



## **Goods and Services Tax Alert**

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### **The Taxation Laws (Amendment) Bill as introduced in the Lok Sabha**

**Issue no:** GST/5/2017

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[Highlights of The Taxation  
Laws \(Amendment\) Bills as  
introduced in Lok Sabha on  
31 March 2017](#)

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In order to implement Goods and Services Tax (GST) in India from 1 July 2017, the Central Government has introduced The Taxation Laws (Amendment) Bill, 2017 in the Lok Sabha on 31 March 2017. The Bill seeks to primarily amend the Customs Act 1962, the Customs Tariff Act 1975, the Central Excise Act 1944, the Finance Act, 2001 and the Finance Act, 2005.

The proposed amendments are highlighted below:

### **Customs Law**

- The definition of "customs area" as per Section 2(11) of the Customs Act, 1962 is expanded to include "warehouse" in order to ensure that an importer would not be required to pay the proposed IGST at the time of removal of goods from a Customs station to a warehouse.
- Section 3 of the Customs Tariff Act, 1975 is proposed to be amended to provide for levy of IGST and GST compensation Cess on imported goods.
- The value on which IGST and GST compensation cess would be levied shall be the aggregate of:
  - Value of goods imported (invoice value of goods imported) or tariff value of the article fixed under the Customs legislations
  - Basic customs duty and sum chargeable on that article under any law for the time in force as duty of customs.

### **Central Excise Law**

- Pursuant to the introduction of the Central Goods and Services Tax Bill, 2017 it is proposed to repeal the Central Excise Tariff Act, 1944. In this regards, a new Schedule, namely, the Fourth Schedule is proposed to be inserted in the Central Excise Act, 1944 to provide for classification and duty rates for excisable goods, such as,
  - Petroleum Crude
  - Motor Spirit (Petrol)
  - High Speed Diesel
  - Aviation Turbine Fuel and Natural Gas
  - Tobacco and Tobacco products

in order to continue to levy central excise duty even after the commencement of Goods and Services Tax legislations.

- In light of the above, significant amendments are proposed in the Central Excise Act, 1944. Following are the proposed amendments in the Central Excise Act, 1944
  - Reference is now made to Fourth Schedule of the Central Excise Act in the definition of "excisable goods" and "manufacture" and reference to First Schedule and Second Schedule of the Central Excise Tariff Act is omitted
  - The charging section is substituted and refers to the Fourth Schedule to the Central Excise Act, 1944, and omits the provision of levy of special duty of excise.
  - Entries in the Third Schedule of the Central Excise Act are omitted to the extent on which goods and services tax is made applicable
  - Emergency powers to increase the rate of duty as are presently provided in the Central Excise Tariff Act, 1985 are proposed.

- The proposed bill seeks to abolish cesses or surcharges levied/collected as duty of Excise or Service tax under various Acts. For instance,
  - Swachh Bharat Cess
  - Infrastructure Cess
  - Kirshi Kalyan Cess
  - Sugar Cess
  - Cess levied on water consumed by the certain industries

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