

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
<b>CGST Act, 2017</b>			
<b>Definitions</b>			
1.	2 (4)	2 (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 <del>Excise Indirect Taxes</del> and Customs, the Revisional Authority, the Authority for Advance Ruling, the Appellate Authority for Advance Ruling, the Appellate Authority, <del>and</del> the Appellate Tribunal <del>and the Authority referred to in sub-section (2) of section 171</del> ;	This is in pursuance of the change in name of the Central Board of Excise and Customs to the Central Board of Indirect Taxes and Customs constituted under the Central Boards of Revenue Act, 1963 (54 of 1963).  Further, the National Anti-Profitereering Authority constituted by the Central Government under section 171 of the CGST Act is also required to be excluded from the definition of ‘adjudicating authority’.
2.	2 (17) (h)	(17) “business” includes— (h) <del>services provided by activities of a race club</del> including by way of totalisator or a license to book maker <del>or activities of a licensed book maker</del> in such club; and	Changes are being made to ensure that all activities related to a race club are included. The term “services” in this clause leads to ambiguity, as actionable claims have been defined as ‘goods’ in the CGST Act.
3.	2 (35)	(35) “cost accountant” means a cost accountant as defined in clause <del>(e)-(b)</del> of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959;	To correct an inadvertent typographical error.
4.	2 (69)	(69) “local authority” means— (f) a Development Board constituted under article 371 <del>and article 371J</del> of the Constitution; or	Article 371J of the Constitution grants special status to 6 backward districts of Karnataka-Hyderabad region. Under this article, the President is empowered to establish a separate Board to ensure equitable distribution of funds in the State’s budget to meet the developmental needs of the region. It is being added now based on the request received from the State of Karnataka.
5.	2 (102)	(102) “services” means anything other than goods, money and securities but includes activities relating to the use of money or its	Although ‘securities’ has been excluded from the definition of ‘goods’ and ‘services’ in the CGST Act, facilitating or

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		<p>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;</p> <p><i>Explanation-For the removal of doubts, it is hereby clarified that the expression “services” includes facilitating or arranging transactions in securities.</i></p>	<p>arranging transactions in securities is liable to GST. This has been clarified recently through a detailed FAQ on Banking and Insurance wherein it has been clarified that if some service charges or service fees or documentation fees or broking charges or such like fees or charges are charged in relation to transactions in securities, the same would be a consideration for provision of service and chargeable to GST.</p> <p>It is proposed to insert an Explanation in order to remove any doubts.</p>
<b>Supply</b>			
6.	7	<p>7. (1) For the purposes of this Act, the expression “supply” includes—</p> <p>—</p> <p>(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;</p> <p>(b) import of services for a consideration whether or not in the course or furtherance of business; <b>and</b></p> <p>(c) the activities specified in Schedule I made or agreed to be made without a consideration. <b>;</b> <b>and</b></p> <p><del>(d) the activities to be treated as supply of goods or supply of services as referred to in Schedule II.</del></p> <p><b>(1A) Certain activities or transactions, when constituting a supply in accordance with the</b></p>	<p>Classification of certain specified activities or transactions (which qualify as a supply under the CGST Act) either as supply of goods or supply of services is supposed to be done in Schedule II. However, it is observed that clause (d) being part of the sub-section defining the term ‘supply’ leads to a situation where an activity listed in Schedule II would be deemed to be a supply even if it does not constitute a supply as per clauses (a), (b) and (c) of sub-section (1). Hence, it is proposed to</p>

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		<p>provisions of sub-section (1), shall be treated either as supply of goods or supply of services as referred to in Schedule II.</p> <p>(2) Notwithstanding anything contained in sub-section (1),—</p> <p>(a) activities or transactions specified in Schedule III; or</p> <p>(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.</p> <p>(3) Subject to the provisions of sub-sections (1), (1A) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as—</p> <p>(a) a supply of goods and not as a supply of services; or</p> <p>(b) a supply of services and not as a supply of goods.</p>	<p>insert a new sub-section (1A) in section 7 and omit clause (d) of sub-section (1).</p> <p>Consequential amendment, consequent to insertion of a new sub-section (1A).</p>
7.	Schedule I	<p>Schedule I</p> <p>4. Import of services by a <del>taxable</del> person from a related person or from any of his other establishments outside India, in the course or furtherance of business.</p>	<p>This amendment is to ensure that import of services by entities which are not registered under GST (say, they are only making exempted supplies ) but are otherwise engaged in business activities is taxed when received from a related person or from any of their establishments outside India.</p>
8.	Schedule III, new insertion	<p>7. Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods</p>	<p>It is sought to exclude from the tax net such transactions which involve movement of goods, caused by a registered person,</p>

