



Chhattisgarh Waives VAT Dues and Approved GST (Amendment) Bill Drafts

Why in News?

The Chhattisgarh government has announced major relief for small traders by **waiving [Value Added Tax \(VAT\)](#) dues up to Rs 25,000** in cases pending for over 10 years.

- State government has also approved the drafts of the **Chhattisgarh GST (Amendment) Bill, 2025** and the **Chhattisgarh Settlement of Outstanding Dues (Amendment) Bill, 2025**.

Note:

- **Value Added Tax (VAT):** Tax on goods sold, applied at each stage of the supply chain. It is **imposed on goods that are excluded from the GST regime** like alcoholic beverages, petroleum products etc.

Key Points

- **Old VAT Dues Waived:**
 - By writing off old VAT dues, a move that will benefit over 40,000 small traders and help resolve more than 62,000 pending cases, thereby significantly reducing the compliance burden and litigation backlog.
- **Drafts of GST-Related Amendment Bills Approved:**
 - The government approved the drafts of two key bills:
 - Chhattisgarh Goods and Services Tax (Amendment) Bill, 2025
 - Chhattisgarh Settlement of Outstanding Tax, Interest, and Penalty (Amendment) Bill, 2025
 - Both bills will be introduced during the Monsoon Session of the State Assembly starting 14 July 2025.
- **Key Features of the Draft:**
 - These legislative amendments are part of the government's broader strategy to enhance the ease of doing business in the state.
 - The proposed changes align with decisions made during the **[55th GST Council meeting](#)**.
 - The draft bill **proposes a reduction in the mandatory pre-deposit** for penalty-only cases (with no tax demand) from 20% to 10% for filing appeals before the appellate authority.
 - To eliminate confusion caused by conflicting Advance Ruling Authority decisions, the government has proposed to delete the '**Time of Supply**' provision related to the taxability of vouchers, ensuring greater clarity and uniformity.
 - A key amendment also proposes to **exclude warehousing transactions** within **[Special Economic Zones \(SEZs\)](#)** from the GST framework.
 - This will **apply to goods stored in SEZ warehouses** that are traded multiple times without physical movement, and is aimed at boosting trade efficiency within SEZs.

GST Council

- **About:** The GST Council, a **constitutional body** under [Article 279-A \(101st Amendment, 2016\)](#), makes recommendations on GST implementation.
 - GST is a **value-added (Ad Valorem)** and **indirect tax system** that is levied on the supply of goods and services in India.
- **Members:** The Council includes the **Union Finance Minister (Chairperson)**, Union Minister of State (Finance), and a finance or any other minister from each state.
- **Nature of Decisions:** In the **Mohit Minerals case, 2022**, the Supreme Court ruled GST Council recommendations are **not binding**, as Parliament and states have **simultaneous legislative powers** on GST.

Special Economic Zones (SEZ)

- A SEZ is a **duty-free enclave** treated as **foreign territory** for the purpose of **trade, tariffs, and operations**. Any **private/public/joint sector or State Government** or its **agencies** can set up SEZ.
 - SEZs were first introduced in **India in 2000** under the [Foreign Trade Policy](#), replacing the earlier **Export Processing Zones (EPZs)**. They are governed by the **SEZ Act, 2005** and **SEZ Rules, 2006**.
- The **Development of Enterprise and Service Hubs (DESH) Bill, 2022** aims to replace the **SEZ Act, 2005** and **transform SEZs** into more flexible and inclusive **Development Hubs**.
 - These hubs will be **exempt from many existing regulatory restrictions** and will support **both export-oriented and domestic investments**, functioning as **integrated zones** for international and domestic trade.

PDF Reference URL: <https://www.drishtiias.com/printpdf/chhattisgarh-waives-vat-dues-and-approved-gst-amendmen-bill-drafts>