the conveyance shall be given an option to pay in lieu of the confiscation of the conveyance a fine equal to the tax payable on the goods being transported thereon.	
	(3) Where any fine in lieu of confiscation of goods or conveyance is imposed under sub-section (2), the owner of such goods or conveyance or the person referred to in sub-section (1), shall, in addition, be liable to any tax, penalty and charges payable in respect of such goods or conveyance.	
	(4) No order for confiscation of goods or conveyance or for imposition of penalty shall be issued without giving the person an opportunity of being heard.	
	(5) Where any goods or conveyance are confiscated under this Act, the title of such goods or conveyance shall thereupon vest in the Government.	
	(6) The proper officer adjudging confiscation shall take and hold possession of the things confiscated and every officer of Police, on the requisition of such proper officer, shall assist him in taking and holding such possession.	

	(7) The proper officer may, after satisfying himself that the confiscated goods or conveyance are not required in any other proceedings under this Act and after giving reasonable time not exceeding three months to pay fine in lieu of confiscation, dispose off such goods or conveyance and deposit the sale proceeds thereof with the Government.	
2 of 1974.	131. Without prejudice to the provisions contained in the Code of Criminal Procedure, 1973, no confiscation made or penalty imposed under the provisions of this Act or the rules made thereunder shall prevent the infliction of any other punishment to which the person affected thereby is liable under the provisions of this Act or under any other law for the time being in force.	Confiscation or penalty not to interfere with other punishments.
	132. (1) Whoever commits any of the following offences, namely:—	Punishment for certain offences
	(a) supplies any goods or services or both without issue of any invoice, in violation of the provisions of this Act, with the intention to evade tax;	
	(b) issues any invoice or bill without supply of goods or services or both in violation of the provisions of this Act, or the rules made thereunder leading to wrongful availment or utilisation of input tax credit or refund of duty;	
	(c) avails input tax credit using such invoice or bill referred to in clause (b);	
	(d) collects any amount as tax but fails to pay the same to the Government beyond a period of three months from the date on which such payment becomes due;	
	(e) evades tax, fraudulently avails input tax credit or fraudulently obtains refund and where such offence is not covered under clauses (a) to (d) ;	
	(f) falsifies or substitutes financial records or produces fake accounts or documents or furnishes any false	

	information with an intention to evade payment of tax due under this Act;	
	(g) obstructs or prevents any officer in the discharge of his duties under this Act;	
	(h) acquires possession of, or in any way concerns himself in transporting, removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner deals with, any goods which he knows or has reasons to believe are liable to confiscation under this Act or the rules made thereunder;	
	(i) receives or is in any way concerned with the supply of, or in any other manner deals with any supply of services which he knows or has reasons to believe are in contravention of any provisions of this Act or the rules made thereunder;	
	(j) tampers with or destroys any material evidence or documents;	
	(k) fails to supply any information which he is required to supply under this Act or the rules made thereunder or (unless with a reasonable belief, the burden of proving which shall be upon him, that the information supplied by him is true) supplies false information; or	
	(l) attempts to commit, or abets the commission of any of the offences mentioned in clauses (a) to (k) of this section,	
	shall be punishable—	
	(i) in cases where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds five hundred lakh rupees, with imprisonment for a term which may extend to five years and with fine;	

	(ii) in cases where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds two hundred lakh rupees but does not exceed five hundred lakh rupees , with imprisonment for a term which may extend to three years and with fine;	
	(iii) in the case of any other offence where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds one hundred lakh rupees but does not exceed two hundred lakh rupees, with imprisonment for a term which may extend to one year and with fine;	
	(iv) in cases where he commits or abets the commission of an offence specified in clause (f) or clause (i) or clause (j), he shall be punishable with imprisonment for a term which may extend to six months or with fine or with both.	
	(2) If any person convicted of an offence under this section is again convicted of an offence under this section, then, he shall be punishable for the second and for every subsequent offence with imprisonment for a term which may extend to five years and with fine:	
2 of 1974.	(3) The imprisonment referred to in clauses (i), (ii) and (iii) of sub-section (1) and sub-section (2) shall, in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the Court, be for a term not less than six months.	
	(4) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, all offences under this Act, except the offences referred to in sub-section (5) shall be non-cognizable and bailable.	
	(5) The offences specified in clauses (a) or clause (b) or clause (c) or clause (d) of sub-section (1) and punishable under clause (i) of that sub-section shall be cognizable and non-bailable.	

	Explanation.- For the purposes of this section, the term "tax" shall include the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or refund wrongly taken under the provisions of this Act, the State Goods and Services Tax Act, the Integrated Goods and Services Tax Act or the Union territory Goods and Services Tax Act and cess levied under the Goods and Services Tax (Compensation to the States) Act.	
	(6) A person shall not be prosecuted for any offence under this section except with the previous sanction of the Commissioner.	
	133. If any person engaged in connection with the collection of statistics under section 151 or compilation or computerisation thereof or if any officer of central tax having access to information specified under sub-section (1) of section 150, or any person engaged in connection with provisions of service on the common portal or the agent of common portal, willfully discloses any information or the contents of any return furnished under this Act or rules made thereunder otherwise than in execution of his duties under the said sections or for the purposes of the prosecution of an offence under this Act or under any other Act for the time being in force, he shall, be punishable with imprisonment for a term which may extend to six months or with fine which may extend to twenty five thousand rupees, or with both.	Liability of officers and certain other persons.
	(2) Any person – (a) who is a Government servant shall not be prosecuted for any offence under this section except with the previous sanction of the Government; (b) who is not a Government servant shall not be prosecuted for any offence under this section except with the previous sanction of the Commissioner.	
	134. No court shall take cognizance of any offence punishable under this Act or the rules made thereunder except with the previous sanction of the Commissioner, and no court inferior to that of a	Cognizance of offences.

	Magistrate of the First Class, shall try any such offence.	
	135. In any prosecution for an offence under this Act which requires a culpable mental state on the part of the accused, the court shall presume the existence of such mental state but it shall be a defence for the accused to prove the fact that he had no such mental state with respect to the act charged as an offence in that prosecution.	Presumption of culpable mental state.
	Explanation.—For the purposes of this section,—	
	(i) the expression "culpable mental state" includes intention, motive, knowledge of a fact, and belief in, or reason to believe, a fact;	
	(ii) a fact is said to be proved only when the court believes it to exist beyond reasonable doubt and not merely when its existence is established by a preponderance of probability.	
	136. A statement made and signed by a person before any Gazetted officer or Group 'A' service officer under this Act during the course of any inquiry or proceedings under this Act shall be relevant, for the purpose of proving, in any prosecution for an offence under this Act, the truth of the facts which it contains,—	Relevancy of statements under certain circumstances.
	(a) when the person who made the statement is dead or cannot be found, or is incapable of giving evidence, or is kept out of the way by the adverse party, or whose presence cannot be obtained without an amount of delay or expense which, under the circumstances of the case, the court considers unreasonable; or	
	(b) when the person who made the statement is examined as a witness in the case before the court and the court is of the opinion that, having regard to the circumstances of the case, the statement should be admitted in evidence in the interest of justice.	
	137. (1) Where an offence committed by a person under this Act is a company, every person who, at the	Offences by Companies.

	time the offence was committed was in charge of, and was responsible to, the company for the conduct of business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly :	
	(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any negligence on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.	
	(3) Where an offence under this Act has been committed by a taxable person being a partnership firm or a Limited Liability Partnership or a Hindu undivided family or a trust, the partner or *karta* or managing trustee shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly and the provisions of sub-section (2) shall, *mutatis mutandis*, apply to such persons.	
	(4) Nothing contained in this section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.	
	Explanation.—For the purposes of this section,—	
	(i) "company" means a body corporate and includes a firm or other association of individuals; and	
	(ii) "director", in relation to a firm, means a partner in the firm.	

	138. (1) Any offence under the Act may, either before or after the institution of prosecution, be compounded by the Competent Authority on payment, by the person accused of the offence, to the Central Government or the State Government, as the case be, of such compounding amount in such manner as may be prescribed:	Compounding of offences.
	Provided that nothing contained in this section shall apply to –	
	(a) a person who has been allowed to compound once in respect of any of the offences described under clause to (a) to (f) of sub-section (1) of section 132 and the offences described under clause (l) which are relatable to offences described under clause (a) to (f) to of the said sub-section;	
	(b) a person who has been allowed to compound once in respect of any offence (other than those in clause (a)) under the Act or under the provisions of any State Goods and Services Tax Act or the Union territory Goods and Services Tax Act or Integrated Goods and Services Tax Act in relation to supplies of value exceeding one crore rupees;	
61 of 1985 42 of 1999	(c) a person who has been accused of committing an offence under the Act which is also an offence under the Narcotic Drugs and Psychotropic Substance Act,1985, the Foreign Exchange Management Act, 1999 or any other Act other than this Act or the State Goods and Services Tax Act or the Union territory Goods and Services Tax Act or the Integrated Goods and Services Tax Act;	
	(d) a person who has been convicted for an offence under this Act by a court;	
	(e) a person who has been accused of committing an offence specified in clause (g), or clause (j) or clause (k) of sub-section (1) of Section 132; and	
	(f) any other class of persons or offences as may be prescribed:	
	Provided further that any compounding allowed under the provision of this section shall not affect the proceedings if any, instituted under any other law:	

	Provided also that compounding shall be allowed only after making payment of tax, interest and penalty involved in such offences.	
	(2) The amount for compounding of offences under this section shall be as may be prescribed under the rules to be made under sub-section (1), subject to the minimum amount not being less than ten thousand rupees or fifty per cent of the tax involved, whichever is greater, and the maximum amount not being more than thirty thousand rupees or one hundred and fifty per cent. of the tax, whichever is greater.	
	(3) On payment of such compounding amount as may be determined by the competent authority, no further proceedings shall be initiated under the Act against the accused person in respect of the same offence and any criminal proceedings, if already initiated in respect of the said offence, shall stand abated.	
	CHAPTER XX TRANSITIONAL PROVISIONS	
	139. (1) On and from the appointed day, every person registered under any of the existing laws and having a valid Permanent Account Number shall, subject to such conditions, be issued a certificate of registration on provisional basis, in such form and manner as may be prescribed, and unless replaced by a final certificate of registration under sub-section (2), shall be liable to be cancelled if the conditions so presented are not complied with.	Migration of existing taxpayers.
	(2) The final certificate of registration shall be granted in such form and manner and subject to such conditions as may be prescribed.	
	(3) The certificate of registration issued to a person under sub-section (1) shall be deemed to have not been issued if the said registration is cancelled in pursuance of an application filed by such person that he was not liable to registration under section 22.	
	140. (1) A registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT credit carried forward in the return relating	Transitional arrangements for Input tax credit.

	to the period ending with the day immediately preceding the appointed day, furnished, by him under the existing law in such manner as may be prescribed:	
	Provided that the registered person shall not be allowed to take credit in the following circumstances, namely: –	
	(i) where the said amount of credit is not admissible as input tax credit under this Act; or	
	(ii) where he has not furnished all the returns required under the existing law for the period of six months immediately preceding the appointed date;or	
	(iii) where the said amount of credit relates to goods manufactured and cleared under such exemption notifications as are notified by Central Government.	
	(2) A registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, credit of the unavailed CENVAT credit in respect of capital goods, not carried forward in a return, furnished under the existing law by him, for the period ending with the day immediately preceding the appointed day in such manner as may be prescribed:	
	Provided that the registered person shall not be allowed to take credit unless the said credit was admissible as CENVAT credit under the existing law and is also admissible as input tax credit under this Act.	
	Explanation.—For the purposes of this sub-section, the expression,"unavailed CENVAT credit" means the amount that remains after subtracting the amount of CENVAT credit already availed in respect of capital goods by the taxable person under the existing law from the aggregate amount of CENVAT credit to which the said person was entitled in respect of the said capital goods under the existing law;	

	(3) A registered person, who was not liable to be registered under the existing law, or who was engaged in the manufacture of exempted goods or provisions of exempted services, or who was providing works contract service and was availing of the benefit of notification No. 26/2012-Service Tax, dated the 20th June, 2012 or a first stage dealer or a second stage dealer or a registered importer or a depot of a manufacturer, shall be entitled to take, in his electronic credit ledger, credit of eligible duties and taxes in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day subject to the following conditions, namely:—	
	(i) such inputs or goods are used or intended to be used for making taxable supplies under this Act;	
	(ii) the said registered person is eligible for input tax credit on such inputs under this Act;	
	(iii) the said registered person is in possession of invoice or other prescribed documents evidencing payment of duty under the existing law in respect of such inputs;	
	(iv) such invoices or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day; and	
	(v) the supplier of services is not eligible for any abatement under this Act:	
	Provided that where a registered person, other than a manufacturer or a supplier of services, is not in possession of an invoice or any other documents evidencing payment of duty in respect of inputs, then, such registered person shall, subject to such conditions, limitations and safeguards as may be prescribed, including that the said taxable person shall pass on the benefit of such credit by way of reduced prices to the recipient, be allowed to take credit at such rate and in such manner as may be prescribed.	

