

PUNJAB VIDHAN SABHA

BILL NO. 23-PLA-2025

THE PUNJAB GOODS AND SERVICES (AMENDMENT) BILL, 2025

A

BILL

further to amend the Punjab Goods and Services Tax Act, 2017.

BE it enacted by the Legislature of the State of Punjab in the Seventy-sixth Year of the Republic of India, as follows:-

Short title and commencement.

1. (1) This Act may be called the Punjab Goods and Services Tax (Amendment) Act, 2025.

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

Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

Amendment in section 2 of Punjab Act 5 of 2017.

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

(i) in clause (61), after the word and figure "section 9", the words, brackets and figures "of this Act or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017" shall be deemed to have been inserted with effect from the 1st day of April, 2025;

(ii) in clause (69),-

(a) in sub-clause (c), after the words "management of a municipal", the word "fund" shall be inserted;

(b) after sub-clause (c), the following Explanation shall be inserted, namely: -

"*Explanation.* -For the purposes of this sub-clause,-

(a) "local fund" means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Panchayat area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called;

(b) "municipal fund" means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Metropolitan area or Municipal area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called."; and

(iii) after clause (116), the following clause shall be inserted, namely:-

'(116A) "unique identification marking" means the unique identification marking referred to in clause (b) of sub-section (2) of section 148A and includes a digital stamp, digital mark or any other similar marking, which is unique, secure and non-removable;'

Amendment in
section 12 of
Punjab Act 5 of
2017.

3. In the principal Act, in section 12, sub-section (4) shall be omitted.

Amendment in
section 13 of
Punjab Act 5 of
2017.

4. In the principal Act, in section 13, sub-section (4) shall be omitted.

Amendment in
section 17 of
Punjab Act 5 of
2017.

5. In the principal Act, in section 17, in sub-section (5), in clause (d),-

(i) for the words "plant or machinery", the words "plant and machinery" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of July, 2017; and

(ii) the *Explanation* shall be numbered as *Explanation I* thereof, and after *Explanation 1* as so numbered, the following *Explanation* shall be added,

namely:-

"*Explanation 2.*- For the purposes of clause (d), it is hereby clarified that notwithstanding anything to the contrary contained in any judgment, decree or order of any court, tribunal, or other authority, any reference to "plant or machinery" shall be construed and shall always be deemed to have been construed as a reference to "plant and machinery"."

Amendment in
section 20 of
Punjab Act 5 of
2017.

6. In the principal Act, in section 20, with effect from the 1st day of April, 2025,-

(i) in sub-section (1), after the word and figure "section 9", the words, brackets and figures "of this Act or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017" shall be inserted; and

(ii) in sub-section (2), after the word and figure "section 9", the words, brackets and figures "of this Act or under sub-section (3) or sub-section (4) of section 5 of the Integrated Goods and Services Tax Act, 2017," shall be inserted.

Amendment in
section 34 of
Punjab Act 5 of
2017.

7. In the principal Act, in section 34, in sub-section (2), for the existing proviso, the following proviso shall be substituted, namely:-

"Provided that no reduction in output tax liability of the supplier shall be permitted, if the,-

(i) input tax credit as is attributable to such a credit note, if availed, has not been reversed by the recipient, where such recipient is a registered person; or

(ii) incidence of tax on such supply has been passed on to any other person, in other cases."

Amendment in
section 38 of Punjab
Act 5 of 2017.

8. In the principal Act, in section 38,-

(i) in sub-section (1), for the words "an auto-generated statement", the words "a statement" shall be substituted; and

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

- (a) for the words "auto-generated statement under", the words "statement referred in" shall be substituted;
- (b) in clause (a), at the end, the word "and" shall be omitted;
- (c) in clause (b), after the words "by the recipient,", the word "including" shall be inserted; and
- (d) after clause (b), the following clause shall be inserted, namely:-
" (c) such other details, as may be prescribed."

Amendment in section 39 of Punjab Act 5 of 2017.

9. In the principal Act, in section 39, in sub-section (1), for the words "and within such time", the words "within such time, and subject to such conditions and restrictions" shall be substituted.

Amendment in section 107 of Punjab Act 5 of 2017.

10. In the principal Act, in section 107, in sub-section (6), for the existing proviso, the following proviso shall be substituted, namely:-

"Provided that in case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order unless a sum equal to ten per cent of the said penalty has been paid by the appellant."

Amendment in section 112 of Punjab Act 5 of 2017.

11. In the principal Act, in section 112, in sub-section (8), the following proviso shall be inserted, namely:-

"Provided that in case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order unless a sum equal to ten per cent of the said penalty, in addition to the amount payable under the proviso to sub-section (6) of section 107 has been paid by the appellant."

Insertion of new section 122 B in Punjab Act 5 of 2017.

12. In the principal Act, after section 122A, the following section shall be inserted, namely:-

"122 B. Notwithstanding anything contained in this Act, where any
Penalty for
failure to comply
with track and
trace
mechanism. person referred to in clause (b) of sub-section (1) of section
148A acts in contravention of the provisions of the said
section, he shall, in addition to any penalty under Chapter XV or the provisions

of this Chapter, be liable to pay a penalty equal to an amount of one lakh rupees or ten per cent of the tax payable on such goods, whichever is higher.”.

