The GST Council in its 28th meeting held on 21.07.2018 approved the proposals for amendment in the GST Laws.

2. Accordingly, draft amendment Bills were prepared in consultation with the Legislative department of the Union Ministry of Law and Justice for their introduction in the ongoing Monsoon Session of the Parliament. The draft Bills were placed before the Union Cabinet on 01.08.2018 for consideration and approval.

3. It has been observed that the original formulation of second proviso to section 16(2) of the Central Goods and Services Tax Act, 2017 is more beneficial to the MSME and deletion of the phrase “along with interest thereon” would reduce the incentive for timely payment to suppliers, especially to MSMEs. Union Cabinet, while considering the amendments has also noted this concern.

4. Accordingly, the approval of the GST Council is sought not to carry out the proposed amendment in the second proviso to section 16(2) of the Central Goods and Services Tax Act, 2017.

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