1 of 1944. 32 of 1994.	(4) A registered person, who was engaged in the manufacture of non-exempted as well as exempted goods under the Central Excise Act, 1944 or provisions of non-exempted as well as exempted services under Chapter V of *the* Finance Act, 1994, shall be entitled to take, in his electronic credit ledger,-	
	(a) the amount of Cenvat credit carried forward in a return furnished under the existing law by him in terms of sub - section 1; and	
	(b) the amount of Cenvat credit of eligible duties in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day, relating to exempted goods or services, in terms of sub-section 3.	
	(5) A registered person shall be entitled to take, in his electronic credit ledger, credit of eligible duties and taxes in respect of inputs or input services received on or after the appointed day but the duty or tax in respect of which has been paid by the supplier under the existing law, subject to the condition that the invoice or any other duty or tax paying document of the same was recorded in the books of accounts of such person within a period of thirty days from the appointed day:	
	Provided that the period of thirty days may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding thirty days.	
	Provided further that said registered person shall furnish a statement, in such manner as may be prescribed, in respect of credit that has been taken under this sub-section.	

	(6) A registered person, who was either paying tax at a fixed rate or paying a fixed amount in lieu of the tax payable under the existing law shall be entitled to take, in his electronic credit ledger, credit of eligible duties in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day subject to the following conditions, namely:—	
	(i) such inputs or goods are used or intended to be used for making taxable supplies under this Act;	
	(ii) the said person is not paying tax under section 10;	
	(iii) the said registered person is eligible for input tax credit on such inputs under this Act;	
	(iv) the said registered person is in possession of invoice or other prescribed documents evidencing payment of duty under the existing law in respect of inputs; and	
	(v) such invoices or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day.	
	(7) Notwithstanding anything to the contrary contained in this Act, the input tax credit on account of any services received prior to the appointed day by an Input Service Distributor shall be eligible for distribution as credit under this Act even if the invoices relating to such services is received on or after the appointed day.	
	(8) Where a registered person having centralised registration under the existing law has obtained a registration under this Act, such person shall be allowed to take, in his electronic credit ledger, credit of the amount of CENVAT credit carried forward in a return, furnished under the existing law by him, in respect of the period ending with the day immediately preceding the appointed day in such manner as may be prescribed:	

	Provided that if the registered person furnishes his return for the period ending with the day immediately preceding the appointed day within three months of the appointed day, such credit shall be allowed subject to the condition that the said return is either an original return or a revised return where the credit has been reduced from that claimed earlier:	
	Provided further that the registered person shall not be allowed to take credit unless the said amount is admissible as input tax credit under this Act:	
	Provided also that such credit may be transferred to any of the registered persons having the same Permanent Account Number for which the centralized registration was obtained under the existing law.	
	(9) Where any CENVAT credit availed for the input services provided under the existing law has been reversed due to non-payment of the consideration within a period of three months, such credit can be reclaimed subject to the condition that the registered person has made the payment of the consideration for that supply of services within a period of three months from the appointed day.	
	(10) The amount of credit under sub-sections (3), (4) and (6) shall be calculated in such manner as may be prescribed.	
	141. (1)Where any inputs received in a factory had been removed as such or removed after being partially processed to a job worker for further processing, testing, repair, reconditioning or any other purpose in accordance with the provisions of existing law prior to the appointed day and such inputs are returned to the said factory on or after the appointed day, no tax shall be payable if such inputs , after completion of the job work or otherwise, are returned to the said factory within six months from the appointed day:	Transitional provisions relating to job work.
	Provided that the period of six months may, on sufficient cause being shown, be extended by the competent authority for a further period not exceeding two months:	

	Provided further that if such inputs are not returned within a period of six months or the extended period from the appointed day, the input tax credit shall be liable to be recovered in terms of clause (a) of sub-section (8) of section 142.	
	(2) Where any semi-finished goods had been removed from the factory to any other premises for carrying out certain manufacturing processes in accordance with the provisions of existing law prior to the appointed day and such goods (hereafter in this sub-section referred to as "the said goods") are returned to the said factory on or after the appointed day, no tax shall be payable, if the said goods, after undergoing manufacturing processes or otherwise, are returned to the said factory within six months from the appointed day:	
	Provided that the period of six months may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding two months:	
	Provided further that if the said goods are not returned within a period of six months or the extended period-from the appointed day, the input tax credit shall be liable to be recovered in terms of clause (a) of sub-section (8) of section 142:	
	Provided also that the manufacturer may, in accordance with the provisions of the existing law, transfer the said goods to the premises of any registered person for the purpose of supplying therefrom on payment of tax in India or without payment of tax for exports within six months or the extended period from the appointed day.	

	(3) Where any excisable goods manufactured in a factory had been removed without payment of duty for carrying out tests or any other process not amounting to manufacture, to any other premises, whether registered or not, in accordance with the provisions of existing law prior to the appointed day and such goods, (hereafter in this sub-section referred to as the "said goods") are returned to the said factory on or after the appointed day, no tax shall be payable if the said goods, after undergoing tests or any other process, are returned to the said factory within six months from the appointed day:	
	Provided that the period of six months may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding two months:	
	Provided further that if the said goods are not returned within a period of six months or the extended period from the appointed day, the input tax credit shall be liable to be recovered in terms of clause (a) of sub-section (8) of section 142:	
	Provided also that the manufacturer may, in accordance with the provisions of the existing law, transfer the said goods from the said other premises on payment of tax in India or without payment of tax for exports within six months or the extended period from the appointed day.	
	(4) The tax under sub-sections (1), (2) and (3) shall not be payable, if the manufacturer and the job-worker declare the details of the goods held in stock by the job-worker on behalf of the manufacturer on the appointed day in such form and manner and within such time as may be prescribed.	
	142. (1)Where any goods on which duty had been paid, if any, under the existing law at the time of removal thereof, not being earlier than six months prior to the appointed day, are returned to any place of business on or after the appointed day, the registered person shall be eligible for refund	Miscellaneous transitional provisions.

	of the duty paid under the existing law where such goods are returned by a person, other than a registered person, to the said place of business within a period of six months from the appointed day and such goods are identifiable to the satisfaction of the proper officer:	
	Provided that if the said goods are returned by a registered person, the return of such goods shall be deemed to be a supply.	
	(2) (a)Where, in pursuance of a contract entered into prior to the appointed day, the price of any goods or services or both is revised upwards on or after the appointed day, the registered person who had removed or provided such goods or services or both may issue to the recipient a supplementary invoice or debit note, containing such particulars as may be prescribed, within thirty days of such price revision and for the purposes of this Act such supplementary invoice or debit note shall be deemed to have been issued in respect of an outward supply made under this Act.	
	(b) Where, in pursuance of a contract entered into prior to the appointed day, the price of any goods or services or both is revised downwards on or after the appointed day, the registered person who had removed or provided such goods or services or both may issue to the recipient or credit note, containing such particulars as may be prescribed, within thirty days of such price revision and for the purposes of this Act such or credit note shall be deemed to have been issued in respect of an outward supply made under this Act:	
	Provided that the registered person shall be allowed to reduce his tax liability on account of issue of the credit note only if the recipient of the credit note has reduced his input tax credit corresponding to such reduction of tax liability.	

1 of 1944.	(3) Every claim for refund filed by any person before, on or after the appointed day, for refund of any amount of CENVAT credit, duty, tax, interest or any other amount paid under the existing law, shall be disposed of in accordance with the provisions of existing law and any amount eventually accruing to him shall be paid in cash, notwithstanding anything to the contrary contained under the provisions of existing law other than the provisions of sub-section (2) of section 11B of the Central Excise Act, 1944:	
	Provided that where any claim for refund of CENVAT credit is fully or partially rejected, the amount so rejected shall lapse:	
	Provided further that no refund claim shall be allowed of any amount of CENVAT credit where the balance of the said amount as on the appointed day has been carried forward under this Act.	
	(4) Every claim for refund filed after the appointed day for refund of any duty or tax paid under existing law in respect of the goods or services exported before or after the appointed day, shall be disposed of in accordance with the provisions of the existing law:	
	Provided that where any claim for refund of CENVAT credit is fully or partially rejected, the amount so rejected shall lapse:	
	Provided further that no refund claim shall be allowed of any amount of CENVAT credit where the balance of the said amount as on the appointed day has been carried forward under this Act.	

1 of 1944.	(5) Every claim filed by a person after the appointed day for refund of tax deposited under the existing law in respect of services not provided shall be disposed of in accordance with the provisions of existing law and any amount eventually accruing to him shall be paid in cash, notwithstanding anything to the contrary contained under the provisions of existing law other than the provisions of sub-section (2) of section 11B of the Central Excise Act, 1944.	
1 of 1944.	(6) (a) Every proceedings of appeal, review or reference relating to a claim for CENVAT credit initiated whether before, on or after the appointed day, under the existing law shall be disposed of in accordance with the provisions of existing law, and any amount of credit found to be admissible to the claimant shall be refunded to him in cash, notwithstanding anything to the contrary contained under the provisions of existing law other than the provisions of sub-section (2) of section 11B of the Central Excise Act, 1944 and the amount, rejected, if any, shall not be admissible as input tax credit under this Act:	
	Provided that no refund claim shall be allowed of any amount of CENVAT credit where the balance of the said amount as on the appointed day has been carried forward under this Act.	
	(b) Every proceedings of appeal, review or reference relating to recovery of CENVAT credit initiated whether before, on or after the appointed day under the existing law shall be disposed of in accordance with the provisions of existing law and if any amount of credit becomes recoverable as a result of such appeal, review or reference, the same shall be recovered as an arrear of tax under this Act (unless recovered under the existing law) and the amount so recovered shall not be admissible as input tax credit under this Act.	