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		entering into the taxable territory.	from one non-taxable territory to another non-taxable territory.
9.	Schedule III, new insertion	<p>8 (a) Supply of warehoused goods to any person before clearance for home consumption.</p> <p>(b) Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.</p> <p>Explanation.- For the purposes of this clause, the expression “warehoused goods” shall have the meaning as assigned to it in the Customs Act, 1962 (52 of 1962)</p>	<p>It is sought to ensure that there is no double taxation of transactions where supply of goods occurs in the course of high sea sales and sale of warehoused goods, before clearance for home consumption.</p> <p>It was observed that in case of supply of goods as high seas sales and sale of warehoused goods, before being cleared for home consumption, IGST was being levied twice, once under the Customs Tariff Act, 1975 (read with the IGST Act) and then for a second time, on clearance for home consumption under the IGST Act.</p> <p>Since double taxation needs to be avoided, Circulars were issued to state that IGST would be payable only once at the time of clearance of goods for home consumption. However, it is imperative that such situations are squarely mentioned as ‘no supply’ in Schedule III.</p>
<b>Levy and Collection</b>			
10.	9 (4)	<p><del>9 (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.</del></p> <p>9 (4) The Government may, on the recommendations of the Council, by notification, specify a class of</p>	<p>Section 9 (4), which mandates that all registered persons shall pay the tax on reverse charge basis on purchases made from unregistered persons, is presently under suspension. This subsection is being omitted for trade facilitation.</p> <p>Instead, it is proposed to take an enabling power for the Government to notify a class of registered persons who would be liable to pay tax on reverse charge basis in case of receipt of goods from an unregistered</p>

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		<p>registered persons who shall, in respect of taxable goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as 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.</p>	<p>supplier.</p>
<b>Composition Scheme</b>			
11.	10 (1) & (2)	<p>10 (1) Notwithstanding anything to the contrary contained in this Act but subject to the provisions of 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 <b>under sub-section (1) of section 9</b>, an amount of tax calculated at such rate as may be prescribed, but not exceeding,—</p> <p>(a) one per cent of the turnover in State or turnover in Union territory in case of a manufacturer,</p> <p>(b) two and a half per cent. of the turnover in State or turnover in Union territory in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II, and</p> <p>(c) half per cent. of the turnover in State or turnover in Union territory in case of other suppliers,</p> <p>subject to such conditions and restrictions as may be prescribed:</p> <p>Provided that the Government may, by notification, increase the said limit of fifty lakh rupees to such higher amount, not exceeding one <b>hundred and fifty</b></p>	<p>The proposed amendments seek to remove any interpretational ambiguity to state that the composition tax payers shall, in lieu of the tax payable on the invoice value of the transactions under section 9(1) (applicable to regular taxpayers), pay tax as a percentage of their turnover.</p> <p>The limit is being raised from Rs. 1 crore to Rs. 1.5 crore as a measure of trade facilitation, as already recommended by the GST Council.</p> <p>At present, registered persons engaged in the supply of services (other than restaurant services)</p>

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		<p>lakh <del>₹</del> rupees, as may be recommended by the Council-</p> <p>Provided further that a person who opts to pay tax under clause (a), clause (b) or clause (c) may supply services of value not exceeding ten percent of turnover in the preceding financial year in a State or Union territory or five lakh rupees, whichever is higher.</p> <p>(2) The registered person shall be eligible to opt under sub-section (1), if—</p> <p>(a) he is not engaged in the supply of services, <del>other than supplies referred to in clause (b) of paragraph (6) of Schedule II save as provided in sub-section (1);</del></p> <p>(b) he is not engaged in making any supply of goods which are not leviable to tax under this Act;</p> <p>(c) he is not engaged in making any inter-State outward supplies of goods;</p> <p>(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; and</p> <p>(e) he is not a manufacturer of such goods as may be notified by the Government on the</p>	<p>are not eligible for composition scheme. As a result, manufacturers and traders supplying services are unable to opt for the scheme even if its percentage is very small as compared to the supplies of goods. With a view to enable these taxpayers to avail of the benefit of composition scheme, a new proviso is being added in order to allow them to be eligible for the scheme even if they supply services of value not exceeding 10% of the turnover in the preceding financial year in a State/Union territory or Rs. 5 lakhs, whichever is higher.</p> <p>This is a taxpayer-friendly measure and it is believed that small taxpayers would immensely benefit from this amendment.</p> <p>This is a consequential amendment, as a new proviso is being added to section 10 (1) which allows the registered person to opt for the scheme even if they supply services of value not exceeding 10% of the turnover in the preceding financial year in a State/Union territory or Rs. 5 lakhs, whichever is higher.</p>

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		<p>recommendations of the Council:</p> <p>Provided that where more than one registered persons are having the same Permanent Account Number (issued under the Income-tax Act, 1961) (43 of 1961), the registered person shall not be eligible to opt for the scheme under sub-section (1) unless all such registered persons opt to pay tax under that sub-section.</p>	
<b>Time and Value of Supply</b>			
12.	12 (2)	<p>12 (2) The time of supply of goods shall be the earlier of the following dates, namely:—</p> <p>(a) date of issue of invoice by the supplier or the last date on which he is required under <del>sub-section (1)</del> of section 31 to issue the invoice with respect to the supply; or</p>	The amendment seeks to correct a drafting error in the earlier law, as the issuance of invoice/other documents are also contained in other sub-sections of section 31.
13.	13 (2)	<p>13 (2) The time of supply of services shall be the earliest of the following dates, namely: —</p> <p>(a) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under <del>sub-section (2)</del> of section 31 or the date of receipt of payment, whichever is earlier;</p> <p>(b) the date of provision of service, if the invoice is not issued within the period prescribed under <del>sub-section (2)</del> of section 31 or the date of receipt of payment, whichever is earlier;</p>	The amendment seeks to correct a drafting error as the provisions for issuance of invoices/other documents are also contained in other sub-sections of section 31.
<b>Input Tax Credit</b>			
14.	16 (2) (b)	16 (2) Notwithstanding anything contained in this section, 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	One of the conditions for availing of credit by the registered person under the Act is the receipt of goods or services or both by him. In the case of “bill-to-ship-to”

