

## **New complications with GST**

### **What is the issue?**

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Recently amended GST law eases tax filing for small businesses, but it has created new set of complications.

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### **What are amendments regarding small business?**

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- Small and medium businesses with annual aggregate turnover up to Rs. 1.5 crores are now required to file returns and pay taxes only on a quarterly basis, applicable from October 2018.

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- More than 80 per cent of taxpayers would be able to file quarterly returns after this move.

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- For those with turnover above Rs 1.5 crore, the existing system will continue of three returns per month and so on.

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- The registered buyers from such small taxpayers would be eligible to avail ITC (Input Tax Credit) on a monthly basis.

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### **What are the complications with the amended law?**

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- The bigger problem is due to the mismatch in the return filing periods of large and small businesses as many of the small business would be supplying to larger businesses that file monthly returns.

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- It is difficult to see how the GST returns form that is based on suppliers' returns would be prepared.

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- The council has said that input tax credit can be claimed by larger businesses every month.  
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- But this would be possible only if the details of inward supplies are uploaded onto the GSTN, this would lead to more work for them.  
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- Claiming input tax credit every quarter may cause cash-flow issues for a few quarters.  
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## Way forward

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- For now, the Centre can turn its energy on fixing the issues with the GSTN (the IT backbone of the system) software.  
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- The number of GST returns filed so far show that not all registered taxpayers are compliant.  
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- Fixing the issues with return filing is an arduous task, but needs to be tackled urgently.  
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## Source: Business Line

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