

GST (Compensation Cess): Matrix of Legal Provisions

About Colour Coding Scheme Used in the Document

	Indicates currently valid notification		Currently valid Circulars/Orders		Chapter No and heading
	Indicates Superceded/Rescinded notification/Order/ Circulars		Indicates that no notification/circular/order issued so far		Section No. and Its heading

INDEX

Chapter-I PRELIMINARY	3
Section 1.....	3
Section 2.....	4
Section 3.....	4
Section 4.....	4
Section 5.....	4
Section 6.....	4
Section 7.....	4
Section 8.....	4
Section 9.....	6
Section 10.....	6
Section 11.....	6
Section 12.....	7
Section 13.....	7
Section 14.....	7

Schedule 7

Table

Section No.	Chapter /Section /heading	Notification/ Circular No and date	Subject of the Notification /Circular/Order in brief	Remarks
	Chapter-I PRELIMINARY			
Section 1	Short title, extent and commencement.	Notification No. 1/2017-GST Compensation, dated 28.06.2017	It brought into force all the provisions of GST (Compensation to States) Act, 2017 with effect from 1.7.2017.	
		Notification No. 1/2019-GST Compensation, dated 29.01.2019.	It brought into force all the provisions of GST (Compensation to States) Amendment Act, 2018 with effect from 01.02.2019.	
		Notification No. 01/2023-Compensation Cess, dated 31.03.2023	It brought into force the provision of section 163 of the Finance Act, 2023 (8 of 2023) with effect from 1.4.2023.	

Section 2	Definitions.			
Section 3	Proposed Growth Rate			
Section 4	Base year			
Section 5	Base Year Revenue			
Section 6	Projected Revenue			
Section 7	Calculation and release of compensation			
Section 8	Levy and collection of Cess	Notification No. 1/2017-Compensation Cess (Rate), dated 28.06.2017 (r/w corrigendum dated 30.06.2017) as amended <i>vide</i> notification No. 3/2017-Compensation Cess (Rate), dated 18.07.2017; No. 5/2017-Compensation Cess (Rate), dated 11.09.2017; No. 1/2018-Compensation Cess (Rate), dated 25.01.2018; No. 2/2018-Compensation Cess (Rate), dated 26.07.2018 (w.e.f. 27.07.2018) (read with corrigendum dated 02.08.2018); No. 02/2019-Compensation Cess (Rate), dated 30.09.2019 (01.10.2019); No. 1/2021-Compensation Cess (Rate), dated 30.09.2021 (w.e.f. 01.10.2021); No. 2/2021-Compensation Cess (Rate), dated 28.12.2021 (w.e.f. 01.01.2022); No. 01/2023-Compensation Cess (Rate), dated 28.02.2023 (w.e.f. 01.03.2023); No. 2/2023-Compensation Cess (Rate), dated 31.03.2023 (w.e.f. 01.04.2023); No. 03/2023-Compensation Cess (Rate), dated 26.07.2023 (w.e.f. 27.07.2023); No. 02/2025-Compensation Cess (Rate), dated 17.09.2025 (w.e.f. 22.09.2025); and No. 03/2025-	It notifies the rate of Compensation Cess applicable on inter-state or intra-state supplies of specified goods.	

		Compensation Cess (Rate), dated 31.12.2025 (w.e.f. 01.02.2026).		
		Notification No. 2/2017-Compensation Cess (Rate), dated 28.06.2017 (read with corrigendum dated 01.07.2017) as amended <i>vide</i> notification No. 06/2017-Compensation Cess (Rate), dated 13.10.2017.	It notifies rate of Compensation Cess applicable on inter-state or intra-state supplies of specified services.	
		Notification No. 7/2017-Compensation Cess (Rate), dated 13.10.2017	It prescribes rate of Compensation Cess applicable on leasing of motor vehicles purchased and leased before 1.7.2017 or supply of motor vehicles purchased before 1.7.2017 but supplied after 1.7.2017.	
		Circular No. 1/1/2017-Compensation Cess, dated 26.07.2011.	It clarifies in respect of applicability of Section 16 of the IGST Act, 2017, relating to zero rated supply for the purpose of Compensation Cess on exports.	
Section 8A	Power not to recover cess not levied or short levied as a result of general practice			Inserted (w.e.f. 16.08.2024) vide section 157 of the Finance (No.2) Act, 2024 (15 of 2024) (w.e.f.01.11.2024)

Section 9	Returns, payment and refunds	Notification No. 03/2019-Compensation Cess (Rate), dated 30.09.2019. [* see note below]	It disallows the refund of compensation cess in case of inverted duty structure for tobacco and manufactured tobacco substitutes.	<i>Vide Section 133 of the Finance Act, 2020, the notification was made effective with retrospective effect from 1.7.2017.</i>
Section 10	Crediting proceeds to the fund			
Section 11	Other provisions relating to Cess	Notification No. 4/2017-Compensation Cess (Rate), dated 20.07.2017	It exempts intra-state supplies of second hand goods received by a registered person, dealing in buying and selling of second hand goods and the person who is liable to pay the GST Compensation Cess on the value of outward supply of such second hand goods.	
		Notification No. 1/2019-Compensation Cess (Rate), dated 29.06.2019 (w.e.f. 01.07.2019).	It wholly exempts any supply of goods by a retail outlet established in the departure area of an international airport, beyond the immigration counters, to an outgoing international tourist, from GST Compensation Cess.	
		Notification No. 01/2024-Compensation Cess (Rate), dated 12.07.2024 (w.e.f. 15.07.2024).	It wholly exempts supply of goods falling under the heading 2202 by a Unit Run Canteen (URC) to authorised customers, from GST Compensation Cess.	

Section 12	Power to make rules	Notification No. 2/2017-Compensation Cess, dated 01.07.2017 (w.e.f. 01.07.2017).	It issued GST Compensation Cess Rules, 2017.	
Section 13	Laying of Rules before Parliament			
Section 14	Power to Remove Difficulties			
Schedule				

Note: Vide Section 133 of the Finance Act, 2020 (12 Of 2020), the notification No. 03/2019-Compensation Cess (Rate), dated 30.09.2019 was made retrospective in effect from 1.7.2017. The text of Section 133 of the Finance Act, 2020 (12 of 2020) is reproduced below:-

Retrospective effect to notification issued under clause (ii) of proviso to sub-section (3) of section 54 of Central Goods and Services Tax Act.

133. The notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 708(E), dated the 30th September, 2019, issued by the Central Government, on the recommendations of the Council, in exercise of the powers under clause (ii) of the proviso to sub-section (3) of section 54 of the Central Goods and Services Tax Act, 2017, read with sub-section (2) of section 9 of the Goods and Services Tax (Compensation to States) Act, 2017, shall be deemed to have, and always to have, for all purposes, come into force on and from the 1st day of July, 2017

Caution Note:

- Though all precautions have been taken to make this document error free, still some errors might have crept into this document. Therefore, users of this document are requested to exercise due caution.
- This document has been prepared using the information available on CBIC website.
- Use of this document is restricted for non-commercial purposes only.