

**THE GUJARAT GOODS AND SERVICES TAX (AMENDMENT)  
BILL, 2024.**

**GUJARAT BILL NO. 13 OF 2024.**

*A BILL*

*further to amend the Gujarat Goods and Services Tax Act, 2017.*

It is hereby enacted in the Seventy-fifth Year of the Republic of India as follows: —

**1.** (1) This Act may be called the Gujarat Goods and Services Tax (Amendment) Act, 2024.

**Short title and commencement.**

(2) It shall come into force on such date as the State Government may, by notification in the *Official Gazette*, appoint:

**Amendment of section 2 of Guj. 25 of 2017.** **2.** In the Gujarat Goods and Services Tax Act, 2017 (hereinafter referred to as “the principal Act”), in section 2, for clause (61), the following clause shall be substituted, namely:— **Guj.25 of 2017.**

“(61) “Input Service Distributor” means an office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, and liable to distribute the input tax credit in respect of such invoices in the manner provided in section 20;”.

**Substitution of section 20 of Guj. 25 of 2017.** **3.** In the principal Act, for section 20, the following section shall be substituted, namely:—

**Manner of distribution of credit by Input Service Distributor**

“**20.** (1) Any office of the supplier of goods or services or both which receives tax invoices towards the receipt of input services, including invoices in respect of services liable to tax under sub-section (3) or sub-section (4) of section 9, for or on behalf of distinct persons referred to in section 25, shall be required to be registered as Input Service Distributor under clause (viii) of section 24 and shall distribute the input tax credit in respect of such invoices.

(2) The Input Service Distributor shall distribute the credit of State tax or integrated tax charged on invoices received by him, including the credit of State tax or integrated tax in respect of services subject to levy of tax under sub-section (3) or sub-section (4) of section 9 paid by a distinct person registered in the same State as the said Input Service Distributor, in such manner, within such time and subject to such restrictions and conditions as may be prescribed.

(3) The credit of State tax shall be distributed as State tax or integrated tax and integrated tax as integrated tax or State tax, by way of issue of a document containing the amount of input tax credit, in such manner as may be prescribed.”.

**Insertion of  
new section  
122A to Guj.  
25 of 2017.**

**4.** In the principal Act, after section 122, the following section shall be inserted, namely: —

**Penalty for  
failure to  
register certain  
machines used  
in manufacture  
of goods as per  
special  
procedure.**

“**122A.** (1) Notwithstanding anything contained in this Act, where any person, who is engaged in the manufacture of goods in respect of which any special procedure relating to registration of machines has been notified under section 148, acts in contravention of the said special procedure, he shall, in addition to any penalty that is paid or is payable by him under Chapter XV or any other provisions of this Chapter, be liable to pay a penalty equal to an amount of one lakh rupees for every machine not so registered.

(2) In addition to the penalty under sub-section (1), every machine not so registered shall be liable for seizure and confiscation:

Provided that such machine shall not be confiscated where—

(a) the penalty so imposed is paid; and

(b) the registration of such machine is made in accordance with the special procedure within three days of the receipt of communication of the order of penalty.”.

## STATEMENT OF OBJECTS AND REASONS

The Gujarat Goods and Services Tax Act, 2017 was enacted with a view to making a provision for levy and collection of tax on intra-State supply of goods or services or both by the Government of Gujarat.

Various decisions have been taken by the Goods and Services Tax Council in its 50<sup>th</sup> and 52<sup>nd</sup> meetings requiring amendments in the Goods and Services Tax Laws. Accordingly, the Central Goods and Services Tax Act, 2017 (12 of 2017) has been amended by the Parliament by the Finance Act, 2024 (8 of 2024). With a view to implementing the recommendations of the Goods and Services Tax Council as soon as possible and in order to maintain the uniformity in applicability of the provisions of the Central Goods and Services Tax Act, 2017 and the Gujarat Goods and Services Tax Act, 2017 (Guj. 25 of 2017), this Bill requires to be passed by the Legislative Assembly of the State of Gujarat.

This Bill seeks to amend the Gujarat Goods and Services Tax Act, 2017 to achieve the aforesaid objects.

The following notes on clauses explain, in brief, the important provisions of this Bill:-

**Clause 1.-** This clause provides for the Short title and Commencement.

**Clause 2.-** This clause seeks to substitute the definition of "Input Service Distributor".

**Clause 3.-** This clause seeks to substitute section 20 of the Gujarat Goods and Services Tax Act, 2017 so as to make Input Service Distribution mechanism mandatory for distribution of input tax credit of common input services procured from third parties by the Input Service Distributor for or on behalf of the distinct persons referred to in section 25 of the said Act.

