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TELANGANA BILLS

TELANGANA LEGISLATIVE ASSEMBLY

The following Bill was introduced in the Telangana Legislative Assembly on 5th August, 2023.

L. A. BILL No. 9 OF 2023.

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-fourth Year of the Republic of India as follows:-

1. (1) This Act may be called the Telangana Goods and Services Tax (Amendment) Act, 2023.

(2) 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.

Short
title and
commence-
ment.

[1]

B.36-1 (RSN)

Amendment of section 10, Act No. 23 of 2017. 2. In the Telangana Goods and Services Tax Act, 2017 (hereinafter referred to as the principal Act), in section 10,-

(a) in sub-section (2), in clause (d), the words "goods or" shall be omitted;

(b) in sub-section (2A), in clause (c), the words "goods or" shall be omitted.

Amendment of section 16. 3. In section 16 of the principal Act, in sub-section (2),—

(i) in the second proviso, for the words "added to his output tax liability, along with interest thereon", the words and figures "paid by him along with interest payable under section 50" shall be substituted;

(ii) in the third proviso, after the words "made by him", the words "to the supplier" shall be inserted.

Amendment of section 17. 4. In section 17 of the principal Act:-

(a) in sub-section (3), in the Explanation, for the words and figure "except those specified in paragraph 5 of the said Schedule", the following shall be substituted, namely:—
"except,-

(i) the value of activities or transactions specified in paragraph 5 of the said Schedule; and

(ii) the value of such activities or transactions as may be prescribed in respect of clause (a) of paragraph 8 of the said Schedule.";

(b) in sub-section (5), after clause (f), the following clause shall be inserted, namely:—

Central Act 18 of 2013. "(fa) goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in section 135 of the Companies Act, 2013;"

5. In section 23 of the principal Act, for sub-section (2), 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:-

**Amendment
of section 23.**

“(2) Notwithstanding anything to the contrary contained in sub-section (1) of section 22 or section 24, the Government may, on the recommendations of the Council, by notification, subject to such conditions and restrictions as may be specified therein, specify the category of persons who may be exempted from obtaining registration under this Act.”.

6. In section 30 of the principal Act, in sub-section (1),-

**Amendment
of section 30.**

(a) for the words “the prescribed manner within thirty days from the date of service of the cancellation order:”, the words “such manner, within such time and subject to such conditions and restrictions, as may be prescribed.” shall be substituted;

(b) the proviso shall be omitted.

7. In section 37 of the principal Act, after sub-section (4), the following sub-section shall be inserted, namely:-

**Amendment
of section 37.**

“(5) A registered person shall not be allowed to furnish the details of outward supplies under sub-section (1) for a tax period after the expiry of a period of three years from the due date of furnishing the said details:

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 for a tax period under sub-section (1), even after the expiry of the

said period of three years from the due date of furnishing the said details.”.

**Amendment
of section 39.**

8. In section 39 of the principal Act, after sub-section (10), the following sub-section shall be inserted, namely:-

“(11) A registered person shall not be allowed to furnish a return for a tax period after the expiry of a period of three years from the due date of furnishing the said return:

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 for a tax period, even after the expiry of the said period of three years from the due date of furnishing the said return.”.

**Amendment
of section 44.**

9. Section 44 of the principal Act shall be renumbered as sub-section (1) thereof, and after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:-

“(2) A registered person shall not be allowed to furnish an annual return under sub-section (1) for a financial year after the expiry of a period of three years from the due date of furnishing the said annual return:

Provided that the Government may, on the recommendations of the Council, by notification, and subject to such conditions and restrictions as may be specified therein, allow a registered person or a class of registered persons to furnish an annual return for a financial year under sub-section (1), even after the expiry of the said period of three years from the due date of furnishing the said annual return.”.

10. In section 52 of the principal Act, after sub-section (14), the following sub-section shall be inserted, namely:— **Amendment of section 52.**

“(15) The operator shall not be allowed to furnish a statement under sub-section (4) after the expiry of a period of three years from the due date of furnishing the said statement:

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 an operator or a class of operators to furnish a statement under sub-section (4), even after the expiry of the said period of three years from the due date of furnishing the said statement.”.