	(7) (a) Every proceedings of appeal, review or reference relating to any output duty or tax liability initiated whether before, on or after the appointed day under the existing law, shall be disposed of in accordance with the provisions of the existing law, and if any amount becomes recoverable as a result of such appeal, review or reference, the same shall be recovered as an arrear of duty or tax under this Act (unless recovered under the existing law) and amount so recovered shall not be admissible as input tax credit under this Act.	
1 of 1944.	(b) Every proceedings of appeal, review or reference relating to any output duty or tax liability initiated whether before, on or after the appointed day under the existing law, shall be disposed of in accordance with the provisions of the existing law, and any amount found to be admissible to the claimant shall be refunded to him in cash, notwithstanding anything to the contrary contained under the provisions of existing law other than the provisions of sub-section (2) of section 11B of the Central Excise Act, 1944 and the amount rejected, if any, shall not be admissible as input tax credit under this Act.	
	(8) (a) Where in pursuance of an assessment or adjudication proceedings instituted, whether before, on or after the appointed day, under the existing law, any amount of tax, interest, fine or penalty becomes recoverable from the person the same shall be recovered as an arrear of tax under this Act (unless recovered under the existing law) and the amount so recovered shall not be admissible as input tax credit under this Act.	
	(b) Where in pursuance of an assessment or adjudication proceedings instituted, whether before, on or after the appointed day, under the existing law, any amount of tax, interest, fine or penalty becomes refundable to the taxable person, the same shall be refunded to him in cash under the said law, notwithstanding anything to the contrary contained in the said law other than the	

1 of 1944.	provisions of sub-section (2) of section 11B of the Central Excise Act, 1944 and the amount rejected, if any, shall not be admissible as input tax credit under this Act.	
	(9) (a) Where any return, furnished under the existing law, is revised after the appointed day and if, pursuant to such revision, any amount is found to be recoverable or any amount of CENVAT credit is found to be inadmissible, the same shall be recovered as an arrear of tax under this Act (unless recovered under the existing law) and the amount so recovered shall not be admissible as input tax credit under this Act.	
1 of 1944.	(b) Where any return, furnished under the existing law, is revised after the appointed day but within the time limit specified for such revision under the existing law and if, pursuant to such revision, any amount is found to be refundable or CENVAT credit is found to be admissible to any taxable person, the same shall be refunded to him in cash under the existing law, notwithstanding anything to the contrary contained in the said law other than the provisions of sub-section (2) of section 11B of the Central Excise Act, 1944 and the amount rejected, if any, shall not be admissible as input tax credit under this Act.	
	(10) Save as otherwise provided in this Chapter, the goods or services or both supplied on or after the appointed day in pursuance of a contract entered into prior to the appointed day shall be liable to tax under the provisions of this Act.	
32 of 1994	(11) (a) Notwithstanding anything contained in section 12, no tax shall be paid on goods under this Act to the extent the tax was payable on the said goods under the Value Added Tax Act of the State.	
	(b) Notwithstanding anything contained in section 13, no tax shall be paid on services under this Act to the extent the tax was payable on the said services under Chapter V of the Finance Act, 1994.	

32 of 1994	(c) Where tax was payable on any supply both under the Value Added Tax Act and under Chapter V of the Finance Act, 1994, tax shall be payable under this Act and the taxable person shall be entitled to take credit of value added tax or service tax paid under the existing law to the extent of supplies made after the appointed day and such credit shall be calculated in such manner as may be prescribed.	
	(12) Where any goods sent on approval basis, not earlier than six months before the appointed day, are rejected or not approved by the buyer and returned to the seller on or after the appointed day, no tax shall be payable thereon if such goods are returned within six months from the appointed day:	
	Provided that the said period of six months may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding two months:	
	Provided further that the tax shall be payable by the person returning the goods if such goods are liable to tax under this Act, and are returned after a period of six months or the extended period from the appointed day:	
	Provided also that tax shall be payable by the person who has sent the goods on approval basis if such goods are liable to tax under this Act, and are not returned within a period of six months or the extended period from the appointed day.	
	(13) Where a supplier has made any sale of goods in respect of which tax was required to be deducted at source under any law of a State relating to Value Added Tax and has also issued an invoice for the same before the appointed day, no deduction of tax at source under section 51 shall be made by the deductor under the said section where payment to the said supplier is made on or after the appointed day.	

	Explanation 1.—For the purpose of sub-sections (3), (4) and (6) of section 140, the expression "eligible duties and taxes" means—	
58 of 1957.	(i) the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957;	
51 of 1975.	(ii) the additional duty leviable under sub-section (1) of section 3 of the Customs Tariff Act, 1975; and	
51 of 1975.	(iii) the additional duty leviable under sub-section (5) of section 3 of the Customs Tariff Act, 1975,	
40 1978.	(iv) the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978;	
5 of 1986.	(v) the duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985;	
5 of 1986.	(vi) the duty of excise specified in the Second Schedule to the Central Excise Tariff Act, 1985;	
14 of 2001.	(vii) the National Calamity Contingent Duty leviable under section 136 of the Finance Act, 2001;	
	in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day.	
	Explanation 2.—For the purpose of sub-section (5) of section 140, the expression "eligible duties and taxes" means—	
58 of 1957.	(i) the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957;	
51 of 1975.	(ii) the additional duty leviable under sub-section (1) of section 3 of the Customs Tariff Act, 1975;	

51 of 1975.	(iii) the additional duty leviable under sub-section (5) of section 3 of the Customs Tariff Act, 1975; and	
40 1978.	(iv) the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978;	
5 of 1986.	(v) the duty of excise specified in the First Schedule to the Central Excise Tariff Act, 1985;	
5 of 1986.	(vi) the duty of excise specified in the Second Schedule to the Central Excise Tariff Act, 1985;	
14 of 2001.	(vii) the National Calamity Contingent Duty leviable under section 136 of the Finance Act, 2001;	
32 of 1994.	(viii) the service tax leviable under section 66B of the Finance Act, 1994,	
	in respect of inputs and input services received on or after the appointed day.	
1 of 1944	Explanation.3- For the purpose of this Chapter, the expressions of "capital goods", "Central Value Added Tax (CENVAT) credit" 'first stage dealer', 'second stage dealer', or 'manufacture' shall have the same meanings as respectively assigned to them in the Central Excise Act, 1944 or the rules made thereunder.	
	CHAPTER XXI MISCELLANEOUS PROVISIONS	
	143. (1) A registered person (hereafter in this section referred to as the "principal") may, under intimation and subject to such conditions as may be prescribed, send any inputs or capital goods, without payment of tax, to a job worker for job-work and from there subsequently send to another job worker and likewise, and shall,—	Special procedure for removal of goods for certain purposes.
	(a) bring back inputs, after completion of job work or otherwise, or capital goods, other than moulds and dies, jigs and fixtures, or tools, within one year and	

	three years, respectively, of their being sent out, to any of his place of business, without payment of tax;	
	(b) supply such inputs, after completion of job work or otherwise, or capital goods, other than moulds and dies, jigs and fixtures, or tools, within one year and three years, respectively, of their being sent out from the place of business of a job worker on payment of tax within India, or with or without payment of tax for export, as the case may be:	
	Provided that the principal shall not supply the goods from the place of business of a job worker in terms of clause (b) unless the said principal declares the place of business of the job-worker as his additional place of business except in a case-	
	(i) where the job worker is registered under section 25; or	
	(ii) where the principal is engaged in the supply of such goods as may be notified by the Commissioner.	
	(2) The responsibility for keeping proper accounts for the inputs or capital goods shall lie with the principal.	
	(3) Where the inputs sent for job work are not received back by the principal after completion of job work or otherwise in accordance with clause (a) of sub-section (1) or are not supplied from the place of business of the job worker in accordance with clause (b) of sub-section (1) within a period of one year of their being sent out, it shall be deemed that such inputs had been supplied by the principal to the job-worker on the day when the said inputs were sent out.	

	(4) Where the capital goods, other than moulds and dies, jigs and fixtures, or tools, sent for job work are not received back by the principal in accordance with clause (a) of sub-section (1) or are not supplied from the place of business of the job worker in accordance with clause (b) of sub-section (1) within a period of three years of their being sent out, it shall be deemed that such capital goods had been supplied by the principal to the job-worker on the day when the said capital goods were sent out.	
	(5) Notwithstanding anything contained in sub-sections (1) and (2), any waste and scrap generated during the job work may be supplied by the job worker directly from his place of business on payment of tax, if such job worker is registered, or by the principal, if the job worker is not registered.	
	Explanation. - For the purpose of job work, input includes intermediate goods arising from any treatment or process carried out on the inputs by the principal or the job worker.	
	144. Where any document-	Presumption as to documents in certain cases.
	(i) is produced by any person under this Act or any other law for the time being in force; or	
	(ii) has been seized from the custody or control of any person under this Act or any other law for the time being in force; or	
	(iii) has been received from any place outside India in the course of any proceedings under this Act or any other law for the time being in force,	
	and such document is tendered by the prosecution in evidence against him or any other person who is tried jointly with him, the court shall-	
	(a) unless the contrary is proved by such person, presume —	
	(i) the truth of the contents of such document;	

	(ii) that the signature and every other part of such document which purports to be in the handwriting of any particular person or which the court may reasonably assume to have been signed by, or to be in the handwriting of, any particular person, is in that person's handwriting, and in the case of a document executed or attested, that it was executed or attested by the person by whom it purports to have been so executed or attested;	
	(b) admit the document in evidence notwithstanding that it is not duly stamped, if such document is otherwise admissible in evidence.	
	145. (1) Notwithstanding anything contained in any other law for the time being in force, —	Admissibility of micro films, facsimile copies of documents and computer printouts as documents and as evidence.
	(a) a micro film of a document or the reproduction of the image or images embodied in such micro film (whether enlarged or not); or	
	(b) a facsimile copy of a document; or	
	(c) a statement contained in a document and included in a printed material produced by a computer (here after referred to as a "computer printout"), subject to such conditions as may be prescribed.	
	(d) any information stored electronically in any device or media, including any hard copies made of such information,	
	shall be deemed to be a document for the purposes of this Act and the rules made thereunder and shall be admissible in any proceedings thereunder, without further proof or production of the original, as evidence of any contents of the original or of any fact stated therein of which direct evidence would be admissible.	

