

S.No.	Particulars	Model GST Law (June 2016)	ICAI Suggestions on the same	Revised Model GST Law (Nov, 2016)	Remarks
1	Incentives or concessions to SEZs.	No provision in the Model GST Law	SEZs/EOUs enjoy various tax concessions and incentives under the current tax laws. However, there are no provisions in the Model GST Law on the continuance or changes to these incentives or concessions to SEZs/EOUs. The Government must spell out the policy framework on the same.	Supply of goods and/or services to a SEZ developer or an SEZ unit are defined as zero rated supply in Chapter VIII of the IGST Law, as a part of incentives & concessions to them	Partially accepted
2	Threshold limit for registration	Schedule III specifies the threshold limit of aggregate turnover for registration in a financial year as Rs. 9 Lakh for States other than North-eastern States & Rs. 4 Lakh for north-eastern States	The threshold limit for registration be doubled i.e. Rs. 18 Lakh for States other than North-eastern States & Rs. 8 Lakh for north-eastern States so as to keep away very small dealers from the system and several administrative hassles.	Schedule V specifies the threshold limit of aggregate turnover for registration in a financial year as Rs. 20 Lakh for States other than special category States & Rs. 10 Lakh for special category States	Accepted
3	Basic Exemption Limit for Small Suppliers	Section 9 states that Taxable person means a person whose aggregate turnover in a financial year exceeds Rs. 10 Lakh for States other than North-eastern States and Rs. 5 Lakh for north-eastern States	To enhance the exemption limit to 25 Lakh rupees as small and medium entities may find it difficult to maintain electronic records and wish to avoid administrative hassles.	Section 10 states that Taxable person means a person who is registered or liable to be registered under Schedule V of the Act. Chapter V provides for an liability to get registered if the aggregate turnover in a financial year exceeds 20 lakh rupees for States other than Special Category States and 10 lakh rupees for Special Category States.	Partially accepted
4	Services put to a private or non-business purpose	Schedule I includes it as a service to be treated as supply without consideration. Further, no input tax credit was admissible on the same as per section 16(9)	Both provisions reading together leads to double taxation on the one hand since service put to a private or non-business use is made taxable and input tax credit is not admissible on the same. Accordingly, it was suggested to allow Input Tax Credit on it.	The term "Services put to a private or non-business purpose" is deleted from Schedule I.	Partially accepted
5	Explanation to the definition of aggregate turnover	Aggregate turnover does not include the value of supplies on which tax is levied on reverse charge basis and the value of inward supplies	The explanation to the definition of aggregate turnover be suitably amended to replace the word "levied" with "payable" as tax is payable under reverse charge.	Aggregate turnover does not include the value of inward supplies on which tax is payable by a person on reverse charge basis under Section 8(3) and the value of inward supplies.	Accepted
6	Definition of Business vertical	The meaning assigned to a 'business segment' in Accounting Standard 17 issued by the Institute of Chartered Accountants of India	The definition be redefined so as to give a more comprehensive meaning and thus reference of AS 17 be replaced with Ind AS 108.	A distinguishable component of an enterprise that is engaged in supplying an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business verticals.	Partially accepted
7	Definition of Export of goods	Section 2(43) of Model CGST/SGST Law defines export of goods as "with its grammatical variations and cognate expressions, means taking out of India to a place outside India."	It is suggested that to remove any possible ambiguity, the words "of the goods" be inserted immediately after the word "taking out".	Section 2(5) of Model IGST Law defines export of goods as "with its grammatical variations and cognate expressions, means taking goods out of India to a place outside India."	Accepted

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8	GST Tax rates	Tax rate structure not defined	It was suggested that the number of rates of tax must not exceed four viz. Exempt rate, lower rate, standard rate & demerit rate	A four tier GST rate structure has been decided by the GST Council viz 5%, 12%, 18% and 28% with zero rate for essential items and the highest for luxury and de-merits goods that would also attract an additional cess.	Partially accepted
9	Denition of input	Any goods other than capital goods, subject to exceptions as may be provided under this Act or the rules made thereunder, used or intended to be used by a supplier for making an outward supply in the course or furtherance of business;	The definition be amended to exclude the words "by a supplier for making outward supply".	Any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business.	Accepted
