

## **Businesses allowed self-assessment for claiming GST credits**

Updated: 11 Nov 2019, 06:50 PM

### **The restrictions on availment of ITC shall be on the basis of self-assessment of taxpayers, and will not be imposed through common portal**

The government has allowed businesses to do self-assessment while claiming credits for the Goods and Services Tax (GST) paid on raw materials and services in cases where their suppliers have not uploaded invoices.

Businesses can claim only 20% of the total tax credits due to them if suppliers have not uploaded invoices and not paid taxes to the government, as per rules notified in October. A Finance Ministry circular on Monday showed that the authorities have decided to allow businesses to do self-assessment while complying with this rule, rather than enforcing it through making software changes in GSTN, the portal for filing returns.

The decision was taken as it was a new rule meant to improve compliance. Wrongful claim of tax credits is a big area of tax evasion that the government wants to address but it prefers to tighten rules only gradually to avoid a backlash.

A set of clarifications issued by the Finance Ministry on Monday said that it was the responsibility of the taxpayer to ensure that credit is availed of as per rules, adding that it shall be done on self-assessment basis by them.

Abhishek Jain, tax partner, EY said the clarifications seek to remove ambiguities as well as apprehensions of businesses. According to Archit Gupta, founder and chief executive officer of ClearTax., a taxpayer services firm, the new rule on restriction of credit will impact on businesses, big or small, as they will have a higher tax outgo if supplier has not uploaded an invoice. "Its critical that they regularly carry out reconciliation of GSTR-2A (an automatically generated return on purchases made) with books of accounts."