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		<p>unless,—</p> <p>(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;</p> <p>(b) he has received the goods or services or both.</p> <p><i>Explanation.</i>— For the purposes of this clause, it shall be deemed that the registered person has received the goods <b>or, as the case may be, services,-</b></p> <p><b>(i) 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;</b></p> <p><b>(ii) where the services are provided by the supplier to any person on the direction of and on account of such registered person;</b></p>	<p>situations, for the purposes of availing of ITC on goods by the registered person, a deeming provision is present as an Explanation to section 16(2)(b) vide which the registered person is deemed to have received the goods where the goods are delivered by the supplier to a recipient or any other person on the direction of the said registered person.</p> <p>It is now proposed to provide this deeming fiction in case of services as well which will be taxpayer-friendly.</p>
15.	16 (2) Second proviso	<p>16 (2).....</p> <p>(c) Subject to the provisions of section 41, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and</p> <p>(d) he has furnished the return under section 39:</p> <p>Provided that ----:</p> <p>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</p>	<p>It is proposed to remove the liability to pay interest in case where the recipient has been made liable to pay an amount equal to the ITC availed in case he fails to pay to the supplier of goods or services or both the amount towards the value of supply along with tax payable thereon within a period of 180 days from the date of issue of invoice by the supplier. Since upon payment of the due amount to the supplier, the recipient shall be eligible to avail ITC of the said amount, it is believed that liability to pay interest is too onerous and should be removed.</p>



Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		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, <del>along with interest thereon</del> , in such manner as may be prescribed:	
16.	17 (3)	17 (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 <del>but shall not include the value of activities or transactions (other than sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building) specified in Schedule III.</del>	It is proposed to allow availment of ITC on activities or transactions specified in Schedule III (other than sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building) by excluding it from the ambit of 'exempt supply' on which ITC is blocked. The proposed amendment is a taxpayer friendly measure.
17.	17 (5) (a), new (aa) & (b)	17(5) Notwithstanding anything contained in sub-section (1) of section 16 and sub-section (1) of section 18, input tax credit shall not be available in respect of the following, namely:—  (a) motor vehicles <del>for transportation of persons having approved seating capacity of not more than thirteen persons (including the driver), vessels and aircraft and other conveyances</del> except when they are used—  (i) for making the following taxable supplies, namely:— (A) further supply of such vehicles or <del>vessels or aircraft conveyances</del> ; or (B) transportation of passengers; or (C) imparting training on driving,	It is proposed to expand the scope of ITC availability in case of motor vehicles having approved capacity of not more than 13 persons (including the driver) in case it is used for specified purposes.  The amendment is sought to make it clear that input tax credit would now be available in respect of dumpers, work-trucks, fork-lift trucks and other special purpose motor vehicles. After the amendment is carried out, input tax credit would be denied <b>only</b> in respect of motor vehicles for transport of persons having approved seating capacity of not more than 13 persons (including the driver), vessels and aircraft when these are used for personal purposes.

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		<p>flying, navigating such vehicles, <del>vessels or aircraft or conveyances;</del></p> <p>(ii) for transportation of goods; <del>and</del></p> <p>(iii) for transportation of money for or by a banking company or a financial institution.</p> <p>(aa) services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels and aircraft for which the credit is not available in accordance with the provisions of clause (a);</p> <p>(b) the following supply of goods or services or both—</p> <p>(i) food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, <del>renting or hiring of motor vehicles, vessels and aircraft referred to in clause (a), life insurance and health insurance</del> 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;</p> <p>(ii) membership of a club, health and fitness centre; <del>and</del></p> <p><del>(iii) rent a cab, life insurance and health insurance except where</del></p> <p><del>(A) the Government notifies the</del></p>	<p>An amendment is also being made to the effect that ITC will not be denied in respect of motor vehicles if they are used for transportation of money for or by a banking company or a financial institution.</p> <p>The proposal is to clarify that ITC in respect of services of general insurance, servicing, repair and maintenance in respect of those motor vehicles, vessels and aircraft on which ITC is not available under clause (a).</p> <p>The amendments seek to bring clarity and correct the repetition of text.</p> <p>The amendments seek to bring clarity and correct the repetition of text.</p>