	(2) In any proceedings under this Act or the rules made thereunder where it is desired to give a statement in evidence by virtue of this section, a certificate, —	
	(a) identifying the document containing the statement and describing the manner in which it was produced;	
	(b) giving such particulars of any device involved in the production of that document as may be appropriate for the purpose of showing that the document was produced by a computer,	
	shall be evidence of any matter stated in the certificate and for the purposes of this sub-section it shall be sufficient for a matter to be stated to the best of the knowledge and belief of the person stating it.	
	146. The Government may, on the recommendations of the Council, notify the Common Goods and Services Tax Electronic Portal for facilitating registration, payment of tax, furnishing of returns, computation and settlement of integrated tax, electronic way bill and for carrying out such other functions and for such purposes as may be prescribed.	Common Portal.
	147. The Government may, on the recommendations of the Council, notify certain supplies of goods as deemed exports, where goods supplied do not leave India, and payment for such supplies is received either in Indian rupees or in convertible foreign exchange, if such goods are manufactured in India.	Deemed Exports.
	148. The Government may, on the recommendations of the Council, and subject to such conditions and safeguards as may be prescribed, notify certain classes of taxable persons, and the special procedures to be followed by such taxable persons including those with regard to registration, furnishing of return, payment of tax and administration of such taxable persons.	Special Procedure for certain processes.
	149. (1) Every registered person may be assigned a Goods and services tax compliance rating score by	Goods and services tax

	the Government based on his record of compliance with the provisions of this Act.	compliance rating.
	(2) The Goods and services tax compliance rating score may be determined on the basis of such parameters as may be prescribed.	
	(3) The Goods and services tax compliance rating score may be updated at periodic intervals and intimated to the registered person and also placed in the public domain in such manner as may be prescribed.	
	150. (1) Any person, being—	Obligation to furnish information return.
	(a) a taxable person; or	
	(b) a local authority or other public body or association; or	
	(c) any authority of the State Government responsible for the collection of value added tax or sales tax or State excise duty or an authority of the Central Government responsible for the collection of excise duty or customs duty; or	
43 of 1961.	(d) an income tax authority appointed under the provisions of the Income-tax Act, 1961; or	
2 of 1934.	(e) a banking company within the meaning of clause (a) of section 45A of the Reserve Bank of India Act, 1934; or	
36 of 2003.	(f) a State Electricity Board or an electricity distribution or transmission licensee under the Electricity Act, 2003, or any other entity entrusted with such functions by the Central Government or the State Government; or	
16 of 1908.	(g) the Registrar or Sub-Registrar appointed under section 6 of the Registration Act, 1908; or	
18 of 2013.	(h) a Registrar within the meaning of the Companies Act, 2013; or	

59 of 1988.	(i) the registering authority empowered to register motor vehicles under the Motor Vehicles Act, 1988; or	
30 of 2013.	(j) the Collector referred to in clause (c) of section 3 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013; or	
42 of 1956.	(k) the recognised stock exchange referred to in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956; or	
22 of 1996.	(l) a depository referred to in clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996; or	
2 of 1934.	(m) an officer of the Reserve Bank of India as constituted under section 3 of the Reserve Bank of India Act, 1934; or	
18 of 2013.	(n) the Goods and Services Tax Network, a company registered under the Companies Act, 2013 ; or	
	(o) a person to whom a Unique Identity Number has been granted under sub-section (9) of section 25; or	
	(p) any other person as may be specified, on the recommendations of the Council, by the Government,	
	who is responsible for maintaining record of registration or statement of accounts or any periodic return or document containing details of payment of tax and other details of transaction of goods or services or both or transactions related to a bank account or consumption of electricity or transaction of purchase, sale or exchange of goods or property or right or interest in a property under any law for the time being in force, shall furnish an information return of the same in respect of such periods, within such time, in such form and manner and to such authority or agency as may be prescribed.	

	(2) Where the prescribed authority considers that the information furnished in the information return is defective, he may intimate the defect to the person who has furnished such information return and give him an opportunity of rectifying the defect within a period of thirty days from the date of such intimation or within such further period which, on an application made in this behalf, the said authority may allow and if the defect is not rectified within the said period of thirty days or, the further period so allowed, then, notwithstanding anything contained in any other provisions of this Act, such information return shall be treated as not furnished and the provisions of this Act shall apply.	
	(3) Where a person who is required to furnish information return has not furnished the same within the time specified in sub-section (1) or sub-section (2), the said authority may serve upon him a notice requiring furnishing of such information return within a period not exceeding ninety days from the date of service of the notice and such person shall furnish the information return.	
	151. (1) The Commissioner may, if he considers that it is necessary so to do, by notification, direct that statistics may be collected relating to any matter dealt with, by or in connection with this Act.	Power to collect statistics.
	(2) Upon such notification being issued, the Commissioner, or any person authorised by him in this behalf, may call upon the concerned persons to furnish such information or returns relating to any matter in respect of which statistics is to be collected and the form in which such statistics are to be collected in such form and manner as may be prescribed.	
	152. (1) No information of any individual return or part thereof, with respect to any matter given for the purposes of section 151 shall, without the previous consent in writing of the concerned person or his authorised representative, be published in such manner so as to enable such particulars to be	Bar of disclosure of information required under section 151.

	identified as referring to a particular person and no such information shall be used for the purpose of any proceedings under this Act.	
	(2) Except for the purposes of prosecution under this Act, or any other Act for the time being in force, no person who is not engaged in the collection of statistics under this Act or of compilation or computerization thereof for the purposes of this Act, shall be permitted to see or have access to any information or any individual return referred to in that section 151.	
	(3) Nothing in this section shall apply to the publication of any information relating to a class of taxable persons or class of transactions, if in the opinion of the Commissioner, it is desirable in the public interest, to publish such information.	
	153. Any officer not below the rank of Assistant Commissioner may, having regard to the nature and complexity of the case and the interest of revenue, take assistance of any expert at any stage of scrutiny, inquiry, investigation or any other proceedings before him.	Taking assistance from an expert.
	154. The Commissioner or an officer authorised by him may take samples of goods from the possession of any taxable person, where he considers it necessary, and provide a receipt for any samples so taken.	Power to take samples.
	155. Where any person who claims that he is eligible for input tax credit under this Act, the burden of proving such claim shall lie on such person.	Burden of Proof.
45 of 1860.	156. All persons discharging functions under this Act shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code, 1860.	Persons deemed to be public servants.
	157. (1) No suit, prosecution or other legal proceedings shall lie against the President, State President, Members, officers or other employees of the Appellate Tribunal or any other person authorised by the said Appellate Tribunal for anything which is in	Protection of action taken under this Act.

	good faith done or intended to be done under this Act or the rules made thereunder.	
	(2) No suit, prosecution or other legal proceedings shall lie against any officer appointed or authorised under this Act, for anything which is done or intended to be done in good faith under this Act or the rules made thereunder.	
	(3) No departmental proceedings shall lie against any officer appointed or authorised under this Act for passing any adjudication order or appellate order in good faith under this Act or the rules made thereunder.	
	158. (1) All particulars contained in any statement made, return furnished or accounts or documents produced in accordance with this Act, or in any record of evidence given in the course of any proceedings under this Act (other than proceedings before a Criminal court), or in any record of any proceedings under this Act shall, save as provided in sub-section (3), not be disclosed.	Disclosure of information by a public servant
1 of 1872.	(2) Notwithstanding anything contained in the Indian Evidence Act, 1872, no court shall save as otherwise provided in sub-section (3), be entitled to require any officer appointed or authorised under this Act to produce before it or to give evidence before it in respect of particulars referred to in sub-section (1).	
	(3) Nothing contained in this section shall apply to the disclosure of,—	
45 of 1860. 49 of 1988.	(a) any particulars in respect of any such statement, return, accounts, documents, evidence, affidavit or deposition, for the purpose of any prosecution under the Indian Penal Code or the Prevention of Corruption Act, 1988, or any other law for the time being in force; or	
	(b) any particulars to the Central Government or the State Government or to any person acting in the implementation of this Act, for the purposes of carrying out the objects of this Act; or	

	(c) any particulars when such disclosure is occasioned by the lawful exercise under this Act of any process for the service of any notice or recovery of any demand; or	
	(d) any particulars to a civil court in any suit or proceedings, to which the Government or any authority under this Act is a party, which relates to any matter arising out of any proceedings under this Act or under any other law for the time being in force authorising any such authority to exercise any powers thereunder; or	
	(e) any particulars to any officer appointed for the purpose of audit of tax receipts or refunds of the tax imposed by this Act; or	
	(f) any particulars where such particulars are relevant for the purposes of any inquiry into the conduct of any officer appointed or authorised under this Act, to any person or persons appointed as an inquiry officer under any law for the time being in force; or	
	(g) any such particulars to an officer of the Central Government or of any State Government, as may be necessary for the purpose of enabling that Government to levy or realise any tax or duty; or	
	(h) any particulars when such disclosure is occasioned by the lawful exercise by a public servant or any other statutory authority, of his or its powers under any law for the time being in force; or	
	(i) any particulars relevant to any inquiry into a charge of misconduct in connection with any proceedings under this Act against a practising advocate, a tax practitioner, a practising cost accountant, a practising chartered accountant, a practising company secretary to the authority empowered to take disciplinary action against the members practising the profession of a legal practitioner,a cost accountant,a chartered accountant or a company secretary, as the case may be; or	

	(j) any particulars to any agency appointed for the purposes of data entry on any automated system or for the purpose of operating, upgrading or maintaining any automated system where such agency is contractually bound not to use or disclose such particulars except for the aforesaid purposes; or	
	(k) any particulars to an officer of the Government as may be necessary for the purposes of any other law for the time being in force; and	
	(l) any information relating to any class of taxable persons or class of transactions for publication, if, in the opinion of the Commissioner, it is desirable in the public interest, to publish such information.	
	159. (1) If the Commissioner, or any other officer authorised by him in this behalf, is of the opinion that it is necessary or expedient in the public interest to publish the names of any person and any other particulars relating to any proceedings or prosecution under this Act in respect of such person, it may cause to be published such names and particulars in such manner as it thinks fit.	Publication of information respecting persons in certain cases.
	(2) No publication under this section shall be made in relation to any penalty imposed under this Act until the time for presenting an appeal to the Appellate Authority under section 107 has expired without an appeal having been presented or the appeal, if presented, has been disposed of.	
	Explanation.—In the case of firm, company or other association of persons, the names of the partners of the firm, directors, managing agents, secretaries and treasures or managers of the company, or the members of the association, as the case may be, may also be published if, in the opinion of the Commissioner, or any other officer authorised by him in this behalf, circumstances of the case justify it.	
	160. (1) No assessment, re-assessment, adjudication, review, revision, appeal, rectification, notice, summons or other proceedings done, accepted, made, issued, initiated, or purported to have been done, accepted, made, issued, initiated in pursuance of any	Assessment proceedings, etc. not to be invalid on certain grounds.

	of the provisions of this Act shall be invalid or deemed to be invalid merely by reason of any mistake, defect or omission therein, if such assessment, re-assessment, adjudication, review, revision, appeal, rectification, notice, summons or other proceedings are in substance and effect in conformity with or according to the intents, purposes and requirements of this Act or any existing law.	
	(2) The service of any notice, order or communication shall not be called in question, if the notice, order or communication, as the case may be, has already been acted upon by the person to whom it is issued or where such service has not been called in question at or in the earlier proceedings commenced, continued or finalised pursuant to such notice, order or communication.	
	161. Without prejudice to the provisions of section 160, and notwithstanding anything contained in any other provisions of this Act, any authority, who has passed or issued any decision or order or notice or certificate or any other document, may rectify any error which is apparent on the face of record in such decision or order or notice or certificate or any other document, either on its own motion or where such error is brought to its notice by any officer appointed under this Act or an officer appointed under the State Goods and Services Tax Act or an officer appointed under the Union territory Goods and Services Tax Act or by the affected person within a period of three months from the date of issue of such decision or order or notice or certificate or any other document, as the case may be:	Rectification of mistakes or errors apparent from record.
	Provided that no such rectification shall be done after a period of six months from the date of issue of such decision or order or notice or certificate or any other document:	
	Provided further that the period of six months referred to in the first proviso shall not apply in such cases where the rectification is purely in the nature of correction of a clerical or arithmetical error, arising from any accidental slip or omission:	

