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Title: Motion for consideration of the Taxation Laws (Amendment) Bill, 2007 (Motion Adopted and Bill Passed).

MR. DEPUTY-SPEAKER: The House will now take up the Legislative Business, namely, the Taxation Laws (Amendment) Bill.

...(Interruptions)

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Sir, I beg to move*:

"That the Bill further to amend the Central Sales Tax Act, 1956 and the Additional Duties of Excise (Goods of Special Importance) Act, 1957, be taken into consideration."

The Taxation Laws (Amendment) Bill, 2007 has been introduced in order to carry out the necessary amendments to the Central Sales Tax Act (CST) Act, 1956 and the Additional Duties of Excise (Goods of Special Importance) Act, 1957 with a view to commence the process of phasing out the CST in line with the consensus arrived at between the Central Government and the State Governments.

...(Interruptions)

The CST, being an origin-based tax, is inconsistent with VAT (which is a destination-based tax). Moreover, CST results in cascading of tax. Due to these reasons, there has been a consensus that the CST should be phased out. This is also a pre-requisite for introduction of an integrated Goods and Services Tax (GST), which the Government proposes to introduce by 1st April, 2010. ...(Interruptions)

In this connection, I had meetings with the State Finance Ministers on 16th December, 2005, 17th February, 2006, 22nd March, 2006, 3rd January, 2007 and 22nd February, 2007. And I report that a consensus has been arrived at between

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** Moved with the recommendation of the President.

the Central Government and the State Governments on the roadmap for phasing out of the CST as also on the package of compensation to the States for revenue loss on this account. The implementation of the above proposals requires the amendment of the CST Act as also the Additional Duties of Excise (Goods of Special Importance) Act, 1957. Consequently, the CST Act is proposed to be amended to provide for reduction of the CST rate. ...(Interruptions)

With these words, I request that the Bill be taken into consideration.

...(Interruptions)

MR. DEPUTY-SPEAKER: Please listen to me. This Bill is very important. Let us discuss and pass it. Please sit down.

...(Interruptions)

MR. DEPUTY-SPEAKER: The question is:

"That the Bill further to amend the Central Sales Tax Act, 1956 and the Additional Duties of Excise (Goods of Special Importance) Act, 1957, be taken into consideration"

The motion was adopted.

...(Interruptions)

MR. DEPUTY-SPEAKER: The House will now take up clause by clause consideration of the Bill.

MR. DEPUTY-SPEAKER: The question is:

"That clauses 2 to 11 stand part of the Bill."

The motion was adopted.

Clauses 2 to 11 were added to the Bill.

Clause 1, the Enacting Formula and the Long Title were added to the Bill.

...(Interruptions)

SHRI P. CHIDAMBARAM: I beg to move:

"That the Bill be passed."

MR. DEPUTY-SPEAKER: The question is :

"That the Bill be passed."

The motion was adopted.

...(Interruptions)