10	Denition of input service	Any service, subject to exceptions as may be provided under this Act or the rules made thereunder, used or intended to be used by a supplier for making an outward supply in the course or furtherance of business	The definition be amended to exclude the words "by a supplier for making outward supply"	Any service used or intended to be used by a supplier in the course or furtherance of business	Accepted
11	Definition of Related Persons	The definition of related person <i>interalia</i> includes "any person directly or indirectly owns, controls or holds five per cent or more of the outstanding voting stock or shares of both of them"	It is suggested that the percentage of direct or indirect control or holding of the outstanding voting stock or shares of both of them be increased from 5% to 20%.	The definition of related person <i>interalia</i> includes "any person directly or indirectly owns, controls or holds twenty five per cent or more of the outstanding voting stock or shares of both of them"	Accepted
12	Definition of Services	Services means anything other than goods. It also includes intangible property and actionable claim but does not include money.	It is suggested to provide a comprehensive definition of the term "services" so as to avoid interpretational issues like in case of land.	Insertion of Explanation 2 - Services does not include transaction in money other than an activity relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.	Partially accepted
13	Levy of Composition Scheme	The proper officer of the Central or a State Government may, on the recommendation of the council, subject to such conditions and restrictions as may be prescribed, permit a registered taxable person, whose aggregate turnover in a financial year does not exceed fifty lakh of rupees, to pay, in lieu of the tax payable by him, an amount calculated at such rate as may be prescribed, but not less than one percent of the turnover during the year.	The levy of composition scheme be based on the aggregate turnover in the previous financial year, in lieu of the tax payable by any registered taxable person. To provide for a cap on the tax rate, viz. rather than providing that it shall not be less than 1%, it should instead provide that it should not be greater than say, 4%.	The proper officer of the Central or a State Government may, on the recommendation of the council, subject to such conditions and restrictions as may be prescribed, permit a registered taxable person, whose aggregate turnover in the preceding financial year does not exceed fifty lakh of rupees, to pay, in lieu of the tax payable by him, an amount calculated at such rate as may be prescribed, but not less than two and a half percent in case of a manufacturer and one percent in any other case, of the turnover in a State during the year.	Partially accepted

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14	Time of supply of goods	One of the four criteria for determining the time of supply of goods as provided in section 12(2) is "the date on which the recipient shows the receipt of the goods in his books of account"	It is suggested that section 12(2)(d) of Model GST Law be deleted	Section 12(2) amended to include only two criteria on which the time of supply would be determined and deleted the clause "the date on which the recipient shows the receipt of the goods in his books of account"	Accepted
15	Value of supply which cannot be determined under Section 15(1)	Section 15(4) provides that the value of such supplies as may be notified by the Central or a State Government on the recommendation of the Council shall be determined in such manner as may be prescribed.	The words "Notwithstanding anything in sub-section (1)," be added at the beginning of Section 15(4).	Section 15(5) provides that notwithstanding anything contained in sub-section (1) or sub-section (4), the value of such supplies as may be notified by the Central or a State Government in this behalf on the recommendation of the Council shall be determined in such manner as may be	Accepted
16	Manner of recovery of credit distributed in excess	Section 18(1) provides that where the credit distributed by the Input Service Distributor is in excess of the credit available for distribution by him, the excess credit so distributed shall be recovered from such distributor along with interest, and the provisions of section 51 shall apply mutatis mutandis for effecting such recovery Section 18(2) provides that where the Input Service Distributor distributes the credit in contravention of the provisions contained in section 17 resulting in excess distribution of credit to one or more suppliers, the excess credit so distributed shall be recovered from such supplier(s) along with interest, and the provisions of section 51 shall apply mutatis mutandis for	The given two sub-sections are overlapping in nature and it is suggested to clarify which of the sub-section prevails in case of overlap.	Section 18(1) has been deleted, thus removing the confusion in case of overlap.	Accepted
