

# What's New

## News Flash



July 2016

### ***Union cabinet approves amendments to GST constitution amendment bill***

As per news reports, the union cabinet has approved the following amendments to the GST constitution amendment bill:

- Proposal to levy 1 percent additional tax on inter-state supply of goods is dropped.
- Central Government has agreed to compensate the States for the first 5 years, which was earlier fixed upto 5 years.
- The disputes between States and the Centre would be resolved by the GST Council.

### **PwC comments**

The bill will now be placed before the Rajya Sabha and has to go to the Lok Sabha for ratification of the changes. Removal of 1% additional tax on inter-state supply of goods is a welcome step, and businesses can now look forward to review their supply chains. One of the demands of the principal opposition party has been accepted, i.e., removal of 1% additional tax. It is expected that the Bill would be discussed in the Rajya Sabha in the coming week. The Government continues to put in all efforts to achieve consensus among political parties for passage of the Bill, and it now seems more likely that the Bill would be passed. Industry should initiate steps for preparation for GST transition.

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PwC TRS Team

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