	Provided also that where such rectification adversely affects any person the principles of natural justice shall be followed by the authority carrying out such rectification.	
	162. Save as provided by sections 117 and 118, no civil court shall have jurisdiction to deal with or decide any question arising from or relating to anything done or purported to be done under this Act.	Bar of jurisdiction of civil courts.
	163. Wherever a copy of any order or document is to be provided to any person on an application made by him for that purpose, there shall be paid such fee as may be prescribed.	Levy of fees.
	164. (1) The Government may, on the recommendations of the Council, by notification, make rules for carrying out the provisions of this Act.	Power of Government to make rules.
	(2) Without prejudice to the generality of the provisions of sub-section (1), the Government may make rules for all or any of the matters which by this Act are required to be, or may be, prescribed or in respect of which provisions are to be or may be made by rules.	
	(3) The power to make rules conferred by this section shall include the power to give retrospective effect to the rules or any of them from a date not earlier than the date on which the provisions of this Act come into force.	
	(4) Any rules made under sub-section (1) or sub-section (2) may provide that a contravention thereof shall be punishable with a penalty not exceeding ten thousand rupees.	
	165. The Board may, by notification, make regulations consistent with this Act and the rules made thereunder to carry out the provisions of this Act.	Power to make regulations.
	166. Every rule made by the Government, every regulation made by the Board and every notification issued by the Government under this Act, shall be laid, as soon as may be after it is made or issued, before each House of Parliament, while it is in	Laying of rules, regulations and notifications.

	session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or in the notification, as the case may be, or both Houses agree that the rule or regulation or the notification should not be made, the rule or regulation or notification, as the case may be, shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation or notification, as the case may be.	
	167. The Commissioner may, by notification, direct that subject to such conditions, if any, as may be specified in the notification, any power exercisable by any authority or officer under this Act may be exercisable also by another authority or officer as may be specified in such notification.	Delegation of powers.
	168. The Board may, if it considers it necessary or expedient so to do for the purpose of uniformity in the implementation of this Act, issue such orders, instructions or directions to the central tax officers as it may deem fit, and thereupon all such officers and all other persons employed in the implementation of this Act shall observe and follow such orders, instructions or directions:	Power to issue instructions or directions.
	Explanation.—For the purposes of this section, the Commissioner specified in sub-section (__) of section __, sub-section (__) of section __, clause (__) of sub-section (__) of section __, clause (__) of sub-section (__) of section __, sub-section (__) of section __, sub-section (__) of section __, sub-section (__) of section __, section __, sub-section (__) of section __, sub-section (__) of section __, and sub-section (__) of __ shall mean a Commissioner or Joint Secretary posted in the Board and such Commissioner or Joint Secretary shall exercise the powers specified in the said sections with the approval of the Board.	

	169. (1) Any decision, order, summons, notice or other communication under this Act or the rules made thereunder shall be served by any one of the following methods, namely: -	Service of notice in certain circumstances.
	(a) by giving or tendering it directly or by a messenger including a courier to the addressee or the taxable person or to his manager or authorised representative or an advocate or a tax practitioner holding authority to appear in the proceedings on behalf of the taxable person or to a person regularly employed by him in connection with the business, or to any adult member of family residing with the taxable person; or	
	(b) by registered post or speed post or courier with acknowledgement due, to the person for whom it is intended or his authorised representative, if any, at his last known place of business or residence; or	
	(c) by sending a communication to his e-mail address provided at the time of registration or as amended from time to time; or	
	(d) by making it available on the common portal; or	
	(e) by publication in a newspaper circulating in the locality in which the taxable person or the person to whom it is issued is last known to have resided, carried on business or personally worked for gain; or	
	(f) if none of the modes aforesaid is practicable, by affixing it in some conspicuous place at his last known place of business or residence and if such mode is not practicable for any reason, then by affixing a copy thereof on the notice board of the officer or authority who or which passed such decision or order or issued such summons or notice.	
	(2) Every decision, order, summons, notice or any communication shall be deemed to have been served on the date on which it is tendered or published or a copy thereof is affixed in the manner provided in sub-section (1).	

	(3) When such decision, order, summons, notice or any communication is sent by registered post or speed post, it shall be deemed to have been received by the addressee at the expiry of the period normally taken by such post in transit unless the contrary is proved.	
	170. The amount of tax, interest, penalty, fine or any other sum payable, and the amount of refund or any other sum due, under the provisions of this Act shall be rounded off to the nearest rupee and, for this purpose, where such amount contains a part of a rupee consisting of paise, then, if such part is fifty paise or more, it shall be increased to one rupee and if such part is less than fifty paise it shall be ignored.	Rounding off of tax etc.
	171. (1) Any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices.	Anti-profiteering Measure.
	(2) The Central Government may on recommendations of the Council, by notification, constitute an Authority, or empower an existing Authority constituted under any law for the time being in force, to examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.	
	(3) The Authority referred to in sub-section (2) shall exercise such powers and discharge such functions as may be prescribed.	
	172. (1) If any difficulty arises in giving effect to any provisions of this Act, the Government may, on the recommendations of the Council, by a general or a special order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act or the rules or regulations made thereunder, as may be necessary or expedient for the purpose of removing the said difficulty :	Removal of difficulties.

	Provided that no such order shall be made after the expiry of a period of three years from the date of commencement of this Act.	
	(2) Every order made under this section shall be laid, as soon as may be, after it is made, before each House of Parliament.	
	173. Save as otherwise provided in this Act, Chapter V of the Finance Act, 1994 shall be omitted.	Amendment of Act 32 of 1994.
1 of 1944. 5 of 1986. List of other acts to be repealed to be entered.	174. (1) Save as otherwise provided in this Act, on and from the date of commencement of this Act, the Central Excise Act, 1944, the Central Excise Tariff Act, 1985 , except in respect of goods included in the entry 84 of the Union List of the seventh Schedule to the Constitution, and the Medicinal and Toilet Preparations (Excise Duties) Act, 1955 (hereafter referred to as the repealed Acts) are hereby repealed.	Repeal and saving.
	(2) The repeal of the said Acts and the amendment of the Finance Act, 1994 (hereafter referred to as such amendment or amended Act, as the case may be) to the extent mentioned in the sub-section (1) shall not—	
	(a) revive anything not in force or existing at the time of such amendment or repeal; or	
	(b) affect the previous operation of the amended Act or repealed Acts and orders or anything duly done or suffered thereunder; or	
Area based exemption has to be put.	(c) affect any right, privilege, obligation, or liability acquired, accrued or incurred under the amended Act or repealed Acts or orders under such repealed or amended Acts ; or	
	(d) affect any tax, surcharge, penalty, interest as are due or may become due or any forfeiture or punishment incurred or inflicted in respect of any offence or violation committed against the provisions of the amended Act or repealed Acts; or	
	(e) affect any investigation, inquiry, assessment proceedings, adjudication and any other legal proceedings or recovery of arrears or remedy in	

	respect of any such tax, surcharge, penalty, fine, interest, right, privilege, obligation, liability, forfeiture or punishment, as aforesaid, and any such investigation, inquiry, assessment proceedings, adjudication and other legal proceedings or or recovery of arrears remedy may be instituted, continued or enforced, and any such tax, surcharge, penalty, fine, interest, forfeiture or punishment may be levied or imposed as if these Acts had not been so amended or repealed;	
	(f) affect any proceedings including that relating to an appeal, revision, review or reference, instituted before on or after the appointed day under the said amended Act or repealed Acts and such proceedings shall be continued under the said amended Act or repealed Acts as if this Act had not come into force.	
10 of 1897.	(3) The mention of the particular matters referred to in sub-sections (1) and (2) shall not be held to prejudice or affect the general application of section 6 of the General Clauses Act, 1897 with regard to the effect of repeal.	

	SCHEDULE I [Section 7]	
	ACTIVITIES TO BE TREATED AS SUPPLY EVEN IF MADE WITHOUT CONSIDERATION	
	1. Permanent transfer or disposal of business assets where input tax credit has been availed on such assets. 2. Supply of goods or services or both between related persons or between distinct persons as specified in section 25 , when made in the course or furtherance of business: Provided that gifts not exceeding fifty thousand rupees in value in a year by an employer to an employee shall not be treated as supply of goods or services. 3. Supply of goods— (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal. 4. Import of services by a taxable person from a related person or from any of his other establishments outside India, in the course or furtherance of business.	

	SCHEDULE II [Section 7]	
	ACTIVITIES TO BE TREATED AS SUPPLY OF GOODS OR SUPPLY OF SERVICES	
	1. Transfer (a) any transfer of the title in goods is a supply of goods; (b) any transfer of right in goods or of undivided share in goods without the transfer of title thereof, is a supply of services; (c) any transfer of title in goods under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed, is a supply of goods. 2. Land and Building (a) any lease, tenancy, easement, licence to occupy land is a supply of services; (b) any lease or letting out of the building including a commercial, industrial or residential complex for business or commerce, either wholly or partly, is a supply of services. 3. Treatment or process Any treatment or process which is applied to another person's goods is a supply of services. 4. Transfer of business assets (a) where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration, such transfer or disposal is a supply of goods by the person; (b) where, by or under the direction of a person carrying on a business, goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, the usage or making available of such goods is a supply of services; (c) where any person ceases to be a taxable person, any goods forming part of the assets of any business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless—	

	(i) the business is transferred as a going concern to another person; or (ii) the business is carried on by a personal representative who is deemed to be a taxable person. 5. Supply of services The following shall be treated as supply of service, namely:- (a) renting of immovable property; (b) construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or before its first occupation, whichever is earlier. *Explanation*.—For the purposes of this clause— (1) the expression "competent authority" means the Government or any authority authorised to issue completion certificate under any law for the time being in force and in case of non-requirement of such certificate from such authority, from any of the following, namely:– (i) an architect registered with the Council of Architecture constituted under the Architects Act, 1972 (-- of 1972); or (ii) a chartered engineer registered with the Institution of Engineers (India); or (iii) a licensed surveyor of the respective local body of the city or town or village or development or planning authority; (2) the expression "construction" includes additions, alterations, replacements or remodeling of any existing civil structure*;* (c) temporary transfer or permitting the use or enjoyment of any intellectual property right; (d)development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software; (e)agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act; and (f) transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration. 6. Composite supply	

	The following composite supplies shall be treated as a supply of services, namely:— (a) works contract including transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract; and (b) supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption), where such supply or service is for cash, deferred payment or other valuable consideration. 7. Supply of Goods The following shall be treated as supply of goods, namely:- Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration.	

	SCHEDULE III [Section 7]	
	ACTIVITIES OR TRANSACTIONS WHICH SHALL BE TREATED NEITHER AS A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES	
	1. Services by an employee to the employer in the course of or in relation to his employment. 2. Services by any court or Tribunal established under any law for the time being in force. 3.(a) the functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities; (b) the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or (c) the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause. 4. Services by a foreign diplomatic mission located in India or any specialized agency of the United Nations Organization or any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947. 5. Services of funeral, burial, crematorium or mortuary including transportation of the deceased. 6. Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building. 7. Actionable claims, other than lottery, betting and gambling. *Explanation*.—For the purposes of paragraph 2 the term "court" includes District Court, High Court and Supreme Court.	

