

Companies get scrutiny notices for mismatch in GST returns

GST officers have started sending scrutiny notices to companies whose tax payment did not match the final sales return, after revenue authorities detected underpayment of GST by about 34 per cent, a source said.

Besides, companies whose final sales return GSTR-1 did not match GSTR-2A, which is a purchase return auto-generated by system from his seller's return, have also received scrutiny notices.

As per an analysis done by the revenue department in March, 34 per cent of businesses paid Rs 34,400 crore less tax between July-December while filing initial summary return (GSTR-3B).

These 34 per cent of the businesses have paid Rs 8.16 lakh crore to the exchequer by filing GSTR-3B, whereas analysis of their GSTR-1 data show that their tax liability should have been Rs 8.50 lakh crore.

In one notice issued by Gujarat GST commissionerate on May 4, taxpayers have been asked to explain the reason for "discrepancies" in return GSTR-3B and GSTR-1 for October-December period by May 14.

"If no explanation is received by the aforesaid date, it will be presumed that you have nothing to say in the matter and proceedings in accordance with law may be initiated against you without making any further reference to you in this regard," the notice said.

Tax experts said that GST law provides for 30 days time to be given to taxpayers for replying to scrutiny notices, however, in the said case only 10 days time has been granted.

AMRG & Associates Partner Rajat Mohan said: "The government should issue strict guidelines for the officers to be reasonable and rational in disposing off the notice after giving the full opportunity of being heard to the tax payers. In one of such notice tax officer has given 10 days (out of which four days weekly off) against a maximum 30 day period allowed in rules".

EY Partner Abhishek Jain said that the activity of data analytics at the end of revenue authorities has commenced with various players receiving notices, seeking clarifications on differences between GSTR-1 and GSTR-3B as well as GSTR-2A and GSTR-3B.

While the reconciliation between GSTR-1 and 3B is to essentially verify payment of taxes for all outward supplies made, reconciliation between GSTR-2A and GSTR-3B is to ensure that credits claimed by businesses only pertain to taxes actually paid by the suppliers and there not being any loss to the government exchequer on this account, Jain said.

The government has collected over Rs 7.41 lakh crore as GST in last fiscal. However, there were concerns that due to absence of anti-evasion measures there might have been leakages in tax revenue.

The GST Council, headed by Finance Minister Arun Jaitley and comprising state counterparts, had in its meeting in March decided to further analyse data gaps between self declared liability in GSTR-1 and the taxes actually paid while filing GSTR-3B.

The revenue department has analysed the Goods and Services Tax (GST) returns data filed by over 51.96 lakh businesses during July-December, 2017. The indirect tax reform GST was rolled out from July 1, 2017.

The data analysis showed only 16 per cent of the summary sales returns under GST matched with the final returns till December 2017.

It also showed that there was excess tax payment of Rs 91,072 crore by 49.36 per cent of businesses registered under GST between July-December. While they have paid Rs 6.50 lakh crore as GST, the GSTR-1 filed by them shows that their liability should have been Rs 5.59 lakh crore.

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