

**Government of India**  
**Ministry of Finance**  
**Department of Revenue**

**LOK SABHA**  
**UN-STARRED QUESTION No. 1081**

TO BE ANSWERED ON MONDAY, FEBRUARY 10, 2025/ MAGHA 21, 1946 (SAKA)

**“SIMPLIFICATION OF GST STRUCTURE”**

1081. SMT. PRATIMA MONDAL:

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government has failed to address the “unease of doing business” created by a punitive GST regime with up to 100 different tax rates, which has resulted in a staggering 2.01 lakh crore in GST evasion and uncovered 18,000 fraudulent entities, severely impacting MSMEs; and
- (b) The steps being taken by the Government to simplify the GST structure and provide relief to MSMEs struggling with compliance burdens

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE**

**(SHRI PANKAJ CHAUDHARY)**

Part (a): No Sir, GST regime has ensured ease of doing business in the country.

- i. GST rates are prescribed on the recommendations of the GST Council which comprise representatives of Union and State/UT governments. At present, GST structure has 4 main slabs – 5%, 12%, 18% and 28%. Three special rates of 3%, 1.5% and 0.25% are applicable on gold, silver, diamond & Jewellery; cut and polished diamonds and rough diamonds respectively. Further, GST Compensation Cess is applicable only on tobacco and tobacco products, aerated drinks and vehicles, etc. at varying rates.

- ii. Two Special drives have been undertaken against fake registrations during May, 2023 to August, 2023 and August, 2024 to October, 2024 respectively by the Central and State GST Authorities. The details of GST evasion cases unearthed during the special drive are placed as Annexure-I and evasion detected by Central GST formations during the period 2021-22 to 2024-25 (upto December, 2024) is placed at Annexure-II.

Further, guidelines have been issued regarding “Ease of Doing Business” while conducting investigations to all field formations under CBIC vide Instruction No. 01/2023-24-GST(Inv.) dated 30.03.2024 which is available on CBIC website.

#### Part (b):

A Group of Ministers (GoM) on Rate Rationalization has been constituted by the GST Council in its 45th Meeting and one of the Terms of Reference include review of current tax slab rates.

Further, some of the major initiatives / policy measures / reforms undertaken by Government, on the recommendations of the GST Council, with a view to encourage Micro, Small and Medium Enterprises (MSMEs) in the country are as follows:

(i) No registration is required for Inter-State and Intra-State supply of services upto Rs.20 lakh in a year (Rs.10 lakh for the states of Manipur, Mizoram, Nagaland and Tripura) and for Intra-State supply of goods upto Rs. 40 lakh in a year (Rs. 20 lakh in the states of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Puducherry, Sikkim, Telangana, Tripura and Uttarakhand).

(ii) Composition scheme has been formulated for small businessmen being supplier of goods and supplier of restaurant services. Under the scheme, person with turnover up to Rs. 1.5 crore (Rs. 75 lakhs in States of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand) needs to pay tax equal to 1% (in case of supplier of goods) or 5% (in case of supplier of restaurant services) on his turnover and needs to file his returns annually with quarterly payment of tax. Such taxpayers do not have to maintain elaborate accounts and records and instead of monthly statements and returns, they are required to file quarterly challan and only one return on annual basis.

(iii) Composition scheme has also been formulated for supplier of services. Under the scheme, person with turnover up to Rs. 50 lakh needs to pay tax equal to 6% on his turnover and needs to file his returns annually with quarterly payment of tax.

(iv) A scheme of quarterly return filing and monthly payment (QRMP) has been introduced where small taxpayers with turnover up to Rs. 5 crore have an option to file returns on quarterly basis, instead of monthly return.

(v) Filing of NIL GST monthly return in FORM GSTR-3B through SMS has been enabled. Similar facility has been enabled for FORM GSTR-1 and FORM GST CMP-08.

(vi) Retrospective amendment w.e.f. 01.07.2017 has been made in respect of Section 16(4) of Central Goods and Services Tax Act, 2017 to increase the time limit to avail input tax credit in respect of any invoice or debit note pertaining to the financial years 2017-18, 2018-19, 2019-20 and 2020-21, through any GSTR 3B return filed upto 30.11.2021.

(vii) Section 128A has been inserted in Central Goods and Services Tax Act, 2017, leading to waiver of interest and penalties for demand notices issued under Section 73 of the CGST Act for the fiscal years 2017-18, 2018-19 and 2019-20, in cases where the taxpayer pays the full amount of tax demanded in the notice upto 31.03.2025.

## Annexure-I

## Special Drives against fake registration and fake ITC

1<sup>st</sup> Special Drive (May, 2023 – August, 2023)

	No. of GSTINs identified for verification	No of Non-existing GSTINs found	Action Taken				Total Amount recovered from GSTINs (Rs. in Cr.)	No. of Arrests made
			No. of GSTINs suspended	No. of GSTINs Cancelled	ITC Blocked under Rule 86 A (Rs. in Cr.)	Total Amount of evasion of tax/ITC detected (Rs. in Cr.)		
State	48198	11417	6135	6116	6162.71	9021.16	221.82	0
Centre	28655	10391	4191	5808	597.42	15335.91	60.17	8
<b>Total</b>	<b>76853</b>	<b>21808</b>	<b>10326</b>	<b>11924</b>	<b>6760.13</b>	<b>24357.07</b>	<b>281.99</b>	<b>8</b>

2<sup>nd</sup> Special Drive (August, 2024 – October, 2024)

	No. of GSTINs identified for verification	No of Non-existing GSTINs found	Action Taken				Total Amount recovered from GSTINs (Rs. in Cr.)	No. of Arrests made
			No. of GSTINs suspended	No. of GSTINs Cancelled	ITC Blocked under Rule 86 A (Rs. in Cr.)	Total Amount of evasion of tax/ITC detected (Rs. in Cr.)		
State	45027	40258	8044	4978	1650.25	6429.30	31.15	0
Centre	29033	28135	10375	6125	2800.99	18916.89	33.67	19
<b>Total</b>	<b>74060</b>	<b>68393</b>	<b>18419</b>	<b>11103</b>	<b>4451.24</b>	<b>25346.19</b>	<b>64.82</b>	<b>19</b>

## Annexure-II

Year wise total GST evasion including ITC frauds detected Pan India for the period 2021-22 to 2024-25 [upto December, 2024] by Central GST Formations

<b>Total Number of GST Offence Cases*</b>				
<b>Period: April 2021 to December 2024</b>				
Period	No. of Cases	Detection	Recovery	No. of Arrest
		(In Rs. Cr.)	(In Rs. Cr.)	
2021-22	12574	73238	25157	342
2022-23	15562	131613	33226	190
2023-24	20582	230332	31758	223
2024-25 (upto December 24)	23675	188415	20128	132
<b>Total</b>	<b>72393</b>	<b>623598</b>	<b>110269</b>	<b>887</b>

*\*The GST evasion figures include the figures of ITC fraud cases*