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		<p><del>services which are obligatory for an employer to provide to its employees under any law for the time being in force; or</del></p> <p><del>(B) such 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 part of a taxable composite or mixed supply; and</del></p> <p>(iii) travel benefits extended to employees on vacation such as leave or home travel concession:</p> <p>Provided that the input tax credit in respect of such goods or services or both shall be available, where the provision of such goods or services or both is obligatory for an employer to provide to its employees under any law for the time being in force.</p>	<p>Presently, in accordance with the provisions of section 17(5)(b), ITC is not available in respect of food and beverages, health services, travel benefits to employees etc. This sub-section is being amended to allow ITC in respect of such goods or services or both where the provision of such goods or services or both is obligatory for an employer to provide to its employees under any law for the time being in force.</p> <p>This is a taxpayer-friendly amendment.</p>
18.	20, Explanation (c)	<p>Clause (c) of <i>Explanation</i> to section 20:</p> <p>(c) the term “turnover”, in relation to any registered person engaged in the supply of taxable goods as well as goods not taxable under this Act, means the value of turnover, reduced by the amount of any duty or tax levied under <del>entry-entries</del> 84 and 92A of List I of the Seventh Schedule to the Constitution and entries 51 and 54 of List II of the said Schedule.</p>	<p>It is proposed to exclude the amount of tax levied under entry 92A of List I from the value of turnover for the purposes of distribution of credit. The same was inadvertently left out from clause (c) of <i>Explanation</i> to section 20.</p> <p>Section 20 deals with the manner of distribution of credit by the Input Service Distributor. Section 20 (2) (d) provides that where the credit is attributable to more than one recipient, such credit shall be distributed amongst the recipients <i>pro rata</i> on the basis of turnover in the State or Union territory.</p> <p>As per clause (c) of <i>Explanation</i> to section 20, the expression “turnover” does not include any</p>

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			<p>duty or tax levied under entry 84 of List I of the Seventh Schedule to the Constitution and entries 51 and 54 of List II of the said Schedule.</p> <p>Entry 54 of List II covers taxes on the sale or purchase of goods other than newspapers, subject to the provisions of entry 92A of List I while Entry 92A of List I covers taxes on the sale or purchase of goods other than newspapers, where such sale or purchase takes place in the course of inter-State trade or commerce.</p> <p>Thus, it is proposed to correct this inadvertent omission.</p>
<b>Registration</b>			
19.	22 Explanation	Explanation (iii) to section 22 the expression “special category States” shall mean the States as specified in sub-clause (g) of clause (4) of article 279A of the Constitution except the State of Jammu and Kashmir <b>and Assam.</b>	The State of Assam has requested that the threshold exemption for registration in their State should be raised from Rs.10 lakhs to Rs.20 lakhs
20.	24 (x)	24 (x) every electronic commerce operator <b>who is required to collect tax at source under section 52;</b>	An e-commerce operator is presently required to take compulsory registration in terms of section 24(x) even if his aggregate turnover in a financial year does not exceed Rs. 20 lakhs. Clause (x) of section 24 is being amended to provide that only those e-commerce operators who are required to collect tax at source under section 52 would be required to take compulsory registration. Other e-commerce operators who are not required to collect tax at source under section 52 would henceforth not be required to take registration if their aggregate turnover in a

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			<p>financial year did not exceed Rs. 20 lakhs.</p> <p>This is a taxpayer-friendly measure. Small e-commerce operators who are not required to collect tax at source under section 52 would now be eligible for availing the threshold exemption limit benefit for registration purposes.</p>
21.	25 (2), new second, third and fourth proviso	<p>25 (2) A person seeking registration under this Act shall be granted a single registration in a State or Union territory:</p> <p>Provided that a person having multiple business verticals in a State or Union territory may be granted a separate registration for each business vertical, subject to such conditions as may be prescribed:</p> <p>Provided further that a person having multiple places of business in a State or Union territory may be granted a separate registration for each such place of business, subject to such conditions as may be prescribed:</p> <p>Provided also that a person having a unit, as defined in the Special Economic Zones Act, 2005 (28 of 2005), in a Special Economic Zone or being a Special Economic Zone Developer shall be granted a separate registration as distinct from his units located outside the Special Economic Zone in the same State or Union territory:</p>	<p>It is proposed to allow persons having multiple places of business in a State or Union territory to obtain separate registrations for each such place of business.</p> <p>As per the extant provisions, a person seeking registration under the Act shall be granted a single registration in a State or Union territory. However, if he has multiple business verticals in a State or Union territory, he may obtain separate registration for each business vertical. Certain PSUs have requested for separate registration for their individual units in a State, a facility which was available prior to 1<sup>st</sup> July 2017.</p> <p>This amendment is a taxpayer-friendly measure.</p> <p>It is proposed to insert the provisions of separate registration for a person having a unit(s) in a Special Economic Zone or being a Special Economic Zone developer as a business vertical distinct from his other units located outside the Special Economic Zone. This provision is already contained in rule 8 of the CGST Rules.</p>

