

# **Study on Union Territory Goods and Services Tax**

**Shruti Gowda**

Shri G.P.M. Degree College of Science and Commerce, Andheri, Mumbai, Maharashtra

**Abstract:** *One element of India's Goods and Services Tax (GST) system is the Union Territory Goods and Services Tax (UTGST). In contrast to the State Goods and Services Tax (SGST), which is applicable to states, it is expressly applicable to Union Territories. UTGST is intended to simplify taxation and promote economic integration by enabling a uniform indirect tax structure throughout Union Territories. By streamlining tax administration, lowering complexity, and fostering a uniform tax system across Union Territories, the UTGST is expected to increase the overall effectiveness of the GST framework Within an Indian Union Territory, the intrastate supply of goods or services is subject to the UTGST tax. Conceptually and operationally, it is comparable to the State Goods and Services Tax (SGST)..*

**Keywords:** State Goods and Services Tax.

## **I. INTRODUCTION**

UTGST stands for Union Territory Goods and Services Tax. It is one of the components of the GST regime in India, along with the CGST, SGST, and IGST. UTGST is applicable on the supply of goods and services within the Union Territories of India, which are regions that are directly governed by the Central government.

These Union Territories are:

- Andaman and Nicobar Islands
- Lakshadweep
- Dadra and Nagar Haveli
- Daman and Diu
- Chandigarh

UTGST is levied and collected by the Central government, in addition to CGST, on the intra-UT supply of goods and services. The rate of UTGST is equal to the rate of SGST in the respective states. The revenue collected from UTGST is shared between the Central government and the Union Territory government, as per the recommendations of the GST Council. An essential component of India's extensive Goods and Services Tax (GST) system is the Union Territory Goods and Services Tax (UTGST). State Goods and Services Tax (SGST), which is applicable to states, and Union Territories (UTGST), which was introduced to

create a unified indirect tax framework, are two different things. The purpose of the UTGST, which was implemented to replace several indirect taxes, is to streamline taxation processes and encourage economic unity among Union Territories. UTGST helps to make the GST system more effective and efficient overall by guaranteeing a uniform tax structure, which promotes a more open and business-friendly tax environment.

Objectives :

The Union Territory Goods and Services Tax (UTGST) in India aims to achieve the following:

1. To ensure uniformity in the imposition of indirect taxes, a unified and standardized taxation system designed especially for Union Territories is to be established.
2. To streamline administrative burdens and improve ease of doing business for companies operating in Union Territories by streamlining tax compliance processes.
3. To encourage economic integration across Union Territories, harmonize the tax system with the larger Goods and Services Tax (GST) framework.
4. To reduce the tax burden on enterprises and promote efficiency by permitting input tax credit, which will prevent the cascading effect of taxes.
5. To enable the Union to efficiently collect revenue.

6. To guarantee a more efficient and transparent tax system, we can help lower tax-related expenses for consumers, which will ultimately improve market dynamics.
7. To foster investment and economic expansion by establishing a favorable climate for trade and commerce inside Union Territories.
8. To be in line with the overall structure of the Goods and Services Tax, UTGST must work in harmony with other parts of the GST system, including the Central Goods and Services Tax (CGST) and the Integrated Goods and Services Tax (IGST).
9. To increase the overall effectiveness of tax collection, oversight, and enforcement in order to support the expansion of the economies of the Union Territories.
10. To make Union Territories more transparent, predictable, and business- friendly in order to attract investment and expand commercial prospects.

**Explanation:**

UTGST stands for Union Territory Goods and Services Tax. It is one of the components of the Goods and Services Tax (GST) regime in India, alongside CGST (Central GST) and SGST (State GST). Here's a breakdown of UTGST:

**Relevance:**

Within India's Union Territories (UTs), intrastate supply of goods and services is subject to the UTGST. The Central Government oversees these UTs directly and they lack their own legislature. At the moment, the Andaman and Nicobar Islands, Dadra and Nagar Haveli, Daman and Diu, Lakshadweep, and Chandigarh are the five such UTs.

**Goal:**

In states, UTGST functions as SGST's functional equivalent. It unites central and state taxes inside UTs in an attempt to streamline the tax structure. By doing this, the nation's credit flow is guaranteed, and firms pay less in taxes.

**Tax Level:**

UTGST rates, which range from 0% to 28%, are the same as SGST rates. The GST Council determines the specific rate based on the kind of goods or services being provided.

**Levie and Gathering:**

All intrastate supplies of goods and services inside a UT are subject to UTGST, with the exception of alcoholic liquor. The relevant UT government is in charge of collecting the tax.

**Remittance and Exceptions:**

The taxable person is responsible for paying the UTGST, with some circumstances allowing for a reverse charge. The UTGST is exempt from some requirements that also apply to SGST.

**Administration:**

- \* Each UT has its own UTGST Act and rules, based on the Central GST Act.
- \* The UTGST is administered by the respective UT government.

**Benefits of UTGST:**

- \* Simplifies the tax structure.
- \* Enhances tax compliance.
- \* Reduces tax burden on businesses.
- \* Increases tax revenue for UTs.
- \* Enables seamless flow of credit across the country.

## **II. CONCLUSION**

To sum up, the Union Territory Goods and Services Tax (UTGST) is an essential part of India's overall Goods and Services Tax (GST) system that is designed with Union Territories in mind. The Unified Sales Tax (UTGST) is a crucial

tool for streamlining and consolidating indirect taxes, hence fostering a smooth and uniform tax framework. It does this by supplanting several pre-GST taxes. The relevance of UTGST in maintaining a business-friendly environment is shown by its aims, which include enforcing consistency, encouraging economic integration, and boosting efficiency. By working together, the UTGST and the Central Goods and Services Tax (CGST) create a dual GST system that gives Union Territories financial independence.

UTGST, a fundamental component of India's tax reforms, demonstrates the country's dedication to simplifying tax administration, cutting complexity, and fostering an atmosphere that is more open and business-friendly.