Lok Sabha passed Goods and Services Tax (GST) Constitutional Amendment Bill (122nd Amendment), 2014 with 2/3 majority, a step towards the planned roll out of GST on April 1, 2016, amid stiff resistance.

After being passed in the Lok Sabha, the GST Constitutional Amendment Bill requires to be passed with 2/3rd majority in the Rajya Sabha as well followed by its ratification by at least 50% of the States before it becomes law of the land.

The salient features of the GST Constitutional Amendment Bill are as follows:

- Insertion of new Article 246A conferring simultaneous power to the Union and the State legislatures to legislate on GST.
- Insertion of new Article 279A for the creation of a Goods & Services Tax Council, which will be a joint forum of the Centre and the States. This Council would function under the Chairmanship of the Union Finance Minister.
- To do away with the concept of 'declared goods of special importance' under the Constitution.
- Central Taxes like Central Excise Duty, Additional Excise Duties, Service Tax, Additional Customs Duty (CVD) and Special Additional Duty of Customs (SAD), etc. will be subsumed in GST.
- At the State level, Taxes like VAT/ Sales Tax, Central Sales Tax, Entertainment Tax, Octroi and Entry Tax, Purchase Tax and Luxury Tax, etc. would be subsumed in GST.
- The Centre will compensate States for loss of revenue arising on account of implementation of the GST for a period up to five years (The compensation will be on a tapering basis, i.e., 100% for first three years, 75% in the fourth year and 50% in the fifth year).
- All Goods and services, except alcoholic liquor for human consumption, will be brought under the purview of GST.
- However, it has also been provided that petroleum and petroleum products shall not be subject to the levy of GST till notified at a future date on the recommendation of the GST Council. The present taxes levied by the States and the Centre on petroleum and petroleum products, i.e., Sales Tax/VAT, CST and Excise duty only, will continue to be levied in the interim period.
- Both Centre and States will simultaneously levy GST across the value chain. The Centre would levy and collect Central Goods and Services Tax (CGST), and States would levy and collect the State Goods and Services Tax (SGST) on all transactions within a State
- The Centre would levy and collect the Integrated Goods and Services Tax (IGST) on all inter-State supply of Goods and Services. There will be seamless flow of input tax credit from one State to another. Proceeds of IGST will be apportioned among the States.
- GST is a destination-based tax. All SGST on the final product will ordinarily accrue to the consuming State.
- GST rates will be uniform across the Country. However, to give some fiscal autonomy to the Centre and States, there will a provision of a narrow tax band over and above the floor rates of CGST and SGST.

- It is proposed to levy a non-vatable Additional Tax of not more than 1% on supply of goods in the course of inter-State trade or commerce for a period not exceeding 2 years, or further such period as recommended by the GST Council. This Additional Tax on supply of goods shall be assigned to the States from where such supplies originate.

- The term “Services” is proposed to be exhaustively defined as “anything other than goods”.