



తెలంగాణ రాజపత్రము
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TELANGANA BILLS

TELANGANA LEGISLATIVE ASSEMBLY

The following Bill was introduced in the Telangana Legislative Assembly on 12th September, 2022.

L. A. BILL No. 5 OF 2022

**A BILL FURTHER TO AMEND THE TELANGANA
GOODS AND SERVICES TAX ACT, 2017.**

Be it enacted by the Legislature of the State of Telangana in the Seventy-Third Year of the Republic of India, as follows:-

1. (1) This Act may be called the Telangana Goods and Services Tax (Amendment) Act, 2022.

Short title
and
commence-
ment.

(2) The provisions of sections 12 and 13 shall be deemed to have come into force with effect from the 5th day of July, 2022.

[1]

(3) Save as otherwise provided in this Act, the provisions of this Act shall come into force on such date as the Government may, by notification in the Official Gazette, appoint.

Amendment of section 16, Act No.23 of 2017.

2. In section 16 of the Telangana Goods and Services Tax Act, 2017 (hereinafter referred to as the principal Act),-

(1) in sub-section (2),-

(i) after clause (b), the following clause shall be inserted, namely:-

"(ba) the details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted;"

(ii) in clause (c), the words, figures and letter "or section 43A" shall be omitted.

(2) in sub-section (4), for the words and figures "due date of furnishing of the return under section 39 for the month of September", the words "thirtieth day of November" shall be substituted.

Amendment of section 29.

3. In section 29 of the principal Act, in sub-section (2),-

(1) in clause (b), for the words "returns for three consecutive tax periods", the words "the return for a financial year beyond three months from the due date of furnishing the said return" shall be substituted.

(2) in clause (c), for the words "a continuous period of six months", the words "such continuous tax period as may be prescribed" shall be substituted.

4. In section 34 of the principal Act, in sub-section (2), for the word "September", the words "the thirtieth day of November" shall be substituted.

Amend-
ment of
section
34.

5. In section 37 of the principal Act,-

Amend-
ment of
section
37.

(1) in sub-section (1),-

(i) after the words "shall furnish, electronically," the words "subject to such conditions and restrictions and" shall be inserted;

(ii) for the words "shall be communicated to the recipient of the said supplies within such time and in such manner as may be prescribed", the words "shall, subject to such conditions and restrictions, within such time and in such manner as may be prescribed, be communicated to the recipient of the said supplies" shall be substituted;

(iii) the first proviso shall be omitted;

(iv) in the second proviso, for the words "Provided further that", the words "Provided that" shall be substituted;

(v) in the third proviso, for the words "Provided also that", the words "Provided further that" shall be substituted.

(2) sub-section (2) shall be omitted.

(3) in sub-section (3),-

(i) the words and figures "and which have remained unmatched under section 42 or section 43" shall be omitted;

(ii) in the first proviso, for the words and figures "furnishing of the return under section 39 for the month of September", the words "the thirtieth day of November" shall be substituted.

(4) after sub-section (3), the following sub-section shall be inserted, namely:—

“(4) A registered person shall not be allowed to furnish the details of outward supplies under sub-section (1) for a tax period, if the details of outward supplies for any of the previous tax periods has not been furnished by him:

Provided that the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the details of outward supplies under sub-section (1), even if he has not furnished the details of outward supplies for one or more previous tax periods.”.

Substitution of section 38.

6. For section 38 of the principal Act, the following shall be substituted, namely:—

“Furnishing details of inward supplies.

38. (1) The details of outward supplies furnished by the registered persons under sub-section (1) of section 37 and of such other supplies as may be prescribed, and an auto generated statement containing the details of input tax credit shall be made available electronically to the recipients of such supplies in such form and manner, within such time, and subject to such conditions and restrictions as may be prescribed.

