

AS INTRODUCED IN LOK SABHA

**Bill No. 146 of 2018**

THE GOODS AND SERVICES TAX (COMPENSATION TO STATES)  
AMENDMENT BILL, 2018

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BILL

*further to amend the Goods and Services Tax (Compensation to States) Act, 2017.*

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

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

(2) It shall come into force on such date as the Central Government may, by notification  
5 in the Official Gazette, appoint.

Amendment of section 7. **2.** In section 7 of the Goods and Services Tax (Compensation to States) Act, 2017 15 of 2017. (hereinafter referred to as the principal Act), in sub-section (4), in clause (b), in sub-clause (ii), for the words "Central Board of Excise and Customs", the words "Central Board of Indirect Taxes and Customs" shall be substituted.

Amendment of section 10. **3.** In section 10 of the principal Act, after sub-section (3), the following sub-section 5 shall be inserted, namely:—

"(3A) Notwithstanding anything contained in sub-section (3), fifty per cent. of such amount, as may be recommended by the Council, which remains unutilised in the Fund, at any point of time in any financial year during the transition period shall be transferred to the Consolidated Fund of India as the share of Centre, and the 10 balance fifty per cent. shall be distributed amongst the States in the ratio of their base year revenue determined in accordance with the provisions of section 5:

Provided that in case of shortfall in the amount collected in the Fund against the requirement of compensation to be released under section 7 for any two months' 15 period, fifty per cent. of the same, but not exceeding the total amount transferred to the Centre and the States as recommended by the Council, shall be recovered from the Centre and the balance fifty per cent. from the States in the ratio of their base year revenue determined in accordance with the provisions of section 5."

## STATEMENT OF OBJECTS AND REASONS

The Goods and Services Tax (Compensation to States) Act, 2017 (the Act) was enacted with a view to provide for compensation to the States for the loss of revenue arising on account of implementation of the goods and services tax in pursuance of the provisions of the Constitution (One Hundred and First Amendment) Act, 2016.

2. Section 10 of the Act provides for distribution of the amount remaining unutilised in Compensation Fund at the end of transition period between Centre and the States. As the said section doesn't provide for distribution of amount remaining unutilised in Compensation Fund at any point of time in any financial year, it is proposed to amend the Goods and Services Tax (Compensation to States) Act, 2017.

3. The Goods and Services Tax (Compensation to States) Amendment Bill, 2018 provides for the following, namely:—

(i) to insert a new sub-section (3A) in section 10 of the Act so as to provide that any amount remaining unutilised in the Compensation Fund may, on the recommendations of the Council, be distributed between Centre and the States at any point of time in a financial year; and

(ii) to provide that in case of shortfall in the amount collected in the Fund against the requirement of compensation to be released under section 7 for any two months' period, fifty per cent. of the same, but not exceeding the total amount transferred to the Centre and the States as recommended by the Council shall be recovered from the Centre and the balance fifty per cent. from the States in the ratio of their base year revenue determined in accordance with the provisions of section 5 of the Act.

4. The Bill seeks to achieve the above objectives.

NEW DELHI;

PIYUSHGOYAL

*The 6th August, 2018.*

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

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**[Copy of D.O. No. S-31011/10/2018-ST-II-DoR dated 6th August, 2018 from  
Shri Piyush Goyal, Minister of Finance to the Secretary General, Lok Sabha]**

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

## FINANCIAL MEMORANDUM

Clause 3 of the Bill seeks to provide for distribution of amount remaining unutilised out of the Compensation Fund between Centre and States at any point of time in any financial year as per recommendations of the Goods and Services Tax Council in accordance with the provisions of section 5 of the Goods and Services Tax (Compensation to States) Act, 2017.

2. The Bill does not incur any extra expenditure on Consolidated Fund of India.

ANNEXURE

EXTRACT FROM THE GOODS AND SERVICES TAX (COMPENSATION TO STATES) ACT, 2017  
(15 OF 2017)

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7. (1) \* \* \* \* \*

Calculation  
and release of  
compensation.

(4) The loss of revenue at the end of every two months period in any year for a State during the transition period shall be calculated, at the end of the said period, in the following manner, namely:—

\* \* \* \* \*

(b) the actual revenue collected by a State till the end of relevant two months period in any financial year during the transition period shall be—

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(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 Excise and Customs; and

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further to amend the Goods and Services Tax (Compensation to States) Act, 2017.

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

MGIPMRND—1403LS(S3)—06-08-2018.