

Top firms get GST notices on credit...

"While the scrutiny of transition credits may be required in some cases, businesses should be given adequate time to respond with details. Some of the details being sought by the tax authorities will need to be worked out with relevant details and, hence, it would be better if only relevant details are sought from only those taxpayers who have availed excessive credits during transition," said M S Mani, partner, Deloitte India.

Revenue collections touched the lowest in November at ₹808 billion, substantially lower than the government's expectation of ₹920 billion each month.

Finance Secretary Hasmukh Adhia took a meeting of centre and states officers last month to

review the revenue position and to do an analysis for the first five months since the implementation of the new tax regime viz-a-viz last year.

"What is unprecedented is that such notices are being issued to all and sundry, irrespective of any evidence of incorrect filing. It appears that most of the dealers have been selected on an arbitrary basis and issued with notices to submit an exhaustive set of documents," said Harpreet Singh, partner-indirect taxes, KPMG.

The GST Council had allowed companies to claim 100 per cent input tax credit by uploading excise payment invoices for the period before July 1. In case of unavailability of invoices, the Council allowed 40 per cent input tax credit through

TRAN-2. In fact, the limit on input tax credit was raised to 60 per cent from 40 per cent of GST liability on items with tax rate above 18 per cent in the June 4 meeting. Besides, the entire 100 per cent input tax credit could be claimed on high-value items above ₹25,000 with a chassis number.

Tax experts said such notices are issued to curb malpractices of those dealers that have transferred unlawful transitional credits. "However, the authorities have not been considerate to understand the time that would be required to collate details like working sheet for credit availed, source documents or invoices for the same, statement in respect of inputs, work in progress and finished goods for the period," a tax consultant, several of whose clients have got such notices, said.

Singh said such a step by the tax authorities to



augment revenue would definitely not help in building an environment of trust. "It does not augur well for the government's image of creating a tax-friendly environment," he added.