(2) The auto-generated statement under sub-section (1) shall consist of—

(i) details of inward supplies in respect of which credit of input tax may be available to the recipient; and

(ii) details of supplies in respect of which such credit cannot be availed, whether wholly or partly, by the recipient, on account of the details of the said supplies being furnished under sub-section (1) of section 37,—

(a) by any registered person within such period of taking registration as may be prescribed; or

(b) by any registered person, who has defaulted in payment of tax and where such default has continued for such period as may be prescribed; or

(c) by any registered person, the output tax payable by whom in accordance with the statement of outward supplies furnished by him under the said sub-section during such period, as may be prescribed, exceeds the output tax paid by him during the said period by such limit as may be prescribed; or

(d) by any registered person who, during such period as may be prescribed, has availed credit of input tax of an amount that exceeds the credit that can be availed by him in accordance with clause (a), by such limit as may be prescribed; or

(e) by any registered person, who has defaulted in discharging his tax liability in accordance with the provisions of sub-section (12) of section 49 subject to such conditions and restrictions as may be prescribed; or

(f) by such other class of persons as may be prescribed.”.

7. In section 39 of the principal Act,—

(1) in sub-section (5), for the word “twenty”, the word “thirteen” shall be substituted.

(2) in sub-section (7), for the first proviso, the following proviso shall be substituted, namely:—

“Provided that every registered person furnishing return under the proviso to sub-section (1) shall pay to the

**Amend-
ment of
section
39.**

Government, in such form and manner, and within such time, as may be prescribed,—

(a) an amount equal to the tax due taking into account inward and outward supplies of goods or services or both, input tax credit availed, tax payable and such other particulars during a month; or

(b) in lieu of the amount referred to in clause (a), an amount determined in such manner and subject to such conditions and restrictions as may be prescribed.”.

(3) in sub-section (9),—

(i) for the words and figures “Subject to the provisions of sections 37 and 38, if”, the word “Where” shall be substituted;

(ii) in the proviso, for the words “the due date for furnishing of return for the month of September or second quarter”, the words “the thirtieth day of November” shall be substituted.

(4) in sub-section (10), for the words “has not been furnished by him”, the following shall be substituted, namely:—

“or the details of outward supplies under sub-section (1) of section 37 for the said tax period has not been furnished by him:

Provided that the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish the return, even if he has not furnished the returns for one or more previous tax periods or has

not furnished the details of outward supplies under sub-section (1) of section 37 for the said tax period.”.

8. For section 41 of the principal Act, the following shall be substituted, namely:—

Substi-
tution of
section
41.

“Avail-
ment of
input tax
credit”. 41. (1) Every registered person shall, subject to such conditions and restrictions as may be prescribed, be entitled to avail the credit of eligible input tax, as self-assessed, in his return and such amount shall be credited to his electronic credit ledger.

(2) The credit of input tax availed by a registered person under sub-section (1) in respect of such supplies of goods or services or both, the tax payable whereon has not been paid by the supplier, shall be reversed along with applicable interest, by the said person in such manner as may be prescribed:

Provided that where the said supplier makes payment of the tax payable in respect of the aforesaid supplies, the said registered person may re-avail the amount of credit reversed by him in such manner as may be prescribed.”.

9. Sections 42, 43 and 43A of the principal Act shall be omitted.

Ommi-
ssion of
sections
42, 43 and
43A.

10. In section 47 of the principal Act, in sub-section (1), for the words and figures “or inward supplies required under section 37 or section 38 or returns required under section 39 or section 45”, the words and figures “supplies required under section 37 or returns required under section 39 or section 45 or section 52” shall be substituted.

Amend
ment of
section
47.

Amendment of section 48.

11. In section 48 of the principal Act, in sub-section (2), the words and figures ", the details of inward supplies under section 38" shall be omitted.

Amendment of section 49.

12. In section 49 of the principal Act,—

(1) in sub-section (2), the words, figures and letter "or section 43A" shall be omitted.

(2) in sub-section (4), after the words "subject to such conditions", the words "and restrictions" shall be inserted.

(3) after sub-section (11), the following sub-section shall be inserted, namely:—

"(12) Notwithstanding anything contained in this Act, the Government may, on the recommendations of the Council, subject to such conditions and restrictions, specify such maximum proportion of output tax liability under this Act or under the Integrated Goods and Services Tax Act, 2017 which may be discharged through the electronic credit ledger by a registered person or a class of registered persons, as may be prescribed."

Amendment of section 50.

13. In section 50 of the principal Act, for sub-section (3), the following sub-section shall be substituted and shall be deemed to have been substituted with effect from the 1st day of July, 2017, namely:—

"(3) Where the input tax credit has been wrongly availed and utilised, the registered person shall pay interest on such input tax credit wrongly availed and utilised, at such rate not exceeding twenty-four percent as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed."

