

RAJYA SABHA

*** SUPPLEMENT**

TO

SYNOPSIS OF DEBATE

(Proceedings other than Questions and Answers)

Wednesday, December 20, 2023/ Agrahayana 29, 1945 (Saka)

**(i) The Central Goods and Services Tax (Second Amendment) Bill, 2023, as passed
by Lok Sabha- Contd.**

SHRI DHANANJAY BHIMRAO MAHADIK: This Bill has been brought to amend Sections 109 and 110 of the Goods and Services Tax Act, 2017 which relate to the constitution of the GST Appellate Tribunals. It is proposed that the GST Appellate Tribunal will have a President, a judicial member and two technical members. In this, a provision has been made for selection of advocates, who have 10 years of experience in indirect taxation. The minimum age for its President and Members has been fixed as 50 years. Earlier, the age of the President was 67 years, which has now been increased to 70 years; and the age of the Members was 65 years, which has now been increased to 67 years. Earlier, if any claim was denied, there was no second chance, due to which all these people, all the companies used to go to the High Courts. The number of these cases in the High Courts is around 6 crores. I think after formation of the GST Tribunals, the burden on the High Courts will be reduced, and it will make it easier for the people to get justice. It is estimated that GST of about Rs. 20 lakh crores will be collected this year. For this reason, all the states are continuously being given their share by the Centre and infrastructure development and public welfare works are being done in the country. I have only one demand from the Government that petrol and diesel should also be brought under the ambit of GST.

SHRI NARESH BANSAL: Under this Amendment, the provisions are being made to fix the maximum age of the President of the GST Tribunals at 70 years and of the Members, whether technical or judicial, at 67 years, while their minimum age would be 50 years. Constitution of the Central GST Tribunal and State GST Tribunals was very much required. Currently, the people who do not agree with the decisions of the Appellate Authority, approach the High Court and the Supreme Court, which is increasing the number of cases there. Several efforts were made even before the implementation of GST, but there was no trust in those governments, hence those efforts were not successful. When we became independent, the work of changing the old laws, which should have been done within 10 years, was not done for 75 years. This Government has worked to establish us as responsible citizens, and as contributors to the development of the country. The government's effort is to create one nation, one tax and unify 17 taxes and 13 cesses through GST. At the time when GST was implemented, the collection was around Rs. 92 thousand crores, which has now increased to Rs. 1 lakh, 67 thousand crores. It is moving

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towards Rs. 2 lakh crores. Collection has become almost double. The country's infrastructure is increasing with that revenue-collection. Industrialists from all over the world want to come to India. There has been extensive progress in all the areas. I strongly support this Bill and request that petrol and diesel also be brought under the ambit of GST.

SHRI RAKESH SINHA: The biggest advantage of GST is that there has been formalization of the informal sector of our economy, due to which the pace of the economy has increased.

THE MINISTER OF FINANCE; AND THE MINISTER OF CORPORATE AFFAIRS (SHRIMATI NIRMALA SITHARAMAN), replying to the debate, said: I appreciate the contributions of all Members to the debate on this significant Bill. The amendments aim to align age limits for judicial and technical Members of the GST Appellate Tribunal with other Tribunals, as suggested by the Supreme Court.

Two key amendments are at the forefront under it: setting age limits of 67 years and 70 years respectively for Member and President; and allowing advocates with ten years' standing to be appointed. Addressing concerns about the pending Authority for Advance Authorisation, I recognize its significance in the evolving GST landscape.

With regard to the point made about tribunal vacancies, I acknowledge the valid concerns and assure ongoing efforts to dynamically fill positions. However, challenges persist in finding suitable candidates, especially technical and retired judicial officers. I am committed to addressing these issues in real-time. Risk profiling before giving input tax credit or restricting claims are issues on which the GST Council has been talking. Increasing the cap from Rs. 40 lakhs to Rs. 60 lakhs may be a good suggestion and I leave it to the Council to decide. But it is also equally important that more small firms ideally should come on board. The hon'ble Member, Shri Sushil Modi spoke about ease of doing business for small companies. I want to say that from registration to return filing and payments, all steps are now completely online. There is no need for anyone who wants to come and set up a unit and then register for GST to run after the offices. For mismatches in the return, self-assessment and correction facility has been provided for the taxpayers. These are all the steps which have been taken to make the system better. I am sure more such steps will be taken in future.