**Clause 4.-** This clause seeks to insert new section 122A to the Gujarat Goods and Services Tax Act, 2017 so as to provide for special penalty for non-registration of machines by manufacturers who are required to follow special procedure notified under section 148 of the said Act.

**KANUBHAI DESAI,**

### **MEMORANDUM REGARDING DELEGATED LEGISLATION**

This Bill involves the delegation of legislative powers in the following respects: -

**Clause 1.-** Sub-clause 2 of this clause empowers the State Government to appoint, by notification in the *Official Gazette*, the date on which the provisions of this Bill shall come into force.

**Clause 4.-** The provisions of sub-section (2) of section 20 of the Gujarat Goods and Services Tax Act, 2017 proposed to be substituted by this clause empowers the State Government to prescribe by rules, the manner in which, the time within which, restrictions and conditions subject to which the Input Service Distributor shall distribute the credit of State tax or integrated tax charged on invoices received by him, including the credit of State tax or integrated tax in respect of services subject to levy of tax under sub-section (3) or sub-section (4) of section 9 paid by a distinct person registered in the same State as the said Input Service Distributor.

Further, the provisions of sub-section (3) of section 20 of the Gujarat Goods and Services Tax Act,

2017 proposed to be substituted by this clause empowers the State Government to prescribe by rules, the manner in which the credit of State tax shall be distributed as State tax or integrated tax and integrated tax as integrated tax or State tax, by way of issue of a document containing the amount of input tax credit.

The delegation of legislative powers, as aforesaid, is necessary and is of normal character.

Dated 14<sup>th</sup> August, 2024.

**KANUBHAI DESAI.**

*ANNEXURE***EXTRACT FROM THE GUJARAT GOODS AND SERVICES  
TAX ACT, 2017.****(Guj. 25 of 2017)**

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**Definitions.**

2. (1) to (60) XXX XXX XXX

(61) “Input Service Distributor” means an office of the supplier of goods or services or both which receives tax invoices issued under section 31 towards the receipt of input services and issues a prescribed document for the purposes of distributing the credit of central tax, State tax, integrated tax or Union territory tax paid on the said services to a supplier of taxable goods or services or both having the same Permanent Account Number as that of the said office;

(62) to (120) XXX XXX XXX

**Manner of  
distribution of  
credit by Input  
Service  
Distributor.**

**20.** (1) The Input Service Distributor shall distribute the credit of State tax as State tax or integrated tax and integrated tax as integrated tax or State tax, by way of issue of document containing the amount of input tax credit being distributed in such manner as may be prescribed.

(2) The Input Service Distributor may distribute the credit subject to the following conditions, namely:—

(a) the credit can be distributed to the recipients of credit against a document containing such details as may be prescribed;

(b) the amount of the credit distributed shall not exceed the amount of credit available for distribution;

(c) the credit of tax paid on input services attributable to a recipient of credit shall be distributed only to that recipient;

(d) the credit of tax paid on input services attributable to more than one recipient of credit shall be distributed amongst such recipients to whom the input service is attributable and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the said relevant period;

(e) the credit of tax paid on input services attributable to all recipients of credit shall be distributed amongst such recipients

and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all recipients and which are operational in the current year, during the said relevant period.

***Explanation.***—For the purposes of this section,—

(a) the “relevant period” shall be—

(i) if the recipients of credit have turnover in their States or Union territories in the financial year preceding the year during which credit is to be distributed, the said financial year; or

(ii) if some or all recipients of the credit do not have any turnover in their States or Union territories in the financial year preceding the year during which the credit is to be distributed, the last quarter for which details of such turnover of all the recipients are available, previous to the month during which credit is to be distributed;

(b) the expression “recipient of credit” means the supplier of goods or services or both having the same Permanent Account Number as that of the Input Service Distributor;

(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 entry 84 of List I of the Seventh Schedule to the Constitution and entry 51 and 54 of List II of the said Schedule.





**GUJARAT LEGISLATURE SECRETARIAT**

**GUJARAT BILL NO. 13 OF 2024.**

*A BILL*

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Tax Act, 2017.*

**[ SHRI KANUBHAI DESAI,  
MINISTER FOR FINANCE]**

(As published in the Gujarat Government Gazette  
of 14<sup>th</sup> August, 2024)

**Chetan Pandya,  
Incharge Secretary,  
Gujarat Legislative Assembly.**