14. In section 52 of the principal Act, in sub-section (6), in the proviso, for the words "due date for furnishing of statement for the month of September", the words "thirtieth day of November" shall be substituted.

Amendment of section 52.

15. In section 54 of the principal Act,—

Amendment of section 54.

(1) in sub-section (1), in the proviso, for the words and figures "the return furnished under section 39 in such", the words "such form and" shall be substituted.

(2) in sub-section (2), for the words "six months", the words "two years" shall be substituted.

(3) in sub-section (10), the words, brackets and figure "under sub-section (3)" shall be omitted.

(4) in the *Explanation*, in clause (2), after sub-clause (b), the following sub-clause shall be inserted, namely:—

"(ba) in case of zero-rated supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit where a refund of tax paid is available in respect of such supplies themselves, or as the case may be, the inputs or input services used in such supplies, the due date for furnishing of return under section 39 in respect of such supplies;"

16. (1) The notification issued in G.O.Ms.No.66, Revenue (CT.II) Department, Dated: 31.03.2018, by the State Government on the recommendations of the Council, under section 146 of the Telangana Goods and Services Tax Act, 2017, shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (2) of the First Schedule, on and from the date specified in column (3) of that Schedule.

Amendment of Notification issued under section 146 of the Telangana Goods and Services Tax Act, 2017 retrospectively.

(2) For the purposes of sub-section (1), the State Government shall have and shall be deemed to have the power to amend the notification referred to in the said sub-section with retrospective effect as if the State Government had the power to amend the said notification under section 146 of the Telangana Goods and Services Tax Act, 2017, retrospectively, at all material times.

Amendment of Notification issued under sub-sections (1) and (3) of section 50, sub-section (12) of section 54 and section 56 of the Telangana Goods and Services Tax Act, 2017 retrospectively.

17. (1) The notification issued in G.O.MS.No.122, Revenue (CT.II) Department, Dated: 30.06.2017, issued by the State Government on the recommendations of the Council, under sub-sections (1) and (3) of section 50, sub-section (12) of section 54 and section 56 of the Telangana Goods and Services Tax Act, 2017, shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (2) of the Second Schedule, on and from the date specified in column (3) of that Schedule.

(2) For the purposes of sub-section (1), the State Government shall have and shall be deemed to have the power to amend the notification referred to in the said sub-section with retrospective effect as if the State Government had the power to amend the said notification under sub-sections (1) and (3) of section 50, sub-section (12) of section 54 and section 56 of the Telangana Goods and Services Tax Act, 2017, retrospectively, at all material times.

Retrospective exemption from, or levy or collection of State tax in certain cases.

18. (1) Notwithstanding anything contained in the Notification No. 1/2017-State Tax (Rate) issued in G.O.Ms.No.110, Revenue (CT.II) Department, dated: 29.06.2017, issued by the State Government on the recommendations of the Council, in exercise of the powers under sub-section (1) of section 9 of the Telangana Goods and Services Tax Act, 2017, no State tax shall be levied or collected in respect of supply of unintended waste

generated during the production of fish meal (falling under heading 2301), except for fish oil, during the period commencing from the 1st day of July, 2017 and ending with the 30th day of September, 2019 (both days inclusive).

(2) No refund shall be made of all such tax which has been collected, but which would not have been so collected, had sub-section (1) been in force at all material times.

19. (1) Subject to the provisions of sub-section (2), the Notification No.25/2019 - State Tax (Rate), issued in G.O.Ms.No.7, Revenue (CT.II) Department, dated: 29.01.2020, issued by the State Government on the recommendations of the Council, in exercise of the powers under sub-section (2) of section 7 of the Telangana Goods and Services Tax Act, 2017, shall be deemed to have, and always to have, for all purposes, come into force on and from the 1st day of July, 2017.

(2) No refund shall be made of all such State tax which has been collected, but which would not have been so collected, had the notification referred to in sub-section (1) been in force at all material times.

Retrospective effect to notification issued under sub-section (2) of section 7 of the Telangana Goods and Services Tax Act, 2017.