In view of flood situation in Tamil Nadu, we have extended the date for one week to file GSTR- 3B. It is a relief measure for people, who are in a desperate situation as they are cut-off completely. Women and children are being airlifted with helicopters. Ten rescue teams of NDRF have been pressed into service. In Tamil Nadu, they are at the disposal of local administration. We also have two more teams in reserve. A total of 13 teams are working in Tamil Nadu. The eight helicopters have been provided. Even additional helicopters are also being sent. The Indian Army and Coast Guard are also providing assistance. In addition, the State Disaster Response Fund for 2023-24 is Rs.1,200 crore. Of which, an amount of Rs.900 crore is the Central share. The second installment of Rs.450 crore has also been released on 12th December, 2023. So, the Central Government is not delaying in providing timely relief. The survey teams of insurance companies are doing their job in cyclone hit areas. The Secretary of Department of Financial Services is closely monitoring it so that people can get insurance claims without difficulties. Without any delay, our hon'ble Home Minister sent NDRF and survey teams to Tamil Nadu. Despite a busy schedule, Hon'ble Prime Minister spared his valuable time for having a personal discussion with Tamil Nadu Chief Minister. So, because of the speedy response of the Home Minister, the state of Tamil Nadu had got those relief and rescue helicopters, boats, medicines and other assistance in time. The people of Tamil

Nadu know it well that Central Government is with them. Some of our Members have highlighted the fact that GST came as a blessing for common people as the daily use items got cheaper and more affordable for them. The people had more trust in Government. Another hon'ble Member raised an interesting point about the Petrol and Diesel to be included under GST. It will be done when states support this idea. Another Member raised a query as to why the Chartered Accountants could not be allowed to be a member of tribunal, like an advocate. Overall, it was a constructive discussion on the Bill. I submit that the Bill be passed by the House.

The motion for consideration of the Bill was adopted.

Clauses etc. were adopted.

The Bill was returned.

(ii) The Provisional Collection of Taxes Bill, 2023, as passed by Lok Sabha

THE MINISTER OF FINANCE; AND THE MINISTER OF CORPORATE AFFAIRS (SHRIMATI NIRMALA SITHARAMAN): I move that the Bill to provide for the immediate effect for a limited period of provisions in Bills relating to the imposition or increase of duties of customs or excise, as passed by Lok Sabha, be taken into consideration.

DR. AMAR PATNAIK: This Bill in effect replaces the 1931 Bill of a similar nature. Generally, it happens every year that an announcement is made about increasing of either the customs duties or excise duties. However, there is a time lag before it is passed in the Parliament. To clarify the rule position on intervening period, this Bill has been introduced. Now, it is proposed that there has to be a law which would actually ensure that during this period whatever tax is collected or whatever is refundable would be taken into account under the Consolidated Fund of the State. So, this Bill actually sanctifies that particular process, which enables the Government to collect those taxes right from the day the announcement is made till the formal Finance Bill is passed in the Parliament. So, I think, there is nothing to object on this particular Bill. However, Clause 3 and Clause 4 of the Bill demand a clarification about the aspects of declaration made in public interest and applicability date thereof. The loopholes for speculations must not be left unattended in the age of information technology. Therefore, I would like to know whether the Government would think of considering replacing the word 'expiry of the day' to say that it actually kicks in immediately. The Clause 5(1) makes a mention of refund. However, there is no mention of making refunds along with an interest due thereon. That also should be clarified. Finally, being a progressive Bill, I support it.

SHRI GHANSHYAM TIWARI: This Bill is being brought in place of the Bill made in 1931. There is a provision in this Bill that until the Finance Bill is passed, the government can collect taxes immediately. This Bill will neither apply to GST taxes nor to income tax. Apart from these two, this law will be applicable on all the new taxes imposed. These taxes are the income of the State. This tax is for public welfare works. Inspector Raj was in place because of laws like sales tax. This will put a check on Inspector Raj. Today our foreign exchange reserves have become 606 billion dollars, our GDP is increasing by more than 7.2 percent. Our exports have doubled, our tax collection has increased. Today no State government comes to complain that it has not received its money from the Government of India. There is both momentum and prudence in this Bill. The prudence is to bring this Bill and the momentum is to collect taxes through it. I fully support this Bill.

SHRI AYODHYA RAMI REDDY ALLA: This Bill is very timely, and it addresses the critical gap in our fiscal framework. This Bill safeguards the fair and efficient implementation of tax policies. This prevents speculation and manipulation based on anticipated duty changes before the full Finance Bill is passed. This provides clarity and certainty on immediate implementation of duty changes and creates transparency for business and individuals, allowing them to adjust plans and operations without ambiguity. This upholds fairness. This Bill helps create a level-playing field and ensures fair practices. It also protects the economic stability. Uncontrolled speculation on anticipated duty changes can lead to market fluctuations and potentially destabilize the economy. This Bill acts as a safeguard against such economic disruptions. This also modernizes the existing framework, replacing the outdated 1931 Act with a contemporary legislative framework. It ensures efficient and effective management of interim duty changes. This Bill allows for refunds or adjustments in case the declared provisions are amended or not enacted, thus, protecting taxpayers from undue burden and streamlines the processes. We support this Bill.

