Bill Summary

The Union Territory Goods and Services Tax (Amendment) Bill, 2018

- The Union Territory Goods and Services Tax (Amendment) Bill, 2018 was introduced in Lok Sabha by the Minister of Finance, Mr. Piyush Goyal on August 7, 2018. It amends the Union Territory Goods and Services Tax Act, 2017. The Act provides for the levy and collection of the Union Territory Goods and Services Tax (UTGST) on intra-state supply of goods and services by union territories.

- **Reverse charge mechanism:** Under the Act, when an unregistered person supplies goods or services to a registered person (annual turnover above Rs 20 lakh), the registered person is liable to pay the IGST on such supply. The Bill amends this provision to allow the central government, on the recommendation of the GST Council, to specify a class of registered persons to pay tax on receiving specified categories of goods and services from an unregistered person.

- **Input tax credit:** Under the Act, a registered person while paying taxes on outputs, may take credit equivalent to taxes paid on inputs. The amount of input tax credit available on UTGST has to be first utilised to pay UTGST and if there is any remaining amount, it has to be utilised to pay Integrated Goods and Services Tax (IGST).

- The Bill clarifies that input tax credit on UTGST should be utilised to pay IGST only when the balance of the input tax credit on Central Goods and Services Tax (CGST) is not available.

- The Bill inserts a provision specifying that input tax credit available on UTGST can be utilised to pay IGST or UGST, only after the input tax credit on IGST has been utilised for the same.

- **Order of utilisation of input tax credit:** The Bill allows the central government, on the recommendation of the GST Council to specify the order of utilisation of input tax credit on CGST, IGST or UTGST towards the payment of any such tax.