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		<p>Provided also that a person having more than one unit, as defined in the Special Economic Zones Act, 2005 (28 of 2005), in a Special Economic Zone shall be granted a separate registration for each such unit, subject to such conditions as may be prescribed.</p>	<p>In line with the amendment to allow a person having multiple places of business in a State or Union territory to obtain separate registration for each such place of business, a person having multiple units in an SEZ is also being allowed to take separate registration for each such unit.</p>
22.	29 (1), new proviso	<p>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,—</p> <p>(a) ..</p> <p>(b) ..</p> <p>(c) the taxable person, other than the person registered under subsection (3) of section 25, is no longer liable to be registered under section 22 or section 24-:</p> <p>Provided that pending cancellation of registration, the proper officer may suspend the registration of the person subject to such conditions and limitations as may be prescribed.</p>	<p>It is proposed to provide that once a registered person has applied for cancellation of registration, the proper officer may temporarily suspend its registration till the procedural formalities for cancellation are completed.</p> <p>This measure would relieve the taxpayer of continued compliance burden under the law till such time as the process of allowing cancellation of registration is completed.</p>
23.	29 (2), new proviso	<p>Provided that the proper officer shall not cancel the registration without giving the person an opportunity of being heard-:</p> <p>Provided further that pending cancellation of registration, the proper officer may suspend the registration of the person subject to such conditions and limitations as may be prescribed.</p>	<p>The insertion of this proviso seeks to ensure that once it is sought to cancel the registration of a registered person, the proper officer may temporarily suspend the registration till the procedural formalities for cancellation are completed.</p>
<b>Tax Invoice, Credit and Debit Notes</b>			

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
24.	34 (1) & 34 (3)	<p>34(1) Where <del>a tax invoice has one or more tax invoices</del> have been issued for supply of any goods or services or both and the taxable value or tax charged in <del>that tax invoice</del> the said tax invoices 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 supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient <del>a one or more credit notes for supplies made in a financial year</del> containing such particulars as may be prescribed.</p> <p>(2) ...</p> <p>(3) Where <del>a tax invoice has one or more tax invoices</del> have been issued for supply of any goods or services or both and the taxable value or tax charged in <del>that tax invoice</del> the said tax invoices 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 <del>a one or more debit notes for supplies made in a financial year</del> containing such particulars as may be prescribed.</p>	<p>At present, a credit/debit note which is issued by the registered person is required to be issued invoice-wise. This causes avoidable compliance burden for tax payers. Thus, it is proposed to allow issuance of consolidated credit/debit which is in line with the best international practices.</p> <p>The amendment seeks to permit a registered person to issue consolidated credit / debit notes in respect of multiple invoices issued in a Financial Year without linking the same to individual invoices.</p>
25.	35 (5), new proviso	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 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:	In terms of section 35 (5) of the CGST Act, every registered person whose turnover during a financial year exceeds the prescribed limit (presently, Rs. 2 crore) shall get his accounts audited by a chartered accountant or a cost accountant and shall submit a copy of the audited annual accounts, the reconciliation statement under sub-section (2) of section 44 and

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		<p>Provided that nothing contained in this sub-section shall apply to any department of the Central Government or a State Government or a local authority, whose books of accounts are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force.</p>	<p>other prescribed documents. In this regard, Ministry of Defence has represented that the annual accounts of Canteen Stores Department (CSD) are internally audited by the Controller of Defence Accounts (CDA) and therefore, should not be subject to audit by a Chartered Accountant or a Cost Accountant. Thus, it is proposed to provide that any department of the Central or State Government / local authority which is subject to audit by CAG need not get their books of account audited by any Chartered Accountant or Cost Accountant.</p>
<b>Returns</b>			
26.	39(9)	<p>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) or 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, or in the amendment return prescribed for this purpose, 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</p>	<p>It is proposed to provide for allowing taxpayers to amend the returns. This provision existed in pre-GST regime, and is a trade friendly measure which would enable the taxpayers to correct inadvertent mistakes in the returns by filing an amendment return.</p>



Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		relevant annual return, whichever is earlier.	
27.	43A new insertion	<p><b>43A. Procedure for furnishing return and availing input tax credit.</b> - (1) Notwithstanding anything contained in section 37 or section 38, the procedure for furnishing the details of outward supplies by a 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 or section 51 or section 52 (hereafter in this section referred to as the ‘supplier’), and for verifying, validating, modifying or deleting such supplies by the corresponding registered person (hereafter in this section referred to as the ‘recipient’) in connection with the furnishing of return under section 39 shall be such as may be prescribed..</p> <p>(2) Notwithstanding anything contained in section 41, section 42 or section 43, the procedure for availing of input tax credit by the recipient and verification thereof shall be such as may be prescribed.</p> <p>(3) The procedure specified under sub-section (1) and sub-section (2) may include the following:-</p> <p>(i) the procedure for furnishing the details of a tax invoice by the supplier on the common portal for the purposes of availing input tax credit by the recipient in terms of clause (a) of sub-section (2) of section 16;</p> <p>(ii) the amount of tax specified in an invoice for which the details have been furnished by the supplier under clause (i) but the return in respect thereof has not been furnished and tax has not been paid shall be deemed to be</p>	A new section is being introduced in order to enable the new return filing procedure as proposed by the Returns Committee and approved by GST Council.