DR. M. THAMBIDURAI: There is a time- gap in the presentation and passing of the Budget. At that time, imposing certain taxes and their collection may create some problem. That is why the Government has come forward to rectify the system and help the people who have already paid. The same thing happens with customs or excise duties, especially for export and import.

***SHRI RAMBHAI HARJIBHAI MOKARIYA:** I thank the Government of India for implementing the GST Legislation. A new taxation policy has come into existence in our country after the implementation of the GST legislation. Thus, we now have One Nation – One Tax policy in India. Prior to the implementation of the GST legislation, the people of India were burdened with several indirect taxes. It is noteworthy that the tax collection is increasing day by day. This, in turn, is contributing to the development of our country. The fruits of the contemporary development are being enjoyed by the most vulnerable people of the India society.

DR. K. LAXMAN: I support the Provisional Collection of Taxes Bill, 2023. This Bill not only simplifies the procedures of collecting revenues, but it also helps in the overall development of the nation and uplifting the poor of this country. The Bill has been brought to give immediate effect to the increased or newly-imposed taxes and empower the Government to collect such taxes provisionally for the interim period of 75 days between the introduction of the Finance Bill and the enactment of the Bill. We have seen as to how every rupee collected by this Government has been spent for the welfare of the poor as also for the development of the country. Prior to Prime Minister Modi coming to power, India was supposed to be the tenth-largest economy in the world. In spite of all odds like Covid and Ukraine-Russia war, now, India is supposed to be fifth largest economy in the world. For the last three years, we have been witnessing that Bharat is the fastest growing economy in the world. The inflation rate, prior to Prime Minister Modi coming to power, was 10.8 per cent while now it is 5 per cent only. We have seen that 13.5 crore people from below the poverty line have come up. This Bill is a part of the economic reforms. I support the Bill.

The hon'ble Minister, replying to the debate, said: The Provisional Collection of Taxes Bill, 2023 is a small technical amendment but it is essentially the law which existed since 1931. There are no major changes at all. Every proposal, when brought in

* Spoke in Gujarati.

through the Finance Bill, gets effective from the new financial year, whereas there are taxes which are also levied in the name of customs duties and excise which are taxes levied on goods and services. Now, having announced it along with the Finance Bill on 1st February, if we wait till the effective financial year, that period in between the gap can lead to a lot of speculation and so on. So, we start collection of tax from the midnight of that day itself. Otherwise, the speculation can hurt the market; speculation can lead to customers suffering from it and export-import at the port can be misused. That is the purpose of this Provisional Collection of Taxes Bill. Article 265 of the Constitution provides that no tax shall be imposed or levied or collected unless there is an authority of law. It empowers the Government to collect the tax. The Provisional Collection of Taxes Bill is this kind of law. Once the Finance Bill is passed, it becomes a complete authority that you can collect taxes. But in the middle why do you want a provisional authorisation? It is only because we want to avoid speculation. So, I need that legislative backing for collecting the customs duty from that midnight itself of the Budget presentation. So, it is to protect the domestic industry on an immediate basis and to moderate the prices. What happens is that if the announcement has been made today, it will come into effect only from first April. In the meanwhile, people can hoard goods. This should be avoided. That is why we have always relied on this provisional tax collection. But it also has one redeeming factor. Whatever is brought immediately, with a sense of urgency, will have to be approved by the Parliament within 75 days. So when that is approved within 75 days, I can go ahead collecting it further. I can collect it the way I have done during the interregnum. But if that approval does not come, it also tells you that you have to refund the money back. So this provisional collection has its own safeguards. At the same time, it gives legislative authority to the Government to collect tax, control prices, avoid illegal practices such as hoarding and speculation and so on. This is the purpose of this Bill. I can't wait for it to get cleared till 1st April. That interim period will go without any cover for the collection and that is why it can't be done through the Finance Bill. Also, it was said why we want to introduce it in the middle of the night and why it can't be the next day. Once the new sun rises, it will give more time for speculation.

The motion for consideration of the Bill, was adopted.

Clauses etc., were adopted.

The Bill was returned.

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