17	Interest on delayed payment of tax	In case a taxable person makes an undue or excess claim of input tax credit under section 29 (10), he shall be liable to pay interest on such undue or excess claim at the prescribed rate for the period computed in the manner prescribed.	It is suggested that section 36(3) be suitably amended to provide a reference to section 29A(10) since section 29 (10) as well as section 29A(10) both have a reference of section 36(3) therein.	Section 45(3) provides that in case a taxable person makes an undue or excess claim of input tax credit under section 37(10) [earlier section 29(10)] or undue or excess reduction in output tax liability under section 38(10) [earlier section 29(10)], he shall be liable to pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at the prescribed rate for the period computed in the manner prescribed.	Accepted

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18	Special procedure for removal of goods for certain purposes	Section 43A of the Model GST Law prescribes procedures to send taxable goods without payment of tax for job work and receiving or supplying such goods after completion of job work. The provision covers only situations where the goods sent to the job worker are received 'after completion of job work'.	It is suggested that at the end of section 43A(1), the words 'and may, after completion of job work' be omitted.	The words 'and may, after completion of job work' deleted from the re-numbered Section 55(1)	Accepted
19	Self-Assessment	An explanation to Section 44 provides that where goods received in pursuance of an inward supply are returned by the recipient to the supplier within a period of six months from the date of the relevant invoice, the tax payable on such return supply shall be equal to the input tax credit availed of earlier in respect of such inward supply."	It is suggested that explanation to Section 44 be introduced as a separate section in itself, as Section 44 and explanation to Section 44 do not have any link with each other.	The given explanation has been deleted in the re-numbered section 57.	Partially accepted
20	Audit by Tax Authorities	Section 49(1) provides that the [Commissioner of CGST/Commissioner of SGST] or any officer authorised by him, by way of a general or a specific order, may undertake audit of the business transactions of any taxable person for such period, at such frequency and in such manner as may be prescribed	It is suggested that the word "business" be deleted from the said provision.	The [Commissioner of CGST/Commissioner of SGST] or any officer authorised by him, by way of a general or a specific order, may undertake audit of any taxable person for such period, at such frequency and in such manner as may be prescribed	Accepted
21	Assessment of non-filers of returns	An explanation to the section 46(2) clarifies that nothing in this section shall preclude the payment of interest under section 36 or payment of late fee under section 33. "	The words "liability for" be inserted before the words "payment of interest....." in the explanation	Explanation to re-numbered section 60 has been redrafted as "Nothing in this section shall preclude the liability for payment of interest under section 45 and/or for payment of late fee under section 33."	Accepted
22	Time Limit for issuing show cause notice	No provision in the Model GST Law	It is suggested that time limit for issuance of notice be prescribed as without time limit, there is no finality to issues. It would also help to mitigate the sword of uncertainty looming over a taxable person's head.	Section 66(2) provides that the proper officer shall issue the notice under sub-section (1) at least three months prior to the time limit specified in sub-section (8) for issuance of order.	Accepted
23	Cenvat Credit to Importer, First Stage Dealers & Second Stage Dealers	There is no provision to allow Cenvat Credit for Importers, First stage dealers and Secons stage dealers for goods held in stock as on the day immediately preceding the appointed day.	A provision to allow CENVAT Credit on the stock held on the day immediately preceding the appointed day by the Importers, First stage dealers and second stage dealers be inserted	Importer, First stage Dealers and Second Stage Dealers shall be entitled to take, in his electronic credit ledger, credit of eligible duties and taxes in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day. Section 145	Accepted

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24	Transitional provisions for taxability for return of goods from Job workers	Section 150 & 151 of the Model GST Law provide that if the inputs/semi-finished goods are removed/dispatched from the factory/place of business to the job worker in accordance with the provisions of the earlier law prior to the appointed day and such inputs/semi-finished goods are returned to the said factory/place of business after the appointed day, then, if such goods are: a. Returned after a period of 6 months or the extended period of not exceeding two months from the appointed day, then the tax shall be payable by the job worker if such goods are liable to tax under GST b. Not returned within a period of 6 months or extended period from the appointed day, then the tax shall be payable by the manufacturer, if such goods are liable to tax under GST	It is therefore suggested that the tax be payable only once – either by the manufacturer or the job worker. Hence, both sections 150 and 151 need to be amended to this extent.	The provision of payment of tax by the job worker has been removed from the renumbered section 175 and 176.	Accepted