NEW SECTIONS	INTEGRATED GOODS AND SERVICES TAX, 2017	OLD SECTIONS
CHAPTER -I	**PRELIMINARY**	
Section -1	Short title, extent and commencement	Section -1
Section -2	Definitions	Section- 2
CHAPTER- II	**ADMINISTRATION**	
	Classes of officers under the Integrated Goods and Services Tax Act, 2016	Section -22
Section- 3	Appointment of officers	Section.-23
Section -4	Authorisation of Officers of State Tax as proper officer in certain circumstances	Section -24
CHAPTER–III	**LEVY AND COLLECTION OF TAX**	
Section -5	Levy and collection	Section -5
Section -6	Power to grant exemption from tax	Section -6
CHAPTER- IV	**DETERMINATION OF NATURE OF SUPPLY**	
Section -7	Inter - State supply	Section -3
Section -8	Intra - State supply	Section -4
Section -9	Supplies in the territorial waters	--
CHAPTER– V	**PLACE OF SUPPLY OF GOODS OR SERVICES OR BOTH**	
Section -10	Place of supply of goods other than supply of goods imported into, or exported from India	Section -7
Section- 11	Place of supply of goods imported into or exported from India	Section -8
Section -12	Place of supply of services where location of supplier of services and location of recipient of services is in India	Section -9
Section- 13	Place of supply of services where location of supplier or location of recipient is outside India	Section -10
Section -14	Special provision for payment of tax by a supplier of online information and database access or retrieval services	Section -12
CHAPTER VI	**REFUND OF INTEGRATED TAX TO INTERNATIONAL TOURIST**	
Section -15	Refund of integrated tax paid on supply of goods to tourist leaving India	Section -20
CHAPTER VII	**ZERO RATED SUPPLY**	
Section-16	Zero rated supply	Section -16

CHAPTER-VIII	**APPORTIONMENT OF TAX AND SETTLEMENT OF FUNDS**	
Section-17	Apportionment of tax and settlement of funds	Section -15
Section -18	Transfer of input tax credit	Section -14
CHAPTER - IX	**MISCELLANEOUS**	
Section-19	Tax wrongfully collected and paid to Central Government or State Government	Section -19
Section- 20	Application of provisions of Central Goods and Services Tax Act	Section -17
Section- 21	Import of services made on or after the appointed day	Section -21
Section -22	Power to make rules	Section -18
Section -23	Power to make regulations	--
Section -24	Laying of rules, regulations and notifications	--
Section -25	Removal of difficulties	--
--	Payment of Tax, interest, penalty and other amounts	Section -11
--	Claim of input tax credit, provisional acceptance, matching, reversal and reclaim of input tax credit or reduction in output tax liability	Section- 13

	THE INTEGRATED GOODS AND SERVICES TAX BILL, 2017 A BILL	
	To make a provision for levy and collection of tax on inter – State supply of goods or services or both by the Central Government and for matters connected therewith or incidental thereto.	
	BE it enacted by Parliament in the Sixty-eighth Year of the Republic of India as follows:—	
	CHAPTER I PRELIMINARY	
	1. (1) This Act may be called the Integrated Goods and Services Tax Act, 2017.	Short title, extent and commencement.
	(2) It shall extend to the whole of India except the State of Jammu and Kashmir.	
	(3) 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.	
	2. In this Act, unless the context otherwise requires,—	Definitions.
	(1) "Central Goods and Services Tax Act" means the Central Goods and Services Tax Act, 2017;	
	(2)"Central tax" means the tax levied and collected under the Central Goods and Services Tax Act;	
	(3)"continuous journey" means a journey for which a single or more than one ticket or invoice is issued at the same time, either by a single supplier of service or through an agent acting on behalf of more than one supplier of service, and which involves no stopover between any of the legs of the journey for which one or more separate tickets or invoices are issued.	
	Explanation.—For the purposes of this clause, the term	

	"stopover" means a place where a passenger can disembark either to transfer to another conveyance or break his journey for a certain period in order to resume it at a later point of time;	
52 of 1962.	(4) "customs frontiers of India" means the limits of a customs area as defined in section 2 of the Customs Act, 1962;	
	(5) "export of goods" with its grammatical variations and cognate expressions, means taking goods out of India to a place outside India;	
	(6) "export of services" means the supply of any service when,- (i) the supplier of service is located in India; (ii) the recipient of service is located outside India; (iii) the place of supply of service is outside India; (iv) the payment for such service has been received by the supplier of service in convertible foreign exchange; and (v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with Explanation 1 in section 8;	
	(7)"fixed establishment" means a place (other than the registered place of business) which is characterised by a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services or to receive and use services for its own needs;	
	(8) "Goods and Services Tax (Compensation to the States) Act" means the Goods and Services Tax (Compensation to the States) Act, 2017;	
	(9) "Government" means the Central Government;	
	(10)"import of goods" with its grammatical variations and cognate expressions, means bringing goods into India from a place outside India;	
	(11)"import of services" means the supply of any service, where- (i) the supplier of service is located outside India; (ii) the recipient of service is located in India; and (iii) the place of supply of service is in India;	
	(12) "integrated tax" means the integrated goods and services tax levied under this Act;	
	(13) "intermediary" means a broker, an agent or any other	

	person, by whatever name called, who arranges or facilitates the supply of goods or services or both, between two or more persons, but does not include a person who supplies such goods or services or both on his own account;	
	(14) "location of the recipient of services" means, - (a) where a supply is received at a place of business for which the registration has been obtained, the location of such place of business; (b) where a supply is received at a place other than the place of business for which registration has been obtained, (a fixed establishment elsewhere) the location of such fixed establishment; (c) where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply; and (d) in absence of such places, the location of the usual place of residence of the recipient;	
	(15) "location of the supplier of services" means, - (a) where a supply is made from a place of business for which the registration has been obtained, the location of such place of business; (b) where a supply is made from a place other than the place of business for which registration has been obtained, (a fixed establishment elsewhere) the location of such fixed establishment; (c) where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the provision of the supply; and (d) in absence of such places, the location of the usual place of residence of the supplier;	
	(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 243Wof the Constitution;	
	(17) "online information and database access or retrieval services" means services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention and impossible to ensure in the absence of information technology and includes electronic services such as, - (i) advertising on the internet; (ii) providing cloud services; (iii) provision of e-books, movie, music, software and other intangibles through telecommunication networks or internet; (iv) providing data or information, retrievable or otherwise, to any person in electronic form through a computer network; (v) online supplies of digital content (movies, television shows, music and the like); (vi) digital data storage; and (vii) online gaming;	
	(18)"output tax" in relation to a taxable person, means the integrated tax chargeable under this Act on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis;	
28 of 2005.	(19) "Special Economic Zone'' shall have the same meaning as assigned to it in clause (za) of section 2 of the Special Economic Zones Act, 2005;	

28 of 2005.	(20) "Special Economic Zone developer" shall have the same meaning as assigned to it in clause (g) of section 2 of the Special Economic Zones Act, 2005 and includes an Authority as defined in clause (d) and a Co-Developer as defined in clause (f)of section 2 of the said Act;	
	(21) "State Goods and Services Tax Act" means the law to be made by a State Legislature for levy and collection of tax on goods or services or both under article 246A of the Constitution;	
	(22) "supply" shall have the same meaning as assigned to it in section7 of the Central Goods and Services Tax Act;	
	(23) "taxable territory" means the territory to which the provisions of this Act apply;	
	(24) "Union territory Goods and Services Tax Act" means the Union territory Goods and Services Tax Act, 2017;	
	(25) "zero-rated supply" shall have the same meaning as assigned to it in section **16**.	
	(26) words and expressions used and not defined in this Act but defined in the Central Goods and Services Tax Act, Union territory Goods and Services Tax Act and Goods and Services Tax (Compensation to the States) Act shall have the same meanings respectively assigned to them in those Acts.	
	CHAPTER- II ADMINISTRATION	
	3. The Board may appoint such central tax officers as it thinks fit for exercising the powers under this Act within such local limits as it may assign to them.	Appointment of officers.
	4. Without prejudice to the provisions of this Act, the Government shall, on the recommendations of the Council, by notification, and subject to such conditions as may be specified therein, authorise officers appointed under the State Goods and Services Tax Act to be the proper officers for the purposes of this Act.	Authorisation of officers of State tax as proper officer in certain circumstances.
	CHAPTER– III LEVY AND COLLECTION OF TAX	

	5. (1) Subject to the provisions of sub-section (2), there shall be levied a tax called the integrated goods and services tax on all inter-State supplies of goods or services or both except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 of the Central Goods and Services Tax Act and at such rates, not exceeding forty percent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed:	Levy and collection.
51 of 1975 52 of 1962	Provided that the integrated tax on goods imported into India shall be levied and collected in accordance with the provisions of section 3 of the Customs Tariff Act, 1975 on the value as determined under the said Act at the point when duties of customs are levied on the said goods under section 12 of the Customs Act, 1962.	
	(2) The integrated tax on the supply of petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.	
	(3) The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such 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 the supply of such goods or services or both.	
	(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.	

	(5) The Government may, on the recommendations of the Council, by notification, specify categories of services, the tax on inter-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the person liable for paying the tax in relation to the supply of such services:	
	Provided that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax:	
	Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also does not have a representative in the said territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.	
	6. (1) Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council, by notification, exempt generally, either absolutely or subject to such conditions as may be specified therein, goods or services or both of any specified description from the whole or any part of the tax leviable thereon with effect from such date as may be specified in such notification.	Power to grant exemption from tax.
	(2) Any notification issued by the Central Government under sub-section (1) of section 11 of the Central Goods and Services Tax Act shall be deemed to be a notification under this Act.	
	(3) Where the Government is satisfied that it is necessary in the public interest so to do, it may, on the recommendations of the Council, by special order in each case, under circumstances of an exceptional nature to be stated in such order, exempt from payment of tax any goods or services or both on which tax is leviable.	
	(4) The Government may, if it considers necessary or expedient so to do for the purpose of clarifying the scope or applicability of any notification issued under sub-section (1) or order issued under sub-section (3), insert an explanation in such notification or order, as the case may be, by	

	notification at any time within one year of issue of the notification under sub-section (1) or order under sub-section (3), and every such explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be.	
	Explanation. — For the purposes of this section, where an exemption in respect of any goods or services or both from the whole of the tax leviable thereon has been granted absolutely, the registered person supplying such goods or services or both shall not collect the tax on such supply of goods or services or both.	
	CHAPTER- IV DETERMINATION OF NATURE OF SUPPLY.	
	7. (1) Subject to the provisions of section **10**, supply of goods, where the location of the supplier and the place of supply are in - (a) two different States; (b) two different Union territories; or (c) a State and a Union territory, shall be treated as a supply in the course of inter-State trade or commerce.	Inter- State supply.
	(2) Supply of goods imported into the territory of India, till they cross the customs frontiers of India, shall be treated to be a supply of goods in the course of inter-State trade or commerce.	
	(3) Subject to the provisions of section **12**, supply of services, where the location of the supplier and the place of supply are in- (a) two different States; (b) two different Union territories; or (c) a State and a Union territory, shall be treated as a supply in the course of inter-State trade or commerce.	
	(4) Supply of services imported into the territory of India shall be treated to be a supply of services in the course of inter-State trade or commerce.	
	(5) Supply of goods or services or both, - (a) when the supplier is located in India and the place of supply is outside India; (b) to or by a Special Economic Zone developer or a Special Economic Zone unit; or	

	(c) in the taxable territory, not being an intra-State supply and not covered elsewhere in this section, shall be treated to be a supply of goods or services or both in the course of inter-State trade or commerce.	
	8.(1) Subject to the provisions of section **10**, supply of goods where the location of the supplier and the place of supply of goods are in the same State or same Union territory shall be treated as intra-State supply:	Intra - State supply.
	Provided that the following supply of goods shall not be treated as intra-State supply, namely:-	
	(i) supply of goods to or by a Special Economic Zone developer or a Special Economic Zone unit; or	
	(ii)goods imported into territory of India till they cross the customs frontiers of India.	
	(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.	
	Explanation 1.- For the purposes of this Act, where a person has, -	
	(i) an establishment in India and any other establishment outside India;	
	(ii) an establishment in a State and any other establishment outside that State; or	
	(iii) an establishment in a State and any other establishment being a business vertical registered within that State,	
	then such establishments shall be treated as establishments of distinct persons.	
	Explanation. 2- A person carrying on a business through a branch or an agency or a representational office in any territory shall be treated as having an establishment in that territory.	
	9. Notwithstanding anything contained in this Act, - (a) where the location of the supplier is in the territorial waters, the location of such supplier; or (b) where the place of supply is in the territorial waters,	Supplies in territorial waters.

	the place of supply, shall, for the purposes of this Act, be deemed to be in the coastal State or Union territory where the nearest point of the appropriate baseline is located.	
	CHAPTER– V PLACE OF SUPPLY OF GOODS OR SERVICES OR BOTH	
	10. (1) The place of supply of goods, other than supply of goods imported into, or exported from India shall be as under,-	Place of supply of goods other than supply of goods imported into, or exported from India.
	(a) where the supply involves movement of goods, whether by the supplier or the recipient or by any other person, the place of supply of such goods shall be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient;	
	(b) where the goods are delivered by the supplier to a recipient or any other person, on the direction of a third person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person;	
	(c) where the supply does not involve movement of goods, whether by the supplier or the recipient, the place of supply shall be the location of such goods at the time of the delivery to the recipient;	
	(d) where the goods are assembled or installed at site, the place of supply shall be the place of such installation or assembly;	
	(e) where the goods are supplied on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, the place of supply shall be the location at which such goods are taken on board.	
	(2) Where the place of supply of goods cannot be determined, the place of supply shall be determined in such manner as may be prescribed.	