The First Schedule**[See section 16]**

G.O.Ms.No.	Amendment	Date of effect of amendment
(1)	(2)	(3)
G.O.Ms No. 66, Revenue (CT-II) Department, Dt. 31.03.2018.	In the said G.O., in paragraph 1, for the words "furnishing of returns and computation and settlement of integrated tax", the following shall be substituted, namely:— "furnishing of returns and computation and settlement of integrated tax and save as otherwise provided in the notification issued vide G.O.Ms. No. 61, Revenue (CT-II) Department, Dt.22.06.2020, all functions provided under the Telangana Goods and Services Tax Rules, 2017."	22 nd June, 2017.

The Second Schedule
[See section 17]

G.O.Ms.No.	Amendment	Date of effect of amendment
(1)	(2)	(3)
G.O.Ms No. 122, Revenue (CT-II) Department, Dt. 31.06.2017.	In the said G.O., in the Table, against serial number 2, in column (3), for the figures "24", the figures "18" shall be substituted.	1 st July, 2017.

STATEMENT OF OBJECTS AND REASONS

The Telangana Goods and Services Tax Act, 2017 (Act No. 23 of 2017) was enacted providing for levy and collection of Goods and Services Tax on *intra-State* supply of goods or services or both by the State Government. This Act came into force with effect from 01-07-2017.

During the period of five years in which the said Act is in operation, it is noticed that certain provisions have become redundant and certain provisions need to be amended in tune with the existing practices. Accordingly, certain issues came up for discussion before the GST Council in its 43rd meeting held on 28th May, 2021 and recommended certain amendments to the Act by the council.

Accordingly, the Telangana Goods and Services Tax (Amendment) Bill, 2022 seeks to amend certain sections of the Act to provide for the following:-

- to provide that input tax credit with respect to a supply may be availed only when such credit has not been restricted in the details communicated to the registered person under section 38.
- to provide that a registered person shall not be entitled to take input tax credit in respect of any invoice or debit note after the thirtieth day of November following the end of the financial year to which such invoice or debit note pertains, or furnishing of the relevant annual return, whichever is earlier.
- to provide that the registration of a person paying tax under section 10 is liable to be cancelled if the return for a financial year has not been furnished beyond three months from the due date of furnishing of the said return.
- to provide for prescribing continuous tax periods for which return has not been furnished, which would make a registration liable for cancellation, in respect of any registered person, other than a person specified in clause (b) thereof.
- to provide for thirtieth day of November following the end of the financial year, or the date of furnishing of the relevant annual return, whichever is earlier, as the last date for issuance of credit notes in respect of any supply made in a financial year.

- to provide for prescribing conditions and restrictions for furnishing the details of outward supply and the conditions and restrictions as well as manner and time for communication of the details of such outward supplies to concerned recipients.
- to do away with two-way communication process in return filing.
- to remove reference to unmatched details under section 42 or section 43, as the said sections are proposed to be omitted, and to provide for thirtieth day of November following the end of the financial year or furnishing of the relevant annual return, whichever is earlier, as the last date for rectification of errors or omission in respect of details of outward supplies furnished under sub-section (1).
- to provide for tax period-wise sequential filing of details of outward supplies under sub-section (1).
- to provide for prescribing such other supplies as well as the manner, time, conditions and restrictions for communication of details of inward supplies and input tax credit to the recipient by means of an auto-generated statement and to do away with two-way communication process in return filing.
- to provide for the details of inward supplies in respect of which input tax credit may be availed and the details of supplies on which input tax credit cannot be availed by the recipient.
- to provide that the non-resident taxable person shall furnish the return for a month within thirteen days after the end of the month or within seven days after the last day of the period of registration specified under sub-section (1) of section 27, whichever is earlier.
- to provide an option to the persons furnishing return under proviso to sub-section (1) to pay either the self assessed tax or an amount that may be prescribed.
- to provide for thirtieth day of November following the end of the financial year, or the date of furnishing of the relevant annual return, whichever is earlier, as the last date for the rectification of errors in the return furnished under section 39.
- to provide for furnishing of details of outward supplies of a tax period under sub-section (1) of section 37 as a condition for furnishing the return under section 39 for the said tax period.