11. In section 54 of the principal Act, in sub-section (6), the words “excluding the amount of input tax credit provisionally accepted,” shall be omitted. **Amendment of section 54.**

12. In section 56 of the principal Act, for the words “from the date immediately after the expiry of sixty days from the date of receipt of application under the said sub-section till the date of refund of such tax”, the words “for the period of delay beyond sixty days from the date of receipt of such application till the date of refund of such tax, to be computed in such manner and subject to such conditions and restrictions as may be prescribed” shall be substituted. **Amendment of section 56.**

13. In section 62 of the principal Act, in sub-section (2),— **Amendment of section 62.**
(a) for the words “thirty days”, the words “sixty days” shall be substituted;

(b) the following proviso shall be inserted, namely:—

“Provided that where the registered person fails to furnish a valid return within sixty days of the service of the assessment order under sub-section (1), he may furnish

the same within a further period of sixty days on payment of an additional late fee of one hundred rupees for each day of delay beyond sixty days of the service of the said assessment order and in case he furnishes valid return within such extended period, the said assessment order shall be deemed to have been withdrawn, but the liability to pay interest under sub-section (1) of section 50 or to pay late fee under section 47 shall continue.”.

**Substitution
of section 109.**

14. For section 109 of the principal Act, the following section shall be substituted, namely:—

**“Appellate
Tribunal.”** 109. Subject to the provisions of this Chapter, the Goods and Services Tax Tribunal constituted under the Central Goods and Services Tax Act, 2017 shall be the Appellate Tribunal for hearing appeals against the orders passed by the Appellate Authority or the Revisional Authority Under this Act.”.

**Omission
of section 110.**

15. Section 110 of the principal Act shall be omitted.

**Omission
of section 114.**

16. Section 114 of the principal Act shall be omitted.

**Amendment
of section 117.**

17. In section 117 of the principal Act,—

(a) in sub-section (1), for the words “State Bench or Area Benches”, the words “State Benches” shall be substituted;

(b) in sub-section (5), in clauses (a) and (b), for the words “State Bench or Area Benches”, the words “State Benches” shall be substituted.

18. In section 118 of the principal Act, in sub-section (1), in clause (a), for the words "National Bench or Regional Bench", the words "Principal Bench" shall be substituted. **Amendment of section 118.**

19. In section 119 of the principal Act,— **Amendment of section 119.**
(a) for the words "National or Regional Benches", the words "Principal Bench" shall be substituted;
(b) for the words "State Bench or Area Benches", the words "State Benches" shall be substituted.

20. In section 122 of the principal Act, after sub-section (1A), the following sub-section shall be inserted, namely:— **Amendment of section 122.**

"(1B) Any electronic commerce operator who—

(i) allows a supply of goods or services or both through it by an unregistered person other than a person exempted from registration by a notification issued under this Act to make such supply;

(ii) allows an inter-State supply of goods or services or both through it by a person who is not eligible to make such inter-State supply; or

(iii) fails to furnish the correct details in the statement to be furnished under sub-section (4) of section 52 of any outward supply of goods effected through it by a person exempted from obtaining registration under this Act, shall be liable to pay a penalty of ten thousand rupees, or an amount equivalent to the amount of tax involved had such supply been made by a registered person other than a person paying tax under section 10, whichever is higher."

21. In section 132 of the principal Act, in sub-section (1),— **Amendment of section 132.**
(a) clauses (g), (j) and (k) shall be omitted;

(b) in clause (l), for the words, brackets and letters "clauses (a) to (k)", the words, brackets and letters "clauses (a) to (f) and clauses (h) and (i)" shall be substituted;

(c) in clause (iii), for the words "any other offence", the words, brackets and letter "an offence specified in clause (b)," shall be substituted;

(d) in clause (iv), the words, brackets and letters "or clause (g) or clause (j)" shall be omitted.

