

THE SCHEDULE

[See section 8 (2)]

1. In this Schedule, reference to a “tariff item”, “heading”, “sub-heading” and “Chapter”, wherever they occur, shall mean respectively a tariff item, heading, sub-heading and Chapter in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

2. The rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), the section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this Schedule.

S. No.	Description of supply of goods or services	Tariff item, heading, sub-heading, Chapter, or supply of goods or services, as the case may be	The maximum rate at which goods and services tax compensation cess may be collected
(1)	(2)	(3)	(4)
1.	Pan Masala.	2106 90 20	¹ [fifty-one per cent. of retail sale price per unit]
2.	Tobacco and manufactured tobacco substitutes, including tobacco products.	24	² [Four thousand one hundred and seventy rupees per thousand sticks or two hundred and ninety per cent. <i>ad valorem</i> or a combination thereof, but not exceeding four thousand one hundred and seventy rupees per thousand sticks plus two hundred and ninety per cent. <i>ad valorem</i> or hundred per cent. of retail sale price per unit.]
3.	Coal, briquettes, ovoids and similar solid fuels manufactured from coal, lignite, whether or not agglomerated, excluding jet, peat (including peat litter), whether or not agglomerated.	2701, 2702 or 2703	Four hundred rupees per tonne.
4.	Aerated waters.	2202 10 10	Fifteen per cent. <i>ad valorem</i> .
³ [4A.	Motor vehicles for the transport of not more than thirteen persons, including the driver.	8702 10, 8702 20, 8702 30 or 8702 90	Twenty-five per cent. <i>ad valorem</i> .]
5.	Motor cars and other motor vehicles principally designed for the transport of persons (other than motor vehicles for the transport of ten or more persons, including the driver), including station wagons and racing cars.	8703	⁴ [Twenty-five per cent. <i>ad valorem</i> .]
6.	Any other supplies.		Fifteen per cent. <i>ad valorem</i> .

1. Subs. by Act 8 of 2023, s. 163, for “One hundred and thirty-five per cent. *ad valorem*” (w.e.f. 1-4-2023).

2. Subs. by s. 163, *ibid.*, for certain words (w.e.f. 1-4-2023).

3. Ins. by Act 9 of 2018, s. 2 (w.e.f. 2-9-2017).

4. Subs. by s. 2, *ibid.*, for “fifty per cent. *ad valorem*” (w.e.f. 2-9-2017).

¹[*Explanation.*—For the purposes of this Schedule,—

(i) “retail sale price” means the maximum price at which the concerned goods in packaged form may be sold to the ultimate consumer and includes all taxes, local or otherwise, freight, transport charges, commission payable to dealers, and all charges towards advertisement, delivery, packing, forwarding and the like and the price is the sole consideration for such sale:

Provided that where the provisions of the Legal Metrology Act, 2009 (1 of 2010) or the rules made thereunder or any other law for the time being in force require to declare on the package, the retail sale price excluding any taxes, local or otherwise, the retail sale price shall be construed accordingly;

(ii) where on the package of any concerned goods more than one retail sale price is declared, the maximum of such retail sale price shall be deemed to be the retail sale price;

(iii) where the retail sale price, declared on the package of any concerned goods at the time of its clearance from the place of manufacture, is altered to increase the retail sale price, such altered retail sale price shall be deemed to be the retail sale price;

(iv) where different retail sale prices are declared on different packages for the sale of any concerned goods in packaged form in different areas, each such retail sale price shall be the retail sale prices for the purposes of determination of the rate of cess for the said goods intended to be sold in the area to which the retail sale price relates.]

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1. Ins. by Act 8 of 2023, s. 163 (w.e.f. 1-4-2023).

STATEMENT OF OBJECTS AND REASONS

The Goods and Services Tax (Compensation to States) Bill, 2017, provides for payment of compensation to the States for loss of revenue arising on account of implementation of the goods and services tax for a period of five years in accordance with the provisions of section 18 of the Constitution (One Hundred and First Amendment) Act, 2016.

2. The Constitution (One Hundred and First Amendment) Act, 2016, has amended the Constitution to facilitate the introduction of goods and services tax in the Country. The amendments made in the Constitution confer simultaneous powers upon Parliament and the State Legislatures to make laws for levy of goods and services tax on the supplies of goods or services or both. Section 18 of the Constitution (One Hundred and First Amendment) Act, 2016, provides that, "Parliament shall, by law, on the recommendations of the Goods and Services Tax Council, provide for compensation to the States for loss of revenue arising on account of implementation of the goods and services tax for a period of five years."

3. The Goods and Services Tax (Compensation to States) Bill, 2017, *inter alia*, provides for the following, namely:—

(a) to provide that the financial year 2015-16 shall be taken as the base year for the purpose of calculating compensation amount payable to States;

(b) the revenue to be compensated shall consist of revenues from all taxes levied by the States which are now proposed to be subsumed under the goods and services tax, as audited by the Comptroller and Auditor General of India;

(c) the projected nominal growth rate of revenue subsumed for a State during the transition period shall be fourteen per cent. per annum;

(d) to provide that the compensation shall be released bi-monthly against the figures given by the Central accounting authorities provisionally and final adjustment shall be done after getting audited accounts of the year from the Comptroller and Auditor General of India;

(e) to provide that in case of the eleven Special category States referred to in article 279A of the Constitution, the revenue foregone on account of exemption of taxes granted by States shall be counted towards the definition of Revenue for the base year 2015-16;

(f) the revenues of States that were not credited to the Consolidated Fund of the States but were directly devolved to "mandi" or "municipalities" would also be included in the definition of 'revenue subsumed' if these were collected under the authority of entries 52, 54, 55 and 62 of List II of Seventh Schedule of the Constitution and were subsumed in the goods and services tax;

(g) to generate resources to compensate States for five years for any loss of revenue suffered by them on account of implementation of goods and services tax, a cess shall be levied on such goods, as recommended by the Goods and Services Tax Council, over and above the goods and services tax on that item;

(h) the proceeds of the goods and services tax compensation cess shall be credited to a non-lapsable Fund known as the Goods and Services Tax Compensation Fund in the Public Account and all amounts payable to the States as goods and services tax compensation shall be paid from the Goods and Services Tax Compensation Fund; and

(i) any residual amount left in the Compensation Fund after five year compensation period shall be shared equally between the Centre and the States.

Fifty per cent. of the amount remaining unutilised in the Goods and Services Tax Compensation Fund at the end of the transition period shall be transferred to the Consolidated Fund of India as the share of the Centre, and the balance fifty per cent. shall be distributed amongst the States and Union territories in the ratio of their total revenues from the State goods and services tax or the Union territory goods and services tax, as the case may be, in the last year of the transition period.

4. The Bill seeks to achieve the above objectives.