25	Tax Treatment of Stock in Transit under GST	No provision in the Model GST Law	It is suggested that transitional provisions be provided to entail a clear procedure for mechanism to avail transitional credit on goods in transit or pending for approval.	A new section 171 has been inserted providing credit of eligible duties and taxes in respect of inputs or input services during transit.	Accepted
26	Finished goods not returned within 6 months	Section 152 provides that where any excisable goods manufactured in a factory had been removed without payment of duty for carrying out tests or any other process not amounting to manufacture, to any other premises, whether registered or not, in accordance with the provisions of earlier law prior to the appointed day and such goods are returned to the said factory on or after the appointed day, no tax shall be payable if the said goods, after undergoing tests or any other process, are returned to the said factory within six months from the appointed day	It is suggested that proviso be inserted in between 2nd and 3rd proviso as follows: “Provided also that tax shall be payable by the person despatching the goods if such goods are not returned to him within a period of six months or the extended period, as the case may be, from the appointed day.”	Second proviso to re-numbered section 177 has been inserted as follows: PROVIDED FURTHER that if the said goods are not returned within a period of six months or the extended period, as the case may be, from the appointed day, the input tax credit shall be liable to be recovered in terms of section 184:	Accepted
27	Refund claim filed after the date of applicability of GST	No provision in the Model GST Law	It is suggested that there be inserted a provision for filing of refund claims in respect of past periods after the applicability of GST, to avoid unnecessary litigations/disputes	Section 181 has been inserted providing for the filing of refund claims after the appointed day for payments received and tax deposited before appointed day in respect of services not provided.	Accepted
28	Explanation 1 to clause 1 of schedule V (Earlier Schedule III)	The taxable threshold shall include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals.”	It is suggested that in explanation 1 to clause 1 of Schedule III, the word "Taxable threshold" be replaced with the word "aggregate turnover".	The explanation has been amended and the words "Taxable threshold" has been replaced by "aggregate turnover".	Accepted

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29	Place of supply of services in relation to immovable property	Section 6(4)a provides that place of supply of service in relation to immovable property is location of immovable property.	It is suggested that phrase "in relation to immovable property" be replaced by the phrase "directly in relation to immovable property..." considering that the term "in relation to immovable property" has a very wide connotation.	The renumbered section 9(4) has been amended and phrase "in relation to immovable property" has been replaced by the phrase "directly in relation to immovable property..."	Accepted
30	Supply in case of cessation of services before completion of contract	Section 13(6) provides that in a case where the supply of services ceases under a contract before the completion of the supply, such services shall be deemed to have been provided at the time when the supply ceases.	It is suggested that words " <i>to the extent supplied before such cessation</i> " be added where the supply of services ceases under a contract before the completion of the supply.	Section 28(6) provides that : In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply effected before such cessation.	Accepted
31	Credit of eligible duties & taxes on inputs held in stock & inputs contained in semi-finished or finished goods used for supply under works contract.	No provision in the Model GST Law	It is suggested to allow the Input Tax Credit on the inputs/capital goods/input services used in/for supply of long-term works contract activities such as lift installation, building construction contracts, EPC Contracts.	Section 169 provides that a registered taxable person who was providing works contract service and was availing of the benefit of notification No. 26/2012-Service Tax, dated 20.06.2012 shall be entitled to take, in his electronic credit ledger, credit of eligible duties and taxes in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day subject to certain conditions.	Partially accepted
32	Mandatory pre-deposit in case of appeal	Different provisions of pre-deposit under CGST Law and SGST Law.	It was suggested that to replicate pre-deposit provisions of CGST in SGST	Pre-deposit provisions in case of appeals under CGST/SGST Law provided in a common section for both CGST/SGST Law , thereby replicating the provisions of CGST under SGST.	Accepted