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		<p>tax payable by him under the provisions of this Act;</p> <p>(iii) the procedure and threshold, not exceeding one thousand rupees, for recovery of the amount of tax payable under clause (ii);</p> <p>(iv) the procedure and circumstances where the recovery of input tax credit can be made, instead of from the supplier, from the recipient who has availed credit on an invoice for which details have been furnished by the supplier under clause (i) but tax has not been paid by the said supplier;</p> <p>(v) for the purposes of clause (ii) and (iii), the supplier and the recipient shall be jointly and severally liable to pay tax or to reverse the input tax credit availed against such tax, as the case may be;</p> <p>(vi) the procedure and threshold for availing input tax credit by the recipient on the basis of invoice for which details have not been furnished by the supplier under clause (i) and recovery thereof; and</p> <p>(vii) the procedure, safeguards and threshold of tax amounts in the invoices, the details of which can be furnished under clause (i) by a newly registered person or by a registered person who has defaulted in payment of tax liability, exceeding the amount of tax or the period of time specified in the rules.</p>	
<b>GST Practitioner</b>			
28.	48	48 (2) A registered person may authorise an approved goods and services tax practitioner 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	Presently, they are authorised to furnish the details of outward and inward supplies and various returns under sections 39, 44 or 45 on behalf of a registered person.

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		section 44 or section 45, <b>and to perform such other functions and</b> in such manner as may be prescribed.	It is proposed to allow the GST practitioner to perform other functions such as, filing refund claim, filing application for cancellation of registration etc.
<b>Payment of Tax</b>			
29.	49(5)(c) & 49(5)(d)	<p>49 (5) The amount of input tax credit available in the electronic credit ledger of the registered person on account of —</p> <p>(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;</p> <p>(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;</p> <p>(c) the State tax shall first be utilized towards payment of State tax and the amount remaining, if any, may be utilized towards payment of integrated tax <b>only when the balance of the input tax credit on account of central tax is not available for payment of integrated tax;</b></p> <p>(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 <b>only when the balance of the input tax credit on account of central tax is not available for payment of integrated tax;</b></p> <p>(e) the central tax shall not be utilised towards payment of</p>	<p>This sub-section deals with the order of utilization of input tax credit. Section 49(5)(c) provides that the amount of ITC available in the electronic credit ledger of the registered person on account of the State tax shall first be utilized towards payment of State tax and the amount remaining, if any, may be utilized towards payment of integrated tax.</p> <p>It is proposed to amend clauses (c) and (d) to provide that the credit of State tax/ Union territory tax can be utilized for payment of integrated tax only when the balance of the input tax credit on account of central tax is not available for payment of integrated tax.</p> <p>This amendment is required since the GST common portal has placed this restriction in the utilization of input tax credit of State tax/Union territory tax towards payment of integrated tax.</p>

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		<p>State tax or Union territory tax;</p> <p>(f) the State tax or Union territory tax shall not be utilized towards payment of central tax:</p> <p>Provided that input tax credit on account of central tax, State tax or Union territory tax shall be utilised towards payment of integrated tax under clause (b), clause (c) or clause (d) only after the input tax credit available on account of integrated tax has been first utilised fully towards such payment.</p>	<p>It is sought to insert a new proviso to sub-section (5) in order to specify that a taxpayer would be able to utilise credit on account of CGST, SGST/UTGST, only after exhausting all the credit on account of IGST available to him.</p> <p>This is being done to minimise fund settlement on account of IGST.</p>
30.	New sub-section 5A in section 49	<p>Notwithstanding anything contained in this section, the Government may, on the recommendations of the Council, prescribe the order of utilization of input tax credit of integrated tax, central tax, State tax or Union territory tax, as the case may be, towards payment of any such tax.</p>	<p>It is proposed to take an enabling power for the Government to prescribe any specific order of utilization of input tax credit of any of the taxes viz., integrated tax, central tax, State tax or Union territory tax for the payment of the said taxes.</p>
<b>Refunds</b>			
31.	54, Explanation (2) (e)	<p>Explanation.-For the purposes of this section,-</p> <p>(2) “relevant date” means-</p> <p>(e) in the case of refund of unutilised input tax credit under clause (ii) of sub-section (3), the <del>end of the financial year due date for furnishing of return under section 39 for the period</del> in which such claim for refund arises;</p>	<p>It is proposed to correct an inherent contradiction of the relevant date in case of refund of unutilized ITC under section 54(3) since as per Explanation (2)(e) to section 54, the relevant date means the end of the financial year in which such claim for refund arises while section 54(3) states that a registered person may claim refund of any unutilized ITC at the end of any tax period.</p> <p>Thus, it is proposed to provide that the relevant date in the case</p>