	11. The place of supply of goods,- (a) imported into India shall be the location of the importer;	Place of supply of goods imported into or exported from India.
	(b) exported from India shall be the location outside India.	
	12. (1) The provisions of this section shall apply to determine the place of supply of services where the location of supplier of services and the location of the recipient of services is in India.	Place of supply of services where location of supplier of services and location of recipient of services is in India.
	(2) The place of supply of services, except the services specified in sub-sections (3) to (14), - (a) made to a registered person shall be the location of such person; (b) made to any person other than a registered person shall be, - (i) the location of the recipient where the address on record exists; and (ii) the location of the supplier of services in other cases.	
	(3) The place of supply of services, -	
	(a) directly in relation to an immovable property, including services provided by architects, interior decorators, surveyors, engineers and other related experts or estate agents, any service provided by way of grant of rights to use immovable property or for carrying out or co-ordination of construction work; or	
	(b) by way of lodging accommodation by a hotel, inn, guest house, home stay, club or campsite, by whatever name called, and including a house boat or any other vessel; or	
	(c) by way of accommodation in any immovable property for organising any marriage or reception or matters related thereto, official, social, cultural, religious or business function including services provided in relation to such function at such property; or	
	(d) any services ancillary to the services referred to in clauses (a), (b) and (c), shall be the location at which the immovable property or boat or	

	vessel, as the case may be, is located or intended to be located:	
	Provided that if the location of the immovable property or boat or vessel is located or intended to be located outside India, the place of supply shall be the location of the recipient.	
	Explanation.- Where the immovable property or boat or vessel is located in more than one State or Union territory, the supply of services shall be treated as made in each of the respective States or Union territories, in proportion to the value for services separately collected or determined, in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.	
	(4) The place of supply of restaurant and catering services, personal grooming, fitness, beauty treatment, health service including cosmetic and plastic surgery shall be the location where the services are actually performed.	
	(5) The place of supply of services in relation to training and performance appraisal to, -	
	(a) a registered person, shall be the location of such person;	
	(b) a person other than a registered person, shall be the location where the services are actually performed.	
	(6) The place of supply of services provided by way of admission to a cultural, artistic, sporting, scientific, educational, entertainment event or amusement park or any other place and services ancillary thereto, shall be the place where the event is actually held or where the park or such other place is located.	
	(7) The place of supply of services provided by way of—	
	(a) organisation of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events; or	
	(b) services ancillary to organisation of any of the events or services referred to in clause (a) , or assigning of sponsorship to such events,-	
	(i) to a registered person, shall be the location of such person;	
	(ii) to a person other than a registered person, shall be the place where the event is actually held and if the	

	event is held outside India, the place of supply shall be the location of the recipient.	
	Explanation.- Where the event is held in more than one State or Union territory and a consolidated amount is charged for supply of services relating to such event, the place of supply of such services shall be taken as being in each of the respective States or Union territories in proportion to the value for services separately collected or determined, in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.	
	(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.	
	(9) The place of supply of passenger transportation service to,-	
	(a) a registered person, shall be the location of such person;	
	(b) a person other than a registered person, shall be the place where the passenger embarks on the conveyance for a continuous journey:	
	Provided that where the right to passage is given for future use and the point of embarkation is not known at the time of issue of right to passage, the place of supply of such service shall be determined in accordance with the provisions of sub-section (*2*).	
	Explanation. - For the purposes of this sub-section, the return journey shall be treated as a separate journey, even if the right to passage for onward and return journey is issued at the same time.	
	(10) The place of supply of services on board a conveyance including a vessel, an aircraft, a train or a motor vehicle, shall be the location of the first scheduled point of departure of that conveyance for the journey.	
	(11) The place of supply of telecommunication services including data transfer, broadcasting, cable and direct to home	

	television services to any person shall, —	
	(a) in case of services by way of fixed telecommunication line, leased circuits, internet leased circuit, cable or dish antenna, be the location where the telecommunication line, leased circuit or cable connection or dish antenna is installed for receipt of services;	
	(b) in case of mobile connection for telecommunication and internet services provided on post-paid basis, be the location of billing address of the recipient of services on the record of the supplier of services;	
	(c) in cases where mobile connection for telecommunication, internet service and direct to home television services are provided on pre-payment basis through a voucher or any other means,-	
	(i) through a selling agent or a re-seller or a distributor of subscriber identity module card or re-charge voucher, be the address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply; or	
	(ii) by any person to the final subscriber, be the location where such pre-payment is received or such vouchers are sold;	
	(d) in other cases, be the address of the recipient as per the records of the supplier of services and where such address is not available, the place of supply shall be location of the supplier of services:	
	Provided that where the address of the recipient as per the records of the supplier of services is not available, the place of supply shall be location of the supplier of services:	
	Provided further that if such pre-paid service is availed or the recharge is made through internet banking or other electronic mode of payment, the location of the recipient of services on the record of the supplier of services shall be the place of supply of such services.	
	Explanation.- Where the leased circuit is installed in more than one State or Union territory and a consolidated amount is charged for supply of services relating to such circuit, the place of supply of such services shall be taken as being in each of the respective States or Union territories in proportion to the value for services separately collected or determined, in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other	

	basis as may be prescribed.	
	(12) The place of supply of banking and other financial services, including stock broking services to any person shall be the location of the recipient of services on the records of the supplier of services:	
	Provided that if the location of recipient of services is not on the records of the supplier, the place of supply shall be the location of the supplier of services.	
	(13) The place of supply of insurance services shall,-	
	(a) to a registered person, be the location of such person;	
	(b) to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services.	
	(14) The place of supply of advertisement services to the Central Government, a State Government, a statutory body or a local authority meant for the States or Union territories identified in the contract or agreement shall be taken as being in each of such States or Union territories and the value of such supplies specific to each State or Union territory shall be in proportion to the amount attributable to services provided by way of dissemination in the respective States or Union territories as may be determined in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.	
	13. (1) The provisions of this section shall apply to determine the place of supply of services where the location of the supplier of services or the location of the recipient of services is outside India.	Place of supply of services where location of supplier or location of recipient is outside India.
	(2) The place of supply of services except the services specified in sub-sections (3) to (13) shall be the location of the recipient of services:	
	Provided that where the location of the recipient of services is not available in the ordinary course of business, the place of supply shall be the location of the supplier of services.	
	(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;	
	(b) services supplied to an individual, represented either as the recipient of services or a person acting on behalf of the recipient, which require the physical presence of the recipient or the person acting on his behalf, with the supplier for the supply of services.	
	(4) The place of supply of services supplied directly in relation to an immovable property, including services supplied in this regard by experts and estate agents, supply of accommodation by a hotel, inn, guest house, club or campsite, by whatever name called, grant of rights to use immovable property, services for carrying out or co-ordination of construction work, including that of architects or interior decorators, shall be the place where the immovable property is located or intended to be located.	
	(5) The place of supply of services supplied by way of admission to, or organisation of a cultural, artistic, sporting, scientific, educational or entertainment event, or a celebration, conference, fair, exhibition or similar events, and of services ancillary to such admission or organisation, shall be the place where the event is actually held.	
	(6)Where any services referred to in sub-section (3), sub-section (4) or sub-section (5) is supplied at more than one location, including a location in the taxable territory, its place of supply shall be the location in the taxable territory.	
	(7) Where the services referred to in sub-section (3), sub-section (4) or sub-section (5) are supplied in more than one State or Union territory, the place of supply of such services shall be taken as being in each of the respective States or Union territories and the value of such supplies specific to each State or Union territory shall be in proportion to the value for	

	services separately collected or determined, in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other basis as may be prescribed.	
	(8) The place of supply of the following services shall be the location of the supplier of services, namely: - (a) services supplied by a banking company, or a financial institution, or a non-banking financial company, to account holders; (b) intermediary services; (c) services consisting of hiring of means of transport, including yachts but excluding aircrafts and vessels, upto a period of one month.	
	Explanation.– For the purposes of this sub-section, the expression, -	
	(a)"account" means an account bearing interest to the depositor, and includes a non-resident external account and a non-resident ordinary account;	
2 of 1934	(b) "banking company" shall have the same meaning as assigned to it under clause (a) of section 45A of the Reserve Bank of India Act, 1934;	
2 of 1934.	(c)"financial institution" shall have the same meaning as assigned to it in clause (c) of section 45-I of the Reserve Bank of India Act, 1934;	
	(d) "non-banking financial company" means - (a) a financial institution which is a company; (b) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of such institutions, as the Reserve Bank of India may, with the previous approval of the Central Government and by notification in the Official Gazette specify.	