33	Common First Appellate Authority	Section 79 provides for different First Appellate Authority under CGST Law and SGST Law.	It was suggested that Common First Appellate authority to be established for hearing of appeal against the assessment order under CGST and SGST law and the provisions should be common for the appeals under both the laws.	Common First Appellate authority established under section 98 for hearing of appeal against the assessment order under CGST and SGST laws and all the provisions would be common.	Accepted
34	Detention, seizure and release of conveyance	Section 69 do not provide for the provisional release of detained goods or conveyance.	It was suggested that the goods be released if no show cause notice is issued within the time.	Section 89(3) provides that where the person transporting any goods or, as the case may be, the owner of the goods fails to pay the amount of tax and penalty as provided in sub-section (1) within seven days of such detention, provisions of sub-section (6) of section 79, shall apply mutatis mutandis for provisional release of the detained goods or conveyances.	Partially accepted

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35	Detention, seizure and release of conveyance	Section 69 do not provide any relaxation provided with regard to the interest of bonafide purchasers	It is suggested to add one Proviso in order to secure interest of bona fide purchasers in such cases	Proviso to Section 89(3) provides that where the detained goods are perishable or hazardous in nature or are likely to depreciate in value with passage of time, the said period of seven days for payment of amount of tax and penalty may be reduced by the proper officer.	Accepted
36	Alignment of period of refund in different sections	A period of " three months" is specified in Section 39 whereas the period of " within ninety days" provided in Section 38(5) for the purpose of granting refund to the taxable person.	It was suggested that the period "within three months" specified in Section 39 may be aligned with the period of "within ninety days" as per Section 38(5). Either this be made 90 days or the one under section 38(5) be changed to 3 months.	A uniform period of sixty days is provided in both the re-worded sections 48 and section 50 and thus aligning both the sections	Accepted
37	Rectification of returns	Section 27(7) provides that any taxable person shall rectify such omission or incorrect particulars therein, in the return to be filed for the month or quarter, as the case may be, during which such omission or incorrect particulars are noticed, subject to payment of interest, where applicable and as specified in the Act	It was suggested that the provisions of Section 27(7) be made applicable to Input Service Distributors and they be allowed to rectify their return owing to omission or incorrect particulars subject to payment of interest as specified.	Section 27(7) inter alia includes rectification of return by Input Service Distributor, filed for the month or quarter, as the case may be, during which such omission or incorrect particulars are noticed, subject to payment of interest, where applicable and as specified in the Act	Accepted
38	Definition of Works Contract	Section 2(107) provides that "works contract" means an agreement for carrying out for cash, deferred payment or other valuable consideration, building, construction, fabrication, erection, installation, fitting out, improvement, modification, repair, renovation or commissioning of any moveable or immovable property	In order to cover manufacture, processing, maintenance contracts under the aegis of deemed supply of services and to make them taxable as per the provisions of model GST law it is suggested that the definition of term "works contract" be amended to substitute the word ' means ' by the word " includes " and add the words manufacture, processing, maintenance therein.	Section 2(107) provides that "works contract" means a contract wherein transfer of property in goods is involved in the execution of such contract and includes contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance , renovation, alteration or commissioning of any immovable property	Partially Accepted
39	Definition of intra-state supply	No provision in the Model GST Law	The terms "intra-State Supply" & "inter-State Supply" be defined under CGST/ SGST Acts too.	Section 2 (57) defines "intra-State supply of goods" as the supply of goods in the course of intra-State trade or commerce in terms of subsection (1) of section 4 of IGST Act, 2016 Section 2(58) defines "intra-State supply of services" as the supply of services in the course of intra-State trade or commerce in terms of subsection (2) of section 4 of IGST Act, 2016	Partially Accepted
40	Opportunity of being heard to the owner of conveyance	No provision in the Model GST Law	To provide an opportunity of being heard to the owner of conveyance / goods before confiscation	Section 90(4) provides that no order of confiscation of goods and/or conveyance and/or imposition of penalty shall be issued without serving a notice on such person requiring him to show cause and without giving the person a reasonable opportunity of being heard.	Accepted