**Amendment
of section 138.**

22. In section 138 of the principal Act,—

(a) in sub-section (1), in the first proviso,—

(i) for clause (a), the following clause shall be substituted, namely:—

"(a) a person who has been allowed to compound once in respect of any of the offences specified in clauses (a) to (f), (h), (i) and (l) of sub-section (1) of section 132;"

(ii) clause (b) shall be omitted;

(iii) for clause (c), the following clause shall be substituted, namely: —

"(c) a person who has been accused of committing an offence under clause (b) of sub-section (1) of section 132;"

(iv) clause (e) shall be omitted;

(b) in sub-section (2), for the words "ten thousand rupees or fifty percent of the tax involved, whichever is higher, and the maximum amount not being less than thirty thousand rupees or one hundred and fifty percent of the tax, whichever is higher", the words "twenty-five percent. of the tax involved and the maximum amount not being more than one hundred percent of the tax involved" shall be substituted.

23. After section 158 of the principal Act, the following section shall be inserted, namely:—

Insertion of
new section
158A.

**“Consent
based sharing
of information
furnished by
taxable person.”**

158A.(1) Notwithstanding anything contained in sections 133, 152 and 158, the following details furnished by a registered person may, subject to the provisions of sub-section (2), and on the recommendations of the Council, be shared

by the common portal with such other systems as may be notified by the Government, in such manner and subject to such conditions as may be prescribed, namely:—

(a) particulars furnished in the application for registration under section 25 or in the return filed under section 39 or under section 44;

(b) the particulars uploaded on the common portal for preparation of invoice, the details of outward supplies furnished under section 37 and the particulars uploaded on the common portal for generation of documents under section 68;

(c) such other details as may be prescribed.

(2) For the purposes of sharing details under sub-section (1), the consent shall be obtained, of—

(a) the supplier, in respect of details furnished under clauses (a), (b) and (c) of sub-section (1); and

(b) the recipient, in respect of details furnished under clause (b) of sub-section (1), and under clause (c) of sub-section (1) only where such details include identity information of the recipient, in such form and manner as may be prescribed.

(3) Notwithstanding anything contained in any law for the time being in force, no action shall lie against the Government or the common portal with respect to any liability arising consequent to information shared under this section and there shall be no impact on the liability to pay tax on the relevant supply or as per the relevant return.”.

Retrospective exemption to certain activities and transactions in Schedule III.

24. (1) In Schedule III to the principal Act, paragraphs 7 and 8 and the Explanation 2 thereof (as inserted vide section 59 of Act 3 of 2019) shall be deemed to have been inserted therein with effect from the 1st day of July, 2017.

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

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.

It has been around six years since the Act has come into operation. With the advent of numerous changes in way business is being conducted, certain requests were made by the Tax payers for the ease of doing business. Certain changes are being proposed to regulate and facilitate the online business to suit the changing needs. Further, it is noticed that certain provisions of the Act originally envisaged have not come into operation and are redundant. Decriminalization of certain minor offences was also felt to be required. Accordingly, the GST Council, through 48th and 49th meetings made certain proposals.

Therefore, the Government have decided to amend certain provisions of the Telangana Goods and Services Tax Act, 2017 (Act No. 23 of 2017) suitably by way of legislation.

The clauses of the Telangana Goods and Services Tax (Amendment) Bill, 2023 seek to:-

- To remove the restriction imposed on registered persons engaged in supplying goods through electronic commerce operators from opting to pay tax under the composition levy.
- To align the provisions of Section 16 with the return filing system provided in the said Act.
- To restrict availment of input tax credit in respect of certain transactions specified in clause (a) of paragraph 8 of

Schedule III of the said Act, as may be provided by rules, by including the value of such transactions in the value of exempt supply.