	(9) The place of supply of services of transportation of goods, other than by way of mail or courier, shall be the place of destination of such goods.	
	(10) The place of supply in respect of passenger transportation services shall be the place where the passenger embarks on the conveyance for a continuous journey.	
	(11) The place of supply of services provided on board a conveyance during the course of a passenger transport operation, including services intended to be wholly or substantially consumed while on board, shall be the first scheduled point of departure of that conveyance for the journey.	
	(12) The place of supply of online information and database access or retrieval services shall be the location of the recipient of services.	
	Explanation. - For the purposes of this sub-section, person receiving such services shall be deemed to be located in the taxable territory, if any two of the following non-contradictory conditions are satisfied, namely: -	
	(a) the location of address presented by the recipient of services through internet is in taxable territory;	
	(b) the credit card or debit card or store value card or charge card or smart card or any other card by which the recipient of services settles payment has been issued in the taxable territory;	
	(c) the billing address of the recipient of services is in the taxable territory;	
	(d) the internet protocol address of the device used by the recipient of services is in the taxable territory;	
	(e) the bank of the recipient of services in which the account used for payment is maintained is in the taxable territory;	
	(f) the country code of the subscriber identity module card used by the recipient of services is of taxable territory;	
	(g) the location of the fixed land line through which the service is received by the recipient is in taxable territory.	
	(13) In order to prevent double taxation or non-taxation of the supply of a service, or for the uniform application of rules,	

	the Government shall have the power to notify any description of services or circumstances in which the place of supply shall be the place of effective use and enjoyment of a service.	
	14. (1) On supply of online information and database access or retrieval services by any person located in a non-taxable territory and received by a non- taxable online recipient, the supplier of services located in a non-taxable territory shall be the person liable for paying integrated tax on such supply of services:	Special provision for payment of tax by a supplier of online information and database access or retrieval services.
	Provided that in the case of supply of online information and database access or retrieval services by any person located in a non-taxable territory and received by a non-taxable online recipient, an intermediary located in the non-taxable territory, who arranges or facilitates the supply of such services, shall be deemed to be the recipient of such services from the supplier of services in non-taxable territory and supplying such services to the non-taxable online recipient except when such intermediary satisfies the following conditions, namely:- (a) the invoice or customer's bill or receipt issued or made available by such intermediary taking part in the supply clearly identifies the service in question and its supplier in non-taxable territory; (b) the intermediary involved in the supply does not authorise the charge to the customer or take part in its charge which is that the intermediary neither collects or processes payment in any manner nor is responsible for the payment between the non-taxable online recipient and the supplier of such services; (c) the intermediary involved in the supply does not authorise delivery; and (d) the general terms and conditions of the supply are not set by the intermediary involved in the supply but by the supplier of services.	
	(2)The supplier of online information and database access or retrieval services referred to in sub-section (1) shall, for payment of integrated tax, take a single registration under the Simplified Registration Scheme to be notified by the Government:	
	Provided that any person located in the taxable territory representing such supplier for any purpose in the taxable territory shall get registered and pay integrated tax on behalf of the supplier:	

	Provided further that if such supplier does not have a physical presence or does not have a representative for any purpose in the taxable territory, he may appoint a person in the taxable territory for the purpose of paying integrated tax and such person shall be liable for payment of such tax.	
	CHAPTER VI REFUND OF INTEGRATED TAX TO INTERNATIONAL TOURIST	
	15. The integrated tax paid by tourist leaving India on any supply of goods taken out of India by him shall be refunded, in such manner and subject to such conditions and safeguards as may be prescribed.	Refund of integrated tax paid on supply of goods to tourist leaving India.
	Explanation. - For the purposes of this section, the term "tourist" means a person not normally resident in India, who enters India for a stay of not more than six months for legitimate non-immigrant purposes.	
	CHAPTER VII ZERO RATED SUPPLY	
	16.(1)"zero rated supply" means any of the following taxable supplies of goods or services or both, namely: - (a) export of goods or services or both; or (b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.	Zero rated supply.
	(2) Subject to provisions of sub-section (5) of section 17of the Central Goods and Services Tax Act, credit of input tax may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply other than non-taxable supply.	
	(3) A registered person exporting goods or services or both shall be eligible to claim refund under one of the following two options, namely: - (a) he may export goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; (b) he may export goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on	

	goods and services or both exported, in accordance with provisions of section 54 of the Central Goods and Services Tax Act and the rules made there under.	
	(4) The Special Economic Zone developer or a Special Economic Zone unit receiving zero rated supply specified in clause (b) of sub-section (1) shall be eligible to claim refund of integrated tax paid by the registered person on such supply, subject to such conditions, safeguards and procedure as may be prescribed.	
	CHAPTER-VIII APPORTIONMENT OF TAX AND SETTLEMENT OF FUNDS	
	17.(1) Out of the integrated tax paid to the Central Government, - (a) in respect of inter-State supply of goods or services or both to an unregistered person or to a registered person paying tax under section 10 of the Central Goods and Services Tax Act; (b) in respect of inter-State supply of goods or services or both where the registered person is not eligible for input tax credit; (c) in respect of inter-State supply of goods or services or both made in a year to a registered person, where he does not avail of the said credit within the specified period and thus remains in the integrated tax account after expiry of the due date for filing of annual return for such year in which the supply was made; (d) in respect of import of goods or services or both by an unregistered person or by a registered person paying tax under section 10 of the Central Goods and Services Tax Act; (e) in respect of import of goods or services or both where the registered person is not eligible for input tax credit; (f) in respect of import of goods or services or both made in a financial year by a registered person, where he does not avail of the said credit within the specified period and thus remains in the integrated tax account after expiry of the due date for filing of annual return for such year in which the supply was received,	Apportionment of tax and settlement of funds.

	the amount of tax calculated at the rate equivalent to the central tax on similar intra-State supply shall be apportioned to the Central Government.	
	(2)The balance amount of integrated tax remaining in the integrated tax account in respect of the supply for which an apportionment to the Central Government has been done under sub-section (1) shall be apportioned to the, - (a) State where such supply takes place; and (b) Central Government where such supply takes place in a Union territory:	
	Provided that where the place of such supply made by any taxable person cannot be determined separately, the said balance amount shall be apportioned to, - (a) each of the States; and (b) Central Government in relation to Union territories, in the proportion to the total supplies made by such taxable person to each of such States or Union territories, as the case may be, in a financial year:	
	Provided further that where the taxable person making such supplies is not identifiable, the said balance amount shall be apportioned to all States and the Central Government in proportion to the amount collected as State tax or, as the case may be, Union territory tax, by the respective State or, as the case may be, by the Central Government during the immediately preceding financial year.	
	(3) The provisions of sub-sections (1) and (2) relating to apportionment of integrated tax shall *mutatis mutandis* apply to the apportionment of interest, penalty and compounding amount realised in connection with the tax so apportioned.	
	(4) Where an amount has been apportioned to the Central Government or a State Government under sub-section (1), sub-section (2) and sub-section (3), the amount collected as integrated tax shall stand reduced by an amount equal to the	

	amount so apportioned and the Central Government shall transfer to the **c**entral tax account or Union territory tax account, an amount equal to the respective amounts apportioned to the Central Government and shall transfer to the State tax account of the respective States an amount equal to an amount apportioned to that State, in such manner and within such time as may be prescribed.	
	(5) Any integrated tax apportioned to a State or, as the case may be, to the Central Government on account of a Union territory, if subsequently found to be refundable to any person and refunded to such person, shall be reduced from the amount to be apportioned under this section, to such State, or Central Government on account of such Union territory, in such manner and within such time as may be prescribed.	
	18. On utilisation of credit of integrated tax availed under this Act for payment of -	Transfer of input tax credit.
	(a) central tax in accordance with the provisions of sub-section (5) of section 49 of the Central Goods and Services Tax Act, the amount collected as integrated tax shall stand reduced by an amount equal to the credit so utilised and the Central Government shall transfer an amount equal to the amount so reduced from the integrated tax account to the central tax account in such manner and within such time as may be prescribed;	
	(b) Union territory tax in accordance with the provisions of sub-section (--) of section -- of the Union territory Goods and Services Tax Act, the amount collected as integrated tax shall stand reduced by an amount equal to the credit so utilised and the Central Government shall transfer an amount equal to the amount so reduced from the integrated tax account to the Union territory tax account in such manner and within such time as may be prescribed;	
	(c) State tax in accordance with the provisions of the respective State Goods and Services Tax Act, the amount collected as integrated tax shall stand reduced by an amount equal to the credit so utilised and shall be apportioned to the appropriate State Government and the Central Government shall transfer the amount so apportioned to the account of the appropriate State Government in such manner and within such time as may	

	be prescribed.	
	Explanation. - For the purposes of this Chapter, "appropriate State" in relation to a taxable person, means the State or Union territory where he is registered or is liable to be registered under the provisions of the Central Goods and Services Tax Act.	
	19. (1) A registered person who has paid integrated tax on a supply considered by him to be an inter-state supply, but which is subsequently found to be an intra-State supply, shall, be granted refund of the amount of integrated tax so paid in such manner and subject to such conditions as may be prescribed.	Tax wrongfully collected and paid to Central Government or State Government.
	(2) A registered person who has paid central tax and State tax or Union territory tax, as the case may be, on a transaction considered by him to be an intra-State supply, but which is subsequently found to be an inter-State supply, shall not be required to pay any interest on the amount of integrated tax payable.	
	CHAPTER –IX MISCELLANEOUS	
	20. Subject to the provisions of this Act and the rules made thereunder, the provisions of Central Goods and Services Tax Act, relating to, – (i) composite supply and mixed supply; (ii) time and value of supply; (iii) input tax credit; (iv) registration; (v) tax invoice, credit and debit notes; (vi) accounts and records; (vii) returns; (viii) payment of tax; (ix) tax deduction at source; (x) collection of tax at source; (xi) assessment; (xii) refunds; (xiii) audit; (xiv) inspection, search, seizure and arrest; (xv) demands and recovery; (xvi) liability to pay in certain cases; (xvii) advance ruling; (xviii) appeals and revision; (xix) presumption as to documents; (xx) offences and penalties; (xxi) job work; (xxii) electronic commerce; (xxiii) transitional provisions; and	Application of provisions of Central Goods and Services Tax Act.

	(xxiv) miscellaneous provisions, shall apply so far as may be, in relation to integrated tax as they apply in relation to central tax:	
	Provided that in the case of tax deducted at source, the deductor shall deduct tax at the rate of two per cent. from the payment made or credited to the supplier:	
	Provided further that in the case of tax collected at source, the operator shall collect tax at the rate of two per cent. of the value of net supplies.	
	21. Import of services made on or after the appointed day shall be liable to tax under the provisions of this Act regardless of whether the transactions for such import of services had been initiated before the appointed day:	Import of services made on or after the appointed day.
	Provided that if the tax on such import of services had been paid in full under the existing law, no tax shall be payable on such import under this Act:	
	Provided further that if the tax on such import of services had been paid in part under the existing law, the balance amount of tax shall be payable on such import under this Act.	
	Explanation:- For the purpose of this section, a transaction shall be deemed to have been initiated before the appointed day if either the invoice relating to such supply or payment, either in full or in part, has been received or made before the appointed day.	
	22.(1) The Government may, on the recommendations of the Council, by notification, make rules for carrying out the provisions of this Act.	Power to make rules.
	(2) Without prejudice to the generality of the provisions of sub-section (1), the Government may make rules for all or any of the matters which by this Act are required to be, or may be, prescribed or in respect of which provisions are to be or may be made by rules.	
	(3) The power to make rules conferred by this section shall include the power to give retrospective effect to the rules or any of them from a date not earlier than the date on which the provisions of this Act come into force.	

	(4) Any rules made under sub-section (1) may provide that a contravention thereof shall be punishable with a penalty not exceeding ten thousand rupees.	
	23. The Board may, by notification, make regulations consistent with this Act and the rules made thereunder to carry out the provisions of this Act.	Power to make regulations.
	24. Every rule made by the Government, every regulation made by the Board and every notification issued by the Government under this Act, shall be laid, as soon as may be, after it is made or issued, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or in the notification, as the case may be, or both Houses agree that the rule or regulation or the notification should not be made, the rule or regulation or notification, as the case may be, shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation or notification, as the case may be.	Laying of rules, regulations and notifications.
	25.(1) If any difficulty arises in giving effect to any provision of this Act, the Government may, on the recommendations of the Council, by a general or a special order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act or the rules or regulations made thereunder, as may be necessary or expedient for the purpose of removing the said difficulty:	Removal of difficulties.
	Provided that no such order shall be made after the expiry of a period of three years from the date of commencement of this Act.	
	(2) Every order made under this section shall be laid, as soon as may be, after it is made, before each House of Parliament.	

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