

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4489
ANSWERED ON:23.12.2005
VAT FOR UT ADMINISTRATIONS
Kharventhan Shri Salarapatty Kuppusamy

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have changed Value Added Tax (VAT) regulations in respect of Union Territories.
- (b) If so, the details thereof; and
- (c) the revenue generated / likely to be generated by the Centre due to the change in VAT regulations?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): Under Entry 54 of List II (State List) of the Constitution of India, State Sales Tax (as also State VAT, which has replaced the State Sales Tax) is a State subject. An Empowered Committee of State Finance Ministers (EC) has been constituted to deliberate upon and decide all matters concerning State VAT. The EC has decided design of VAT (including the structure of rates of tax) under the State VAT implemented w.e.f. 01 April 2005. All the States/ Union Territories have broadly followed the VAT design approved by the EC. As far as the Union Territories are concerned, only the NCT of Delhi, Dadra & Nagar Haveli and Daman & Diu had implemented VAT w.e.f. 01 April 2005. Out of these, NCT of Delhi has passed a separate Delhi VAT Act, through their State Legislature. In case of Daman & Diu and Dadra & Nagar Haveli, VAT Regulations were finalized by the Government of India, as per procedure and the same have been implemented by the respective UT Administrations.

(c): As per the provisional figures of tax collections furnished by the Union Territories, the tax revenues have shown an increase during first six months of the current financial year as compared to the corresponding period of last year. The percentage of increase works out to about 28% for NCT of Delhi, about 69% for Dadra & Nagar Haveli and about 60 % for Daman & Diu.