

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
STARRED QUESTION No. 144

TO BE ANSWERED ON MONDAY, MARCH 2, 2020/PHALGUNA 12, 1941
(SAKA)

IRREGULARITIES IN GST

***144. SHRI KOMATI REDDY VENKAT REDDY:**

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has taken a decision to regulate the false claims and other irregularities in the Goods and Services Tax (GST);

(b) if so, the details thereof; and

(c) the details of the submissions made by the authorities of the State Governments in this regard?

ANSWER
MINISTER OF FINANCE

(Ms. NIRMALA SITHARAMAN)

(a) to (c) A Statement is laid on the table of the House.

STATEMENT AS REFERRED TO IN REPLY TO PARA A TO C OF LOKSABHA STARRED QUESTION NO.144 FOR ANSWER ON 2nd MARCH,2020/PHALGUNA 12, 1941 (SAKA)REGARDING IRREGULARITIES IN GST.

Part (a) and part (b): Yes Sir. To identify cases of fraudulent claims under GST, the Government has taken measures to apply stringent risk parameters-based checks driven by rigorous data analytics and Artificial Intelligence (AI) tools based on which certain taxpayers are identified whose exports and supply chain are subjected to rigorous checks. Moreover, in order to facilitate exports, a standard operating procedure has been prescribed for exporters vide Circular No. 131/1/2020-GST dated 23.01.2020 to mitigate the risk of wrongful refund claims of IGST (Integrated Goods and Services Tax).

To curb cases of wrongful claims of input tax credit, sub-rule (4) of rule 36 has been inserted to Central Goods and Services Tax Rules, 2017 vide notification No. 49/2019 – Central Tax dated 09.10.2019. Vide notification No. 75/2019 – Central Tax dated 26.12.2019, rule 86A has been inserted to CGST Rules, 2017 which empowers tax officer, not below the rank of Assistant Commissioner, to block input tax credit available in the electronic credit ledger of a taxpayer if he has reasons to believe that such credit is ineligible or has been availed fraudulently.

Part (c): Various submissions have been made by the authorities of the State Governments in this regard, inter-alia, including the following:

- i. E-way bill verification should be undertaken by tax officers with special watch for inter-State transactions. Task forces consisting of State and Central GST authorities need to be set up to undertake such verification.
- ii. Emphasis should be placed on enforcement.
- iii. In order to weed out bogus registrations obtained by unscrupulous persons on the basis of false documents, it has been suggested to encourage tax officers to visit the premises of taxpayers/dealers post registration to verify their genuineness.
- iv. The mechanism of ‘invoice matching’ should be implemented as it would go a long way in curtailing cases of input tax credit frauds.
- v. A robust reporting system should be put in place to generate real time tax alerts on detection of any suspicious and fraudulent transactions.

Based on the valuable feedback and suggestions received from multiple stakeholders including State Governments, the GST Council makes recommendations and necessary action is taken by the Government.
