

GST: Input Tax Credit Frauds rise 170% In Just Nine Months of FY20

Our Bureau New Delhi | Updated on March 12, 2020 Published on March 12, 2020

Sum involved is nearly 80 % per cent of FY19

The number of input tax credit (ITC) fraud cases under Goods & Services Tax (GST) in the first nine months of this financial year has risen 170% per cent more than that reported in the whole of last fiscal. During the same period, the amount involved is nearly 80 % per cent of full FY19.

According to a Parliamentary Committee report, tabled on Thursday, the number of ITC fraud cases, based on fake invoices during April-December of this fiscal, surged to 5,986. This number was 2,211 in the 12 months of 2018-19. In terms of amount involved, the first nine months of this fiscal recorded over ₹13,000 crore while recovery was nearly ₹550 crore. During 2018-19, the total quantum was nearly ₹10,400 crore, while recovery was a little over ₹800 crore.

GST cases booked

During the first 10 months (April-January) of the current fiscal, the number of cases was 8,335 with nearly ₹30,000 crore involved and the total recovery was nearly ₹15,000 crore. During fiscal 2018-19, the number of cases booked was over 7,300, amount involved about ₹38,000 crore and recovery nearly ₹19,000 crore.

The Committee noted that system-based analytical tools and intelligence of the Directorate General of Analytics and Risk Management are being used to curb evasion in GST. It is to be noted that intensive anti-evasion efforts are being taken, particularly with respect to ITC frauds based on fake invoices.

However, the Committee observed that the monthly revenue collections from the GST are yet to stabilize. States have been reporting losses in collection, which will only increase the compensation burden of the Centre. During the current fiscal, the total target for collection of GST compensation cess is a little over ₹1.09-lakh crore, while the net collection during April-December was over ₹70,000 crore. However, GST compensation, released as per budget provision, and the actual requirement of States for the April-September period has exceeded ₹81,000 crore.

Resolution of grievances

To keep the States in sound financial health, the Committee has called for resolution of grievances by the GST Council. The panel expects the Centre to sort out the festering issues pertaining to GST at the earliest. The Committee would also urge the Finance Ministry to extend the due date for filing GST returns to 25th of every month.

Disclaimer: The content above is taken from the source mentioned

Resource: The Hindu, 12 March 2020

Copyright © 2019 Aparajitha Corporate Services Pvt., Ltd. All Rights Reserved.

Now, all eyes are on the next GST Council meeting scheduled for March 14. States are likely to raise the issue of compensation cess and discuss ways to resolve issues related to the inverted duty structure (when indirect taxes on raw material are higher while on finished products lower), which results in outflow as refund. The estimated refund on account of the inverted rate structure is about ₹20,000 crore a year.