

## 'Enforce new GST rules in a fair manner'



Businesses will not be allowed to file tax returns for a month if returns showing sales for the preceding month is not filed.mint

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Under the new rules, if a seller fails to report or meet the tax obligations, the buyers cannot claim tax credits

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**NEW DELHI** : The Central Board of Indirect Taxes and Customs (CBIC) has told field officers to be just and fair in enforcing the new goods and services tax (GST) compliance norms that came into force from 1 January.

The new provisions cleared by the GST Council were part of the Finance Act, 2021, notified in December. As per the rules, if a seller fails to report or meet the tax obligations, the buyers cannot claim tax credits. Besides, officials also have more power to attach assets in certain cases of tax evasion.

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GST officers will be able to take action against businesses to recover dues if there is a mismatch in GSTR-1, which show higher monthly sales, but under-report it while paying taxes (GSTR-3B). Businesses will also not be allowed to file tax returns for a month if returns showing sales for the preceding month is not filed.

CBIC said field officers must be familiarized with the rules and implement them in a “just and fair” manner, a person said, seeking anonymity.

However, two clauses have created unease in the industry. “If there is an unintentional, clerical error and one furnishes a higher figure in GSTR-1 relating to outward supplies (sales) by mistake, the amendment of the mistake will be allowed only in the following month, said Bimal Jain, chair, indirect tax panel of industry chamber PHDCCI.

This, he said, may lead to a situation when the figure in GSTR-1 is higher than the correct sales figure reported in GSTR-3B for the same month. As per the new rules, the tax liability arising from the difference for the same month will be considered as self-assessment tax that can be recovered by officials without issuing a show cause notice, said Jain. “Initiating recovery proceedings before giving reasonable and sufficient time to reconcile the figures of GSTR-1 with GSTR-3B returns is against the principle of natural justice. I do agree that the provisions are amended to deter tax

evaders from passing on tax credits to others without paying taxes correctly through GSTR-3B. Incidentally, it is creating concern for honest and genuine taxpayers. Our submission will be that we should be given reasonable time, say 4-6 months, for amending the transactions wrongly furnished in GSTR-1."

While more power has been given to commissioners to pass orders for provisional attachment of property and bank accounts of errant businesses to protect government revenues, industry said the rules should not be implemented in a mechanical way. "The provisions are meant to create deterrence against tax evaders but the unease in the industry is about the possibility of getting these provisions applied against honest and genuine taxpayers," said Jain.

An email sent to the finance ministry seeking comments did not elicit any response till press time. The Centre indicated that boosting tax compliance has been a priority. While reporting GST collections for December, at over ₹1.29 trillion, the ministry said besides economic recovery, anti-evasion activities have contributed to better GST receipts.

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