

What's New

News Flash



August 2016

Rajya Sabha passes GST Constitution Amendment Bill

The Upper House of Indian Parliament (Rajya Sabha) has passed the Constitution Amendment Bill, paving the way for introduction of Goods and Services Tax (GST). While passing the bill, the following amendments were made:

- Tax collected by the Central Government and apportioned to States and the taxes collected by the States will not form part of the Consolidated Fund of India.
- GST Council to establish dispute resolution mechanism for resolving disputes between Centre and States, Centre and some States & other States and inter-State disputes.
- The proposal to levy 1% additional tax on inter-State supplies of goods is removed.
- The Central Government will provide compensation to States for loss of revenue for a period extending to five years.

Other important statements made by the Finance Minister are as under:

- Petroleum products would be treated as a zero-rated product and would be brought under GST regime after approval by the GST Council.
- Alcohol will not be included in the GST regime.
- Separately, the Government has also released a set of Frequently Asked Questions on GST today.

PwC comments

This is a momentous step in the journey towards introduction of GST. As a way forward, now the bill will need to be approved by Lok Sabha and then, at least half of the States would need to ratify the proposed amendments to the Constitution. After that, the President will give assent to amendment of the Constitution.

With this, the Government is likely to push for 1 April, 2017 as the date for GST implementation. Considering the limited time available and multi-dimensional impact of GST on businesses (such as on product pricing, working capital, information system, supply chain, contractual arrangements etc.), industry would immediately need to assess its preparedness.

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PwC TRS Team

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