- to do away with the concept of "claim" of eligible input tax credit on a "provisional" basis and to provide for availment of self-assessed input tax credit subject to such conditions and restrictions as may be prescribed.
- to do away with the concept of "claim" of eligible input tax credit on a "provisional" basis and subsequent matching, reversals and reclaim of such credit. It further seeks to omit section 43 relating to matching, reversal and reclaim of reduction in output tax liability so as to do away with two-way communication process in return filing. It also seeks to omit section 43A.
- to provide for levy of late fee for delayed filing of return under section 52 and to remove reference of section 38 as there is no requirement of furnishing details of inward supplies by the registered person under the said section 38.
- to remove reference to section 38 there from as there is no requirement of furnishing details of inward supplies by the registered person under the said section 38.
- to provide for prescribing restrictions for utilizing the amount available in the electronic credit ledger.
- to provide for prescribing the maximum proportion of output tax liability which may be discharged through the electronic credit ledger.
- to provide for levy of interest on input tax credit wrongly availed and utilised, and to provide for prescribing manner of calculation of interest in such cases.
- to provide for thirtieth day of November following the end of the financial year, or the date of furnishing of the relevant annual return, whichever is earlier, as the last date upto which the rectification of errors shall be allowed in the statement furnished under sub-section (4).
- to explicitly provide that claim of refund of any balance in the electronic cash ledger shall be made in such form and manner as may be prescribed.
- to align it with sub-section (1) by providing time limit of two years from the last day of the quarter in which the supply was received for claiming refund of tax paid on inward supplies of goods or services or both by the person specified in the said sub-section.

- to extend the scope of the said sub-section to all types of refund claims.
- to provide clarity regarding the relevant date for filing refund claim in respect of supplies made to a Special Economic Zone developer or a Special Economic Zone unit.
- to amend notification issued in G.O.Ms No. 66, Revenue (CT-II) Department, Dt. 31-03-2018 to notify www.gst.gov.in, retrospectively, with effect from 22nd June, 2017, as the Common Goods and Services Tax Electronic Portal, for all functions provided under Telangana Goods and Services Tax Rules, 2017.
- to amend notification issued in G.O.Ms No. 122, Revenue (CT-II) Department, Dt. 30-06-2017 so as to notify rate of interest under sub-section (3) of section 50 of the Telangana Goods and Services Tax Act as 18%, retrospectively, with effect from the 1st day of July, 2017.
- to provide retrospective exemption from Telangana tax in respect of supply of unintended waste generated during the production of fish meal (falling under heading 2301),
- except for fish oil, during the period from the 1st day of July, 2017 upto the 30th day of September, 2019 (both days inclusive).
- to provide that no refund shall be made of the said tax which has already been collected.
- to give retrospective effect to the notification issued in G.O.Ms No. 7, Revenue (CT-II) Department, Dt. 29-01-2020 with effect from the 1st day of July, 2017.
- to provide that no refund shall be made of the Telangana tax which has already been collected.

The Bill seeks to achieve the above objectives.

K. CHANDRASEKHAR RAO,
Chief Minister.

FINANCIAL MEMORANDUM

The proposed Telangana Goods and Services Tax (Amendment) Bill, 2022 does not involve any recurring or non-recurring expenditure to the State.

K. CHANDRASEKHAR RAO,
Chief Minister.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clauses 1, 3, 5, 6, 7, 8, 12, 13 and 15 of the Bill authorize the Government to issue notifications or to make rules in respect of matters specified therein and generally to carry out the purposes of the Act and such rules so made or notifications issued which are intended to cover matters mostly of procedural in nature, are to be laid on the Table of both Houses of the State Legislature and will be subject to any modifications made by the Legislature.

The above provisions of the Bill regarding delegated legislation are thus of normal type and are mainly intended to cover matters of procedure.

K. CHANDRASEKHAR RAO,
Chief Minister.

**MEMORANDUM UNDER RULE 95 OF THE RULES OF
PROCEDURE AND THE CONDUCT OF BUSINESS IN THE
TELANGANA LEGISLATIVE ASSEMBLY**

The Telangana Goods and Services Tax (Amendment) Bill, 2022, after it is passed by both Houses of the State Legislature may be submitted to the Governor for her assent under article 200 of the Constitution of India.

K. CHANDRASEKHAR RAO,
Chief Minister.

Dr. V. NARASIMHA CHARYULU,
Secretary to State Legislature.