Insertion of new section 148A in Punjab Act 5 of 2017.

13. In the principal Act, after section 148, the following section shall be inserted, namely:-

"148A. (1) The Government may, on the recommendations of the

Track and trace mechanism for certain goods. Council, by notification, specify,-

(a) the goods;

(b) persons or class of persons who are in possession or deal with such goods, to which the provisions of this section shall apply.

(2) The Government may, in respect of the goods referred to in clause (a) of sub-section (1),-

(a) provide a system for enabling affixation of unique identification marking and for electronic storage and access of information contained therein, through such persons, as may be prescribed; and

(b) prescribe the unique identification marking for such goods, including the information to be recorded therein.

(3) The persons referred to in sub-section (1), shall,-

(a) affix on the said goods or packages thereof, a unique identification marking, containing such information and in such manner, as may be prescribed;

(b) furnish such information and details within such time and maintain such records or documents, in such form and manner, as may be prescribed;

(c) furnish details of the machinery installed in the place of business of manufacture of such goods, including the identification, capacity, duration of operation and such other details or information, within such time and in such form and manner, as may be prescribed;

(d) pay such amount in relation to the system referred to in sub-section (2),

as may be prescribed.”.

Amendment in
schedule III of
Punjab Act 5 of
2017.

14. In the principal Act, in Schedule III, -

- (i) in paragraph 8, after clause (a), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2017, namely:-

“(aa) Supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area;”;

- (ii) in *Explanation 2*, after the words “For the purposes of”, the words, brackets and letter “clause (a) of” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2017;

- (iii) after *Explanation 2*, the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2017, namely:-

“*Explanation 3*.- For the purposes of clause (aa) of paragraph 8, the expressions “Special Economic Zone”, “Free Trade Warehousing Zone” and “Domestic Tariff Area” shall have the same meanings respectively as assigned to them in section 2 of the Special Economic Zones Act, 2005.”.

No refund of tax
collected.

15. No refund shall be made of all such tax which has been collected, but which would not have been so collected, had section 14 been in force at all material times.

STATEMENT OF OBJECTS AND REASONS

The Punjab Goods and Services Tax Act, 2017 (the Act) was enacted with a view to make a provision for levy and collection of tax on intra-State supply of goods or services or both by the State Government. With the objective of enhancing compliance under the GST regime, there is a need to amend the Punjab Goods and Services Tax Act, 2017 ("the PGST Act") with a view to maintain uniformity with the provisions of the Central Goods and Services Tax Act, 2017, as amended by the Finance Act, 2025. These are provisions regarding amendment in definition of Input Service Distributor (ISD) so as to include the distribution of Input Tax Credit (ITC) for inter-State supplies on a reverse charge basis, introduction of "unique identification marking" for certain goods under a track-and-trace mechanism along with imposition of penalty of ₹1 lakh or 10% of tax payable (whichever is higher) for non-compliance with the track-and-trace mechanism for specified goods, 10% pre-deposit of the penalty amount for filing appeals involving penalties and exemptions for goods warehoused in Special Economic Zones (SEZs) or Free Trade Warehousing Zones before export or clearance to the Domestic Tariff Area and amendment of section 17(5), so as to clarify that "plant and machinery" includes both terms. In order to implement the said changes, it is proposed to amend the Punjab Goods and Services Tax Act, 2017.

HARPAL SINGH CHEEMA,
Excise and Taxation Minister,
Punjab.

FINANCIAL MEMORANDUM

The Bill proposes to amend sections 2, 12, 13, 17, 20, 34, 38, 39, 107, 112 and Schedule III and insert new section 122A and 148A in the Punjab Goods and Services Tax Act, 2017 (Punjab Act 5 of 2017), with a view to maintain uniformity with the provisions of the Central Goods and Services Tax Act, 2017, as amended by the Finance Act, 2025. These are provisions regarding amendment in definition of Input Service Distributor (ISD) so as to include the distribution of Input Tax Credit (ITC) for inter-State supplies on a reverse charge basis, introduction of "unique identification marking" for certain goods under a track-and-trace mechanism along with imposition of penalty of ₹1 lakh or 10% of tax payable (whichever is higher) for non-compliance with the track-and-trace mechanism for specified goods, 10% pre-deposit of the penalty amount for appeals involving penalties and exemptions for goods warehoused in Special Economic Zones (SEZs) or Free Trade Warehousing Zones before export or clearance to the Domestic Tariff Area, restricting output tax adjustments if recipients fail to reverse ITC or pass on tax burdens and amendment of section 17(5), so as to clarify that "plant and machinery" includes both terms. These provisions do not involve the recurring or non-recurring expenditure from the Consolidated Fund of the State on its enactment as an Act of the State Legislature.

The Governor has, in pursuance of clause (1) and (3) of Article 207 of the Constitution of India, recommended to the Punjab Legislative Assembly, the introduction and consideration of the Bill.

CHANDIGARH:
THE 26TH SEPTEMBER, 2025

R. L. KHATANA,
SECRETARY.

N.B. – The above Bill ^{will be} published in the Punjab Government Gazette (Extraordinary), dated the 28th September, 2025 under the proviso to rule 121 of the Rules of Procedure and Conduct of Business in the Punjab Vidhan Sabha (Punjab Legislative Assembly).