

● NOTIONAL CREDIT FACILITY

E-wallet will address GST refunds issue: Prabhu

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INTRODUCTION OF E-WALLET mechanism will effectively address the woes of exporters who have been complaining of delays in refund of taxes under the GST regime, commerce and industry minister Suresh Prabhu has said.

Under the e-wallet mechanism, a notional credit would be transferred to exporters' accounts based on their past record and the credit can be used to pay taxes on inputs.

Prabhu said that secretaries in the commerce and

finance ministries are working on the matter.

"The only way it can be addressed properly is through e-wallet (mechanism). Finance ministry has to take a call on this. E-wallet will actually address the issue because then you (exporters) do not have to pay and seek refunds," he said.

According to exporters, delay in refund of taxes is blocking their working capital and impacting shipments. The issue of refunds to exporters has been delayed for over eight months now. The revenue department, on the other hand, has argued that there are discrepancies in

the forms submitted by exporters with the customs department and those with the GST Network (GSTN).

As per exporters, about ₹20,000 crore is stuck on account of delay in refund of duty claims under the new indirect tax regime. Before GST, exporters used to get ab-initio exemptions from duties. But now they have to pay first and then seek refund. The Prime Minister's Office had earlier called a meeting of top officials of commerce and finance ministries to discuss the issue of GST refunds.

The GST Council in its meeting earlier this month

decided to implement e-wallet scheme for refunds to exporters by October 1. Meanwhile, the CBEC field formations have launched 'GST refund fortnight' beginning Saturday to quickly sanction pending refunds to exporters.

Federation of Indian Export Organisations (FIEO) had stated that e-wallet could help resolve the problem of liquidity. Exporters may use it like a running account where money will be debited from e-wallet when duty paid supplies have to be undertaken and the amount is credited when the proof of exports is made available.

Only 16% of initial GST returns filed for July-Dec matched with final returns

WITH ONLY 16% of the summary sales returns under GST matching with the final returns, the revenue department has started to analyse major gaps with a view to check any possible tax evasion. According to the GST returns data, 34% of businesses paid ₹34,400 crore less tax between July-December while filing initial summary return (GSTR-3B).

These 34% of the businesses have paid ₹8.16 lakh crore to the exchequer by filing GSTR-3B, whereas analysis of their GSTR-1 data show that their tax liability should have been Rs 8.50 lakh crore. As per the analysis by the revenue department, initial returns filed and taxes paid by 16.36% of the businesses have matched with their final returns and tax

liability. They paid a total tax of ₹22,014 crore. However, the data also showed that there was excess tax payment of ₹91,072 crore by 49.36% of businesses registered under GST between July-December. While they have paid ₹6.50 lakh crore as GST, the GSTR-1 filed by them shows that their liability should have been ₹5.59 lakh crore. — PTI