

# The Manipur Goods and Services Tax (Second Amendment) Bill, 2025

## 1) Relevant Context

### *Why was this done?*

When the Centre updated the GST law through the Finance Act, 2025, states were required to mirror those changes so the national GST system stays consistent. Since Manipur is under President's Rule and Parliament was not in session, an Ordinance was used first, but now it must be replaced by a proper Act which will ensure Manipur matches national standards.

## 2) Provisions of the Bill

### *What was done?*

1. **Track and Trace System:** The Bill introduces a track and trace system for specified goods (The central government will later specify which goods are covered..
  - a. The government will mandate non removable, secure identification markings (digital or physical) to track them.
  - b. It creates a new penalty for failure to comply with the track and trace system: one lakh rupees or ten percent of the tax on the goods, whichever is higher.
2. **Credit Notes:** The bill revises credit note rule, which is when a seller is allowed to reduce the GST they owe because something changed in the original sale, such as an incorrect price, a return, or faulty goods. The amendment adds an important condition: the seller cannot reduce their GST if the buyer has already used the GST credit from that invoice. This is because the buyer has already used that GST to lower their own tax, so allowing the seller to reduce their GST as well would create a double benefit from the same transaction.
3. **Penalty Appeals:** If someone wants to challenge a penalty under GST (a fine for noncompliance with the national GST act, in essence, a fine for not paying the GST), they must first pay a portion of that penalty before the appeal can be filed. This is meant to stop unnecessary appeals.
  - a. For an appeal before the Appellate Authority, 10% of the penalty amount is to be paid
  - b. For an appeal before the Appellate Tribunal, an additional 10% of the penalty amount
4. **SEZ/FTWZ Exemptions:** The bill exempts certain goods from SGST when they are stored in Special Economic Zones (SEZs) or Free Trade Warehousing Zones (FTWZs). These zones are special areas where businesses get tax and other benefits to encourage investment and exports. The exemption applies when goods are supplied from these zones either:

- a. To another person before they are cleared for export, or
- b. To the rest of India outside the zones (called the Domestic Tariff Area (DTA)).

This means businesses moving goods from these special zones won't have to pay SGST on those transactions until the goods leave the zone for domestic consumption or export.

5. **Updated Definitions:** Manipur-specific definitions are updated to match the 2025 Central GST amendments, including terms such as "local fund", "municipal fund", and "unique identification marking".

### **3) Policy Implications:**

#### *Why this matters?*

1. Track and Trace:
  - i. Strengthens tax enforcement and makes it harder to divert or misreport high-risk goods. This improves compliance and closes monetary leakages in sectors known for tax evasion.
  - ii. *For you: This means goods you buy are less likely to be fake or misreported, and the government can keep taxes fair.*
2. Credit Notes:
  - i. Prevents double benefits and protects revenue so sellers don't pay less GST unfairly.
  - ii. *For you: This ensures that prices are fair and sellers cannot reduce their taxes in a way that might shift the burden on you unfairly.*
3. Appeals in Penalty Cases:
  - i. Requiring a deposit ensures faster dispute resolution and discourages frivolous appeals.
  - ii. *For you: If you face a illegitimate GST penalty, your case is likely to be resolved faster and more predictably.*
4. SEZ and FTWZ Exemptions:
  - i. Clearer tax treatment of goods in special zones reduces disputes and speeds up movement of goods while supporting exporters and SEZ operators.
  - ii. *For you: Products from these zones reach stores faster, and exporters can operate more smoothly, which may keep prices stable and improve availability.*
5. Updated Definitions:
  - i. Alignment with the Central GST law maintains uniformity across states, which is essential for GST's national structure and smooth implementation.
  - ii. *For you: It's easier for you to understand taxes, whether you're buying or selling goods in Manipur, because the rules match the rest of India.*