

Aadhaar mandatory for filing GST refund claim from January 1

Updated on December 22, 2021

The Aadhaar card is also needed for application for the revocation of cancellation of GST registration

From January 1, Aadhaar authentication of registration will be mandatory for being eligible for filing refund claim and application for revocation of cancellation of registration by GST assesses. The Finance Ministry has notified the date.

The GST Council, in its meeting on September 17, decided to make Aadhar authentication mandatory. On September 24, Finance Ministry notified the rules and said these will be applicable from the date to be notified later. Now, this has been done with notification dated December 21.

The rule prescribes the mechanism for authentication. In case of proprietorship firm, authentication will be done with the proprietor's Aadhaar number. It will be of any partner in case of partnership firm, of Karta in the case of a Hindu undivided family, of the managing director or any whole time director in the case of a company, of any of the members of the managing committee of an Association of persons or body of individuals or a Society, or of the Trustee in the Board of Trustees in the case of a Trust.

Aadhar authentication will make one eligible for filing of application for revocation of cancellation of registration and for refund including that related with integrated tax (IGST) paid on goods exported out of India.

Aadhaar authentication was introduced vide Finance Act, 2019 and implemented in 2020 to curb the menace of tax evasion in view of easy registration process, which was granted in 3 working days and no field inspection with no check. Aadhaar had been made mandatory like LPG subsidy, scholarship etc. as per Supreme Court Judgement, however, some exceptions are made under GST even for persons without Aadhaar.

If new taxpayers furnish Aadhar details, then the facility of auto-approval of registration is available, else a detailed physical verification process is made operational to confirm their identity using other documents.

According to Aaditya Singhania, Founder at Singhania's GST Consultancy & Co, certainly, Aadhar authentication is a hurdle at the first leg of the registration process for people seeking fake registration. The real challenge, however, is to authenticate Aadhar of more than 1.64 crore promoters, authorised signatory, etc. who are already registered.

"Since it is not pragmatic to undertake Aadhar authentication of all the existing registration at the same period of time, it is significant that necessary checks are placed in grey areas from where the probability of revenue leakage is high. And it seems that recommendations have been made in this line only to make Aadhar authentication mandatory, where cancelled registrations are to be revoked and in case of refunds of IGST on exports of goods," he said.