

Approach to GST Litigation Workshop: Expert Insights

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Mumbai, 23rd February 2024: Taxpayers across the country, including MSMEs and large corporate houses, are facing increasing instances of tax notices, summons, queries and [investigation](#) from the Central and State GST authorities in recent months. Ms. Anindita Chatterjee, Partner and Deputy CEO, TCN Global and Economic Advisory Services LLP shared useful suggestions to handle pre-show cause notice inquiries, summons, search, seizure and anti-evasion investigations initiated by Directorate General of GST Intelligence at Workshop on Approach to GST Litigation organized by MVIRDC World Trade Center Mumbai on 23rd February 2024.

Understanding GST Compliance and Rights

Ms. Chatterjee remarked, “It has been more than six years now since the implementation of the Goods and Services Tax (“GST”) Law in India. The total number of Registered Tax Payers paying GST has doubled to 14 Million from 67.83 lakh when this tax regime was implemented. It is to be noted that the GST Law in India is at an evolving stage and disputes have increased manifold across the country.”

Ms. Chatterjee pointed out that the GST authority can issue summon seeking clarification or additional information from tax payer under Section 70 of the CGST Act. At this juncture, it stands highly imperative for Registered Tax Payers to be vigilant with respect to receipt of any notices or summons from the Tax Authorities and attend the same on the prescribed date. It is important to note that summons proceedings are equivalent to judicial proceedings. Therefore, if a person fails to do any of the following, he shall be liable to prosecution under various sections of the Indian Penal Code: 1) Fails to appear without any reasonable justification on the summons date; 2) Provides false evidence; 3) Found to be absconding to avoid the services of summons; 4) Fails to produce the electronic records or documents requested; 5) Fails to appear even after repeated summons being issued.”

Proactive Measures for Taxpayers

It is also important that Taxpayers need to be well aware of their rights and duties if they become recipients of a GST summons. This awareness will ensure their protection against unwanted actions from the officials of the GST office.

Ms. Chatterjee advised the Registered Tax Payers to validate the DIN (Document Information Number) of the Summons by cross checking it with the CBIC website. She suggested taxpayers to take note of strict compliance processes, practices and procedures.

“At this juncture, it stands very critical for Registered Tax Payers to lay special focus on areas pertaining to Input Tax Credit which is the heart and soul of GST (Reversal of Input Tax Credit when Need Be), Issuance of Credit Notes (Maintaining supporting Documents), Reversal of Input Tax Credit on Receipt of Credit Notes if Input Tax Credit has been availed earlier, Issuance of E-Way Bill and its Reconciliation with Supply Reported in Form GSTR1, Timely Returning and Reporting and several other aspects of GST Law.” Ms. Chatterjee advised.

“Managing Tax Disputes in India, especially one like GST (which is at an advance stage), can be complex and challenging. However, with proper knowledge of the latest GST Law (Including Notification/Circulars/Case Studies etc.), keeping detailed records, seeking expert advice and following the process steps, companies can effectively manage Tax Litigations and reduce the risks associated with non-compliance and achieve an advantageous outcome,” she concluded.

Advocating for Taxpayer-Friendly Policies and Regulatory Reforms

Earlier in his welcome remarks at the Approach to GST Litigation workshop, Dr. Vijay Kalantri, Chairman, MVIRDC World Trade Center Mumbai pointed out, “Government should implement ease of doing business in letter and spirit by simplifying compliance, removing cumbersome laws and regulations. Indian MSMEs need tax payer friendly laws and regulations to reduce paperwork, compliance cost and become globally cost competitive.”

Dr. Kalantri pointed out that multiple laws and regulations encourage rent seeking behaviour and abuse of power by bureaucrats, thereby increasing cost of doing business. He said, “Indian MSMEs are generally tax compliant, which is reflected in strong growth in direct and indirect tax collection in recent months. We can improve compliance and tax base further by simplifying tax rates, rules and regulations.”