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GST Annual Return is the Protection Shield against Litigation, Experts

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Dr. Vijay Kalantri, Chairman, MVIRDC World Trade Center Mumbai addressing the workshop on 'Filing Annual GST Return and GST Audit' at WTC Mumbai. Also seen in the photograph is Ms. Anindita Chatterjee, Partner and Deputy CEO, TCN Global and Economic Advisory Services LLP

Registered taxpayers have to take utmost care while filing GST annual return to protect themselves from any chance of litigation with the tax authority by maintaining all financial statements, including Sales ledger, Purchase ledger, credit notes, debit notes, invoices etc., said Ms. Anindita Chatterjee, Partner and Deputy CEO, TCN Global and Economic Advisory Services LLP at a workshop on 'Filing Annual GST Returns and GST Audit'. The workshop was organized by MVIRDC World Trade Center Mumbai and All