- To provide that input tax credit shall not be available in respect of goods or services or both received by a taxable person which are used or intended to be used for activities relating to his obligations under corporate social responsibility.
- To substitute, with effect from the 1st day of July, 2017, section 23 of the Telangana Goods and Services Tax Act relating to persons not liable for registration so as to provide overriding effect to the said section over sub-section (1) of section 22 and section 24 of the said Act.
- To provide a time limit of three years upto which the details of outward supplies under sub-section (1) of the said section for a tax period can be furnished by a registered person.
- To empower the Government, on the recommendation of the Council, to extend by notification, the said time limit for a registered person or a class of registered persons can furnish details of outward supplies, subject to certain conditions and restrictions.
- To provide a time limit of three years upto which the return for a tax period can be furnished by a registered person. It further seeks to empower Government, on the recommendation of the council, to extend by notification, the said time limit for a Registered person or a class of registered persons can file the return, subject to conditions and restrictions.
- To provide a time limit of three years upto which the annual return for a financial year can be furnished by a registered person. It further seeks to empower the Government, on the recommendation of the Council, to extend by notification,

the said time limit for a registered person or a class of registered persons can file the annual return, subject to certain conditions and restrictions.

- To provide a time limit of three years upto which return for a month can be furnished by an electronic commerce operator. It further seeks to empower the Government, on the recommendation of the Council, to extend by notification, the said time limit for an operator or a class of operators can file the said return, subject to certain conditions and restrictions.
- To remove the reference to the provisionally accepted input tax credit so as to align the same with the present scheme of availment of self-assessed input tax credit.
- To provide by rules the manner of computation of period of delay for calculation of interest on delayed refunds.
- To provide for constitution of Appellate Tribunal and Benches thereof, aligning with the provisions of the Central Goods and Services Tax Act.
- To provide for penal provisions applicable to electronic commerce operators in case of contravention of provisions relating to supplies of goods or services made through them by unregistered persons or composition tax payers.
- To decriminalize certain minor offences to increase the monetary threshold from one hundred lakh rupees to two hundred lakh rupees for launching prosecution for the offences, except for the offences related to issuance of invoices without supply of goods or services or both.
- To exclude the persons involved in offences relating to issuance of invoices without supply of goods or services or both from the option of compounding of the offences under the said Act.

- To rationalize the amount for compounding of various offences by reducing the minimum as well as maximum amount for compounding.
- To insert a new section to provide for the manner and conditions for sharing of the information furnished by the registered person in his application for registration or in his return filed or in his statement of outward supplies, or the details uploaded by him for generation of electronic invoice or E-way bill or any other details, as may be provided by rules, on the common portal with such other systems, as may be notified.
- To amend Schedule III of the Telangana Goods and Services Tax Act to give retrospective applicability to paragraphs 7 and 8 and the Explanation 2 to the said Schedule with effect from the 1st day of July, 2017.

The Bill seeks to achieve the above objectives.

K. CHANDRASEKHAR RAO,
Chief Minister.

FINANCIAL MEMORANDUM

The Central Goods and Services Tax Act, 2017 (Central Act 12 of 2017) has been amended by the Finance Act, 2023 (Central Act 8 of 2023). As per the amended provision of the said Act, the Central Government shall constitute a Principal Bench and State Benches of the Appellate Tribunal for exercising the powers of the Appellate Tribunal, the Principal Bench consist of the President, a Judicial Member, a Technical Member (Centre) and a Technical Member (State).

Each State Bench of the Appellate Tribunal shall consist of two Judicial Members, a Technical Member (Centre) and one Technical Member (State).

As per the recommendations of the GST Council, the State Government has to bear the expenditure for constitution of State Benches of the Appellate Tribunal and may have to bear the expenditure proportionately.

Therefore, there might be an imperceptible increase in the recurring expenditure out of the Consolidated Fund of the State, but such expenditure is imperative as it will substantially reduce the litigation time for a business entity, thereby paving way for increased compliance and increased revenue receipts of the State.

The expenditure to be incurred by the State will be around rupees 5 crores per annum.

K. CHANDRASEKHAR RAO,
Chief Minister.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clauses 1, 4, 5, 6, 7, 8, 9, 10, 12, 13, 20 and 23 of the Bill authorize the Government to make rules and issue notifications in respect of matters specified therein and generally to carry out the purposes of the Act and such notifications issued which are intended to cover matters mostly of procedural in nature will be laid on the Table of the 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 CONDUCT OF BUSINESS IN THE
TELANGANA LEGISLATIVE ASSEMBLY.**

The Telangana Goods and Services Tax (Amendment) Bill, 2023, after it is passed by both the Houses of Legislature of the State 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.