

GST filings mismatch

What is the issue?

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- Lower number of GST returns has been filed when compared to the number of taxpayers registered on the GSTN.

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- Union government is planning to address the issues related with the GST filings.

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What are the concerns in filing returns?

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- Many of the registered taxpayers could be below the threshold limit for GST and hence not required to file returns.

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- Lack of awareness about the need to file return in every State or to file nil returns also account for the lower compliance rate.

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- Under GST, a taxpayer has to file GST returns even if he does not make any supplies in a month.

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- Many taxpayers could be ignorant of this rule, thus not filing returns.

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- Some taxpayers with operations in multiple States might not have filed returns in States where there was no business conducted.

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- Businesses that were paying service tax under the earlier regime are finding it especially difficult to cope with the new system where they have to register

in each State they operate in and file monthly returns for every State.

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- The taxpaying mismatch could be partly due to the low level of computer literacy in the country, poor internet connectivity, glitches in the GSTN and the complex return filing mechanism.

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How issues with GST compliance can be addressed?

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- **Compliance rating** -Section 149 of the CGST Act which states that every registered person may be assigned a goods and services tax compliance rating score by the Government based on his record of compliance with the provisions of this Act.
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- Points could be provided to every taxpayer for filing of returns, payment of taxes and responding to queries posed by the department.
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- A good compliance rating could probably assist in getting penalties waived.
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- **De-Register** -Recently, a provision has been made allowing taxpayers below the threshold to de-register themselves.
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- Since VAT and sales taxpayers accounted for around two-third of the indirect taxpayers under the old regime, it is highly likely that the registrations on the GSTN will come down in the following months, reducing the gap to some extent.
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- **Awareness** -The revenue department needs to increase the staff employed to answer queries of taxpayers and to address their issues.
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- Registrations should be allowed in windows of a month every year, in the first five years of GST, to help expand the tax base gradually.

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Source: Business Line

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