

Bill Summary

The Constitution (One Hundred and Fifteenth Amendment) Bill, 2011

- The Constitution (One Hundred and Fifteenth Amendment) Bill, 2011 was introduced in the Lok Sabha on March 11, 2011 by the Minister of Finance Shri Pranab Mukherjee. The Bill seeks to amend the Constitution to allow for the introduction of a goods and services tax.
- The Bill amends the Constitution to give the central and state governments the concurrent power to make laws on the taxation of goods and services. It gives Parliament the exclusive power to tax goods and services where supply of either occurs in inter-state trade or commerce.
- The Bill provides for the creation of a Goods and Services Tax Council consisting of the Union Finance Minister (as Chairman), Union Minister of State in charge of Revenue, and Minister in charge of Finance or Taxation or any other Minister nominated by each State Government. The Council will aim to structure the goods and services tax in order to develop a harmonized national market of goods and services.
- The Goods and Services Tax Council will make recommendations on the structure of the goods and services tax, including: (a) taxes, cesses, and surcharges to levied by the Centre, States and local bodies which may be subsumed in the goods and services tax; (b) goods and services which may be exempt from the goods and services tax; (c) the threshold limit of turnover below which goods and services tax may be exempted; (d) rates of the goods and services tax; and (e) any other matter relating to the goods and services tax.
- The Bill provides for the creation of the Goods and Services Tax Dispute Settlement Authority to adjudicate disputes between the central government and state governments resulting in any loss in revenue or affecting the harmonized structure of the tax. The Authority shall consist of three members, including a chairperson who has been a Judge of the Supreme Court or Chief Justice of a High Court, to be appointed by the President upon the advice of the Chief Justice of India.
- The Bill exempts petroleum crude, high speed diesel, motor spirit (petrol), natural gas, aviation turbine fuel, and alcoholic liquor for human consumption from the purview of the goods and services tax.
- The Bill amends the Sixth Schedule of the Constitution, giving District Councils the power to levy taxes on entertainments and amusements.
- The Bill amends List I of the Seventh Schedule of the Constitution (the Union List), giving the central government the power to levy excise duties on goods manufactured or produced in India only in regards to: petroleum crude, high speed diesel, motor spirit (petrol), natural gas, aviation turbine fuel, and tobacco and tobacco products. The Bill also omits taxes on services and taxes on the sale or purchase of newspapers and newspaper advertisements from the Union List.
- The Bill amends List II of the Seventh Schedule of the Constitution (the State List), allowing states to tax entry of goods into a local area for use or sale only to the extent levied by a Panchayat or Municipality. The Bill also amends List II to give state governments the power to levy taxes on the intrastate trade of petroleum crude, high speed diesel, motor spirit (petrol), natural gas, aviation turbine fuel, and alcoholic liquor for human consumption.
- If the Bill is passed with a two-thirds majority in each House of Parliament, it will need to be ratified by at least 14 state assemblies.

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