

GST PRIMARY TO MIDDLE



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Grades 1,2,3,4 and 5 are said to be primary, Class 6–8 is thought of as middle school. Primary Schools -Students are made aware about their minute responsibilities like belongings etc., Middle Schools - Students are trained to handle various tasks at a time. GST is landing in 5th year with the continued Central support to States by way of Compensation cess. From the 6th Year onwards as per the existing agreed terms the States has to manage their funds without the central support on the GST Compensation Cess.

CAG in its latest report as stated - We noticed that owing to the continuing extensions in the roll out of simplified return forms, and delay in decision making, the originally envisaged system-verified flow of ITC through “invoice matching” is yet to be implemented and a non-intrusive e-tax system still remains unimplemented. The GST return system is still a work in progress despite more than three years of GST roll out. In the absence of a stable and simplified return mechanism, one of the main objectives of roll out of GST i.e. simplified tax compliance system is yet to be achieved.

IT audit of GSTN modules revealed In 14 cases, the key validations / functionalities as existing in the rolled out modules were not found aligned to the applicable provisions even though SRS was correctly framed.

CAG Audit observed instances of irregular grant of refund due to non-consideration of minimum balance in electronic credit ledger, irregular sanction of refund of input tax credit availed on capital goods etc.

Comment of the Industry - In 3-4 years so far, many changes have happened in the GST regulation. The industry suffers because of this, since every six months or so we have to manage the changes. We have to continuously align our IT systems, and a lot of time goes into explaining these changes to the backend and front-end teams. Also, the law requires it to be simplified further. There is still uncertainty in the regulation.

Even after four years of implementation of GST, the petroleum products such as crude oil, natural gas, diesel, petrol, and aviation fuel are outside the ambit of GST and they are subject to the levy of Central excise and State specific VAT regulations. Since these petroleum products are still outside the GST net, there is a loss of input tax credits (ITC) that is paid towards excise and State VAT, as the same cannot be off-set towards output GST. Similarly, GST on capital goods and input services, becomes a cost for the petroleum industry.

The reading of the above implies that still GST has to go a long way before it stabilises in India. The following measures are suggested to stabilise at the middle school (6-7th year of GST)

- ❖ Strong team of professionals, Industry representatives, tax officers should regularly review the progress and development of the GSTN IT system and report to the GST council with the target of achieving the originally envisaged system-verified flow of ITC through “invoice matching” on or before 30th September 2021. Penal provisions should be invoked in the absence of the IT developer compiling to target date.
- ❖ Speed up the audit by the Central and State Officers and complete the audits within the stipulated time line. The audit findings summarized at all India Level should be published on monthly basis, so that the Trade and Industry can make note of the same and take corrective actions at their end, even without waiting for the Department Audit of their respective business units.
- ❖ Minimise the modifications to the GST Rules. Even though the Executive power vests the Officers, it is recommended that the amendments to GST Rules should be made only after the approval of the GST council. This will avoid certain notifications of CBIC viz., GST on Ocean freight being disputed at Various High Courts in India.
- ❖ Establish and appoint the members for the GST Tribunals without further delay. Presently lot of matters are pending after the first appeal without having the way to settle the disputes.
- ❖ Publish all the notifications in local languages as was done in the Implementation stage of GST, then only it will reach to all the people and have more clarity.