

PUNJAB VIDHAN SABHA SECRETARIAT

Notification

The 8th September, 2008

No. 14-PLA-2008/41.- The Punjab Value Added Tax (Second Amendment) Bill, 2008 is hereby published for general information under the proviso to rule 121 of the Rules of Procedure and Conduct of Business in the Punjab Vidhan Sabha (Punjab Legislative Assembly):-

Bill No. 14-PLA-2008

THE PUNJAB VALUE ADDED TAX (SECOND AMENDMENT)

BILL, 2008

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BILL

Further to amend the Punjab Value Added Tax Act, 2005.

Be it enacted by the Legislature of the State of Punjab in the Fifty-ninth Year of the Republic of India as follows-

	1. (1) This Act may be called the Punjab Value Added Tax (Second Amendment) Act, 2008. (2) It shall be deemed to have come into force on and with effect from the 1 st day of April, 2006.	Short title and commencement
Amendment in section 2 of Punjab Act 8 of 2005	2. In the Punjab Value Added Tax Act, 2005, in section 2, in clause (zg), in the Explanation, after item (8), the following item shall be added, namely:- “(9) The amount of bonus, granted as an incentive	

	by the Government of India from time to time in respect of paddy, purchased by the procurement agencies and rice mills, out of which, rice is shelled out, which is supplied to the Central pool, shall not form part of the sale price of rice.”	
Repeal and saving	3. (1) The Punjab Value Added Tax (Amendment) Ordinance, 2008 (Punjab Ordinance No. 3 of 2008), is hereby repealed.	
	(2) Notwithstanding such repeal, anything done or any action taken under the principal Act, as amended by the Ordinance, referred to in sub-section (1), shall be deemed to have been done or taken under the principal Act, as amended by this Act.	

STATEMENT OF OBJECTS AND REASONS

During the Kharif Marketing Season 2007-08 the Government of India announced incentive bonus of Rs. 100 per quintal for the farmers on the paddy procured for the central pool. This incentive bonus was subject to the condition that the entire bonus amount will be exempt from all the State taxes and levies including VAT on paddy as well as on rice. The Food Corporation of India refused to reimburse the incentive bonus to the State Agencies till the exemption from VAT on rice on the bonus amount is granted by the State Government. Therefore, the State Government has to grant exemption from VAT on rice on the bonus amount.

PARKASH SINGH BADAL
Chief Minister, Punjab.

FINANCIAL MEMORANDUM

By exempting VAT @ 4% on the amount of incentive bonus of Rs. 100 per quintal for the farmers on the rice procured by the agencies for central pool, the State would suffer revenue loss amounting to Rs. 20 crore for the year 2006-07 and Rs. 50 crore for the year 2007-08 and future loss will depend on the amount of bonus and quantity procured for central pool.

CHANDIGARH:

The 8th September, 2008

MADAN MOHAN

Secretary.