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FOUR YEARS OF GST – THE FOUR-FOLD ANALYSIS

July 2017 witnessed the revolution in Indian Indirect Tax system with the advent of GST that subsumed a host of taxes and levies within it. The law since its inception has been highly volatile and seen various changes in both theory (i.e., the Act) as well as the procedures (i.e., the Rules).

However, the question is whether the ‘One Nation, One Tax’ ideology as was propounded is actually achieved. On its 4th anniversary, let’s try and analyse top four highlights of the GST system.

- 1. Lesser and limited compliances:** As was clearly the mantra of the lawmakers, implementation of GST looked to attain ease of compliances for the registered taxpayers. Presence of multiple central and state indirect levies and corresponding return filings, separate set of documentation, co-ordinations and submissions at various regulatory authorities heavily burdened the trade and industry. GST being a tax that triggers on the event of supply of goods or services, wherein the exhaustive definition of the three terms involved: ‘supply’, ‘goods’ and ‘services’ covers almost everything tangible and intangible that could be treated as taxable, it leaves no room for any escape of a business transaction. And thus, its arrival saw the repealing of all prior taxes (other than Customs). The taxpayer is now required to comply with the provisions of one law i.e., the GST law which would ensure that all his obligations in relation to Indirect taxes are duly met.
- 2. Reduced departmental interference:** GST has led to reduction of physical officer interface and the GSTN i.e., the designated GST portal serves to be the go-to resort for all kinds of dealings with regards to GST. Be it registration, be it filing of returns, be it refund applications or be it surrender of registration as well - GST dashboard has it all. Further, the deficiencies or clarifications sought are also over the portal wherein the taxpayer provides the necessitated details as attachments. DSC or EVC filings (even in relation to audits and annual returns) as the case may be has made it easy to authenticate the submissions, diminishing the need for physical signature and company stamp. Further, there is a full-fledged grievances redressal portal whereby the issues faced along with supporting and error screenshots can be uploaded.
- 3. Requirements commensurate to size of taxpayer:** Composition scheme, QRMP scheme are evident in manifesting that GST department aims to aid the taxpayers with lesser volume by imposing lesser compliances both in respect to frequency and details to be furnished. Applicability of annual returns and audits on exceeding the turnover criteria is again a relief for such registered

persons. Besides alleviating the need of monthly submissions and heavy annual reconciliations, it allows the smaller taxpayers to conduct the compliances in-house and avoid additional cost on external consultations.

- 4. E-way bills and E-invoicing:** Automation along with the intent to grab hold of tax evaders and fraudulent persons required the government to bring in the provisions of E-way bills and E-invoicing into the ongoing scheme of things. Further, integration of details with the GST returns makes the system all the stronger and more effective. It is also noteworthy that these areas being relatively novel for Indian taxpayers, department ensured to give them a reasonable time to make their accounting systems compatible with the requirements. This being the primary reason to implement it in a phased manner starting from businesses having larger turnovers and slowly getting midsize taxpayers in the applicability net. It has also been a warming sight to see the country welcome the big move despite difficulties and teething troubles.

All in all, the country has been successful in embracing the law as well as compliance with it. The law has also been successful in providing the taxpayers the necessary platform, guidance and redressal mechanism to ensure fulfilment of the provisions of the Act and the rules made thereunder. However, let us still take it as just the beginning since there is so much scope for litigating and deciding over various issues such as the leviability, classification and determination of destination of tax i.e., the benefitting state. Every law including the procedures inevitably has its deficiencies and drawbacks. GST too has its own issues. Frequent changes, total dependency on GST portal, inadmissibility of ITC on supplier's filing default, are to name a few. However, what comes out as a positive is the taxpayer friendly approach of CBIC which is seen from release of clarifications in the form of circulars, tweets, extensions in due dates whenever need felt. When the taxpayer and the tax are mutually responsive, both are heading towards the right direction.

The law has smoothened and streamlined a plethora of issues that existed under the erstwhile tax regime and it would not be an overstatement to proudly call GST the 'next gen tax reform'.