

BILL No. 145 of 2018

THE UNION TERRITORY GOODS AND SERVICES TAX
(AMENDMENT) BILL, 2018

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BILL

to amend the Union Territory Goods and Services Tax Act, 2017.

BE it enacted by Parliament in the Sixty-ninth Year of the Republic of India as follows:—

1. (1) This Act may be called the Union Territory Goods and Services Tax (Amendment) Act, 2018. Short title and commencement.

(2) It shall come into force on such date as the Central Government may, by notification
5 in the Official Gazette, appoint.

Amendment of section 7.	<p>2. In section 7 of the Union Territory Goods and Services Tax Act, 2017 (hereinafter referred to as the principal Act), for sub-section (4), the following sub-section shall be substituted, namely:—</p> <p style="padding-left: 40px;">"(4) The Government may, on the recommendations of the Council, by notification, specify a class of registered persons who shall, in respect of supply of specified categories of goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such supply of goods or services or both, and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to such supply of goods or services or both."</p>	14 of 2017. 5 10
Amendment of section 9.	<p>3. In section 9 of the principal Act, in clause (b), the following proviso shall be inserted, namely:—</p> <p style="padding-left: 40px;">"Provided that the input tax credit on account of Union territory tax shall be utilised towards payment of integrated tax only when the balance of the input tax credit on account of central tax is not available for payment of integrated tax;"</p>	15
Insertion of new sections 9A and 9B.	<p>4. After section 9 of the principal Act, the following sections shall be inserted, namely:—</p> <p style="padding-left: 40px;">"9A. Notwithstanding anything contained in section 9, the input tax credit on account of Union territory tax shall be utilised towards payment of integrated tax or Union territory tax, as the case may be, only after the input tax credit available on account of integrated tax has first been utilised towards such payment.</p> <p style="padding-left: 40px;">9B. Notwithstanding anything contained in this Chapter and subject to the provisions of clause (c) of section 9, the Government may, on the recommendations of the Council, prescribe the order and manner of utilisation of the input tax credit on account of integrated tax, central tax, State tax or Union territory tax, as the case may be, towards payment of any such tax."</p>	20 25
Utilisation of input tax credit.		
Order of utilisation of input tax credit.		

STATEMENT OF OBJECTS AND REASONS

The Union Territory Goods and Services Tax Act, 2017 (the Act) was enacted with a view to make a provision for levy and collection of tax on intra-State supply of goods or services or both by the Union territories.

2. The Act provides for certain provisions for smooth transition of existing taxpayers to new goods and services tax regime. However, the new tax regime has been facing certain difficulties in respect of matters relating to supply of taxable goods or services by a supplier, who is not registered and due to certain restrictions in the utilisation of input tax credit of Union territory tax towards payment of integrated tax. To overcome those difficulties and in order to facilitate compliance with the law, improve the ease of doing business and to remove difficulties in the implementation of the Act, it is proposed to amend the Union Territories Goods and Services Tax Act, 2017.

3. The proposed Union Territory Goods and Services Tax (Amendment) Bill, 2018, *inter alia*, provides for the following, namely:—

(i) to amend section 7 of the Act so as to empower the Central Government to notify classes of registered persons to pay the tax on reverse charge basis in respect of receipt of supplies of certain specified categories of goods or services or both from unregistered suppliers;

(ii) to amend section 9 of the Act so as to provide that input tax credit on account of the Union territory tax shall be utilised towards payment of integrated tax only when the balance of the input tax credit on account of central tax is not available for payment of integrated tax; and

(iii) to insert new sections 9A and 9B relating to "Utilisation of input tax credit" and "Order of utilisation of input tax credit".

4. The Bill seeks to achieve the above objectives.

NEW DELHI;

PIYUSH GOYAL

The 6th August, 2018.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of D.O. No. S-31011/9/2018-ST-I-DoR dated 6th August, 2018 from Shri Piyush Goyal, Minister of Finance to the Secretary General, Lok Sabha]

The President, having been informed of the subject matter of the Union Territory Goods and Services Tax (Amendment) Bill, 2018, recommends the introduction of the Union Territory Goods and Services Tax (Amendment) Bill, 2018 to Lok Sabha under clauses (1) and (3) of article 117 read with clause (1) of article 274 of the Constitution of India, and also recommends to Lok Sabha the consideration of the Bill.

FINANCIAL MEMORANDUM

The provision of this Bill will improve ease of doing business, voluntary tax compliance as well as on tax revenues. The total financial implications in terms of recurring and non-recurring expenditure involved in carrying out various functions under the Bill would be borne by the Central Government. However, it is not possible to estimate the exact recurring and non-recurring expenditure from the Consolidated Fund of India at this stage.

MEMORANDUM REGARDING DELEGATED LEGISLATION

The matters in respect of which notification may be issued or rules may be made in accordance with the provisions of the Bill are matters of procedure and it is not practicable to provide for the same in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

ANNEXURE
EXTRACTS FROM THE UNION TERRITORY GOODS AND SERVICES TAX ACT, 2017
(14 OF 2017)

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CHAPTER III

LEVY AND COLLECTION OF TAX

Levy and collection.

7. (I) * * * * *

(4) The Union territory tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

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CHAPTER IV

PAYMENT OF TAX

Payment of tax.

9. The amount of input tax credit available in the electronic credit ledger of the registered person on account of,—

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(b) the Union territory tax shall first be utilised towards payment of Union territory tax and the amount remaining, if any, may be utilised towards payment of integrated tax;

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LOK SABHA

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to amend the Union Territory Goods and Services Tax Act, 2017.

(Shri Piyush Goyal, Minister of Finance, Corporate Affairs, Railways and Coal)