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			of refund of unutilised input tax credit under clause (ii) of sub-section (3), shall be the due date for furnishing of return under section 39 for the period in which such claim for refund arises.
32.	54 (8) (a)	Section 54 (8) (a) refund of tax paid on <del>zero-rated supplies-export</del> of goods or services or both or on inputs or input services used in making such <del>zero-rated supplies-exports</del> ;	<p>Section 54 (8) provides a list of situations where the principle of unjust enrichment does not apply for the purposes of payment of refund. One such situation is zero-rated supplies of goods or services.</p> <p>Zero-rated supply under section 16 (1) of the IGST Act includes physical exports of goods or services and supplies made to an SEZ unit/SEZ developer and the principle of unjust enrichment does not apply in such cases. Presently, under section 16 (3) of the IGST Act, only the supplier making supplies of goods or services to an SEZ unit/SEZ developer can claim refund. It is proposed to allow ITC to the SEZ developer or SEZ unit and the supplier in DTA may recover the tax amount from such SEZ unit, etc.</p> <p>Thus, it is proposed to amend section 54(8)(a) in order to provide that the principle of unjust enrichment will apply in case of refund claim arising out of supplies of goods or services made to SEZ developer/unit.</p>
33.	54, Explanation (2)(c)(i)	Explanation.-For the purposes of this section,- (2) “relevant date” means-  (c) in the case of services exported out of India where a refund of tax paid is available in respect of	It is proposed to allow receipt of payment in Indian rupees in case of export of services where permitted by the Reserve Bank of India since particularly in the case of exports to Nepal and Bhutan, the payment is received

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		<p>services themselves or, as the case may be, the inputs or input services used in such services, the date of—</p> <p>(i) receipt of payment in convertible foreign exchange <b>or in Indian Rupees where permitted by the Reserve Bank of India</b>, where the supply of services had been completed prior to the receipt of such payment; or</p> <p>(ii) issue of invoice, where payment for the services had been received in advance prior to the date of issue of the invoice;</p>	<p>in Indian rupees as per RBI regulations.</p> <p>In this respect, the provisions of section 2(6)(iv) of the IGST Act are also being amended to provide that services shall qualify as exports even if the payment for the services supplied is received in Indian rupees as per RBI regulations.</p>
<b>Recovery of Tax</b>			
34.	79 (1)	<p>In this section, two Explanations are proposed to be inserted as under:</p> <p><i>Explanation .-</i></p> <p>(1) <b>For the purposes of this section, the word person shall include “distinct persons” as referred to in sub-section (4) or, as the case may be, sub-section (5) of section 25.</b></p> <p>(2) <b>For the purposes of this clause, the term “Collector” means the Collector of a revenue district and includes a Deputy Commissioner or a district magistrate or head of the revenue administration in a revenue district.</b></p>	<p>It is proposed to provide that recovery may be made from distinct persons present in different States / UTs in order to ensure speedy recovery from other establishments of the registered person.</p> <p>It is proposed to clarify the definition of the term ‘Collector’ since the same varies across different States.</p>
<b>Appeals to Appellate Authority and Appellate Tribunal</b>			
35.	107 (6)	<p>No appeal shall be filed under sub-section (1), unless the appellant has paid—</p> <p>(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</p> <p>(b) a sum equal to ten per cent. of the remaining amount of tax in dispute arising from the said</p>	<p>Presently, in terms of section 107(6), the appellant is required to pay a sum equal to 10% of the tax in dispute arising from the order being appealed against for filing an appeal before the Appellate Authority.</p> <p>It is proposed to provide a ceiling of Rs. 25 crore for filing an appeal before the Appellate Authority. This is a taxpayer-</p>

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		order, <b>subject to a maximum of twenty-five crore rupees</b> , in relation to which the appeal has been filed.	friendly amendment especially in cases where the tax demand is of hundreds of crores of rupees.
36.	112 (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 section 107, arising from the said order, <b>subject to a maximum of fifty crore rupees</b> , in relation to which the appeal has been filed.	In terms of section 112 (8), the appellant is required to pay a sum equal to 20% of the tax in dispute, in addition to the amount paid under section 107 (6), arising from the order of the Appellate Authority for filing an appeal before the Appellate Tribunal. This section is being amended to provide a ceiling of Rs. 50 crores for filing an appeal before the Appellate Tribunal. This is a taxpayer-friendly amendment especially in cases where the tax demand is of hundreds of crores of rupees.
<b>Transitional Provisions</b>			
37.	140 (1)	(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 <b>of [eligible duties]</b> carried forward in the return relating 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.....”  “... <i>Explanation 1.</i> —For the purposes of sub-sections <b>[(1)</b> , (3), (4) and (6), the expression “eligible duties” means— (i)... (ii)... (iii)... (iv) <del>the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978;</del> ”	It is proposed to clarify that only transitional credit of eligible duties can be carried forward in the return and not all credits. This provision is already contained in rule 117(1) of the CGST Rules.  The eligible duties do not include the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978.

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		<p>(v)... ”</p> <p>“...<i>Explanation 2.</i>—For the purposes of sub-sections (1) and (5), the expression “eligible duties and taxes” means—</p> <p>(i)...  (ii) ...  (iii)...  (iv) <del>the additional duty of excise leviable under section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978;</del>”  (v)... ”</p> <p><i>Explanation 3.</i>—For removal of doubts, it is clarified that the expression “eligible duties and taxes” excludes any cess which has not been specified in Explanation 1 or Explanation 2 above and any cess which is collected as additional duty of customs under sub-section (1) of section 3 of the Customs Tariff Act, 1975.</p>	<p>For removal of doubts, it is proposed to clarify that the expression “eligible duties and taxes” excludes any cess which has not been specified in Explanation 1 or Explanation 2 above and any cess which is collected as additional duty of customs under sub-section (1) of section 3 of the Customs Tariff Act, 1975.</p>
38.	143 (1), new proviso	<p>(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,—</p> <p>(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</p>	<p>In terms of section 143 of the CGST Act, a registered person (Principal) is allowed to send inputs or capital goods to a job worker for job work without payment of tax subject to the conditions inter-alia, that the inputs and capital goods are brought back within a period of one year and three years respectively.</p> <p>It is proposed to insert a proviso in section 143 to provide that the period of one year or three years may, on sufficient cause being shown, be extended by the</p>



Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		<p>their being sent out, to any of his place of business, without payment of tax;</p> <p>(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:</p> <p>Provided that the period of one year or three years, as the case may be, may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding one year and two years respectively.</p>	<p>Commissioner for a further period not exceeding one year and two years respectively.</p> <p>This is a taxpayer-friendly amendment to cover situations where the period of one year specified is not adequate in respect of job works such as hull construction/fabrication of vessels (for defence purposes), since these processes complete in a period of around 14 to 16 months.</p>
<b>IGST Act, 2017</b>			
39.	2 (6) (iv)	<p>(6) “export of services” means the supply of any service when, —</p> <p>(i) the supplier of service is located in India;</p> <p>(ii) the recipient of service is located outside India;</p> <p>(iii) the place of supply of service is outside India;</p> <p>(iv) the payment for such service has been received by the supplier of service in convertible foreign exchange or in Indian Rupees where permitted by the Reserve Bank of India; and</p> <p>(v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with <i>Explanation 1</i> in section 8.</p>	<p>It is proposed to allow receipt of payment in Indian rupees in case of export of services where permitted by the Reserve Bank of India since particularly in the case of exports to Nepal and Bhutan, the payment is received in Indian rupees as per RBI regulations.</p> <p>This is a taxpayer-friendly amendment.</p>
40.	2 (16), Explanation	‘governmental authority’ means “an authority or a board or any other body, -	The reference to Panchayat under article 243G is sought to be added in the definition of

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		(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 <b>Panchayat under article 243G or to a municipality under article 243W</b> of the Constitution”.	Governmental authority which was left out inadvertently.
41.	12 (8)	12 (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:- <b>Provided that if the transportation of goods is to a place outside India, the place of supply shall be the place of destination of such goods.</b>	In order to provide a level playing field to the domestic transportation companies and promote export of goods, it is proposed that the transportation of goods from a place in India to a place outside India by a transporter located in India would not be chargeable to GST, as place of supply will be outside India.  This is a taxpayer-friendly amendment.
42.	Proviso to 13 (3) (a)	(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	It is proposed to not tax job work of any treatment or process done on goods temporarily imported into India (e.g., gold, diamonds) which are then exported. This is a taxpayer-friendly amendment which would encourage skill development in our country.

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		apply in the case of services supplied in respect of goods which are temporarily imported into India for repairs <del>or for any other treatment or process</del> and are exported after repairs <del>or such treatment or process</del> without being put to any other use in India, than that which is required for such repairs <del>or such treatment or process</del> ;	
43.	17 (1), new proviso	17 (1): Provided that fifty per cent. of such amount as may be decided on the recommendation of the Council, which does not get apportioned under clauses (a) to (f) for the time being, shall be apportioned to the Central Government on ad hoc basis and shall be adjusted against amounts apportioned under clauses (a) to (f).	The proposed amendment provides that fifty percent of the amount of IGST which does not get apportioned under clauses (a) to (f) for the time being shall be apportioned to the Central Government on the recommendations of the Council and shall be adjusted against the amounts apportioned under clauses (a) to (f).
44.	17 (2), new proviso	17 (2): Provided also that fifty per cent. of the amount referred to in the first proviso to sub-section (1) shall be apportioned to the State Government on ad hoc basis and shall be adjusted against amounts apportioned under clauses (a) to (f).	Similar provision is made for adhoc apportionment of the remaining fifty percent of IGST to the State Governments.
<b>GST (Compensation to States) Act</b>			
45.	New 10 (3A)	10(3A) (a) Notwithstanding anything contained in sub-section (3), the Central Government may, at any point of time in a financial year, on the recommendations of the Council, distribute the amount remaining unutilized in the Fund amongst the Centre and the States in the manner provided for in sub section (3).  (b) In case of shortfall in the amount collected in the Fund	The proposed amendment provides for distribution of cess remaining unutilized in the Fund on an adhoc basis among the Centre and the States on the recommendations of the Council.

Sl. No.	Section/Sub-section/Clause	Amendments as shown in Red and Strikethrough	Rationale/Remarks
		against the requirement of compensation to be released under section 7 for any two month period, the same shall be adjusted from the amount released from the Fund under clause (a).	
46.	Section 7(4)(b)(ii)	7(4)(b)(ii) the integrated goods and services tax apportioned to that State, as certified by the Principal Chief Controller of Accounts of the Central Board of <del>Excise</del> Indirect Taxes and Customs; and	This is in pursuance of the change in name of the Central Board of Excise and Customs to the Central Board of Indirect Taxes and Customs constituted under the Central Boards of Revenue Act, 1963 (54 of 1963).