

## **Govt set to crack down on GST defaulters**

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- Panel will discuss ways to check abuse of the lenient approach taken by the government so far
- In September, Centre and states collected Rs.91,916 crore in GST, a decline of 2.67% from what was collected in the same month a year ago

NEW DELHI : New Delhi: A government panel will discuss on Tuesday ways to intensify enforcement activities against goods and services tax (GST) defaulters who have been identified by a fraud detection software, amid GST collections dropping to a 19-month low in September.

This marks a shift from handholding businesses in the transition phase of the new indirect tax regime to cracking down on tax evaders. Revenue secretary Ajay Bhushan Pandey will be present at the first meeting of the 12-member panel comprising central and state government officials set up last week to boost revenue collection, a person privy to the development said on condition of anonymity.

The panel will discuss ways to check abuse of the lenient approach taken by the government so far.

Data analytics will be used extensively and action will be taken against entities that have been flagged by the software system, said the person, adding that the IT system enables surveillance in a non-intrusive manner to identify offenders. The panel will give its report in 15 days to the GST Council.

"Fake claims of input tax credit and tax evasion at the retail level are two major areas of revenue leakage that are likely to be in regulatory focus. Some steps have been taken recently to ensure that tax credit is not taken without actually paying the taxes," said Abhishek Jain, tax partner at EY India.

"The new return filing format that will come into force from April 2020 and e-invoicing from January 2020 are steps in the direction of plugging revenue leakage."

Indirect tax authorities have started comparing sales reported by businesses and traders under GST with what they have reported to income-tax authorities for mismatches. Steps will be taken to check wrongful claims of tax credit, one of the most common ways of tax fraud.

"The panel will have access to a significant amount of comparable data for the past two years on taxpayer compliance and revenues—these should be used to work out ways to enhance revenues without any disturbance to compliant businesses," said M.S. Mani, partner at Deloitte India.

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The GST Council had last week curtailed the provisional tax credit that buyers of goods and services can claim to 20% of the taxes they have paid if the seller does not upload the invoice details and pay the tax collected from the buyer to the government.

The Union government is trying to check tax evasion and make GST more revenue-efficient as it is obligated by law to compensate states for their revenue shortfall irrespective of it meeting revenue targets. The panel will explore ways of raising revenue and widening the tax base without any increase in tax rates. In September, the Centre and states collected Rs.91,916 crore in GST, a decline of 2.67% from what was collected in the same month a year ago. This was the first time monthly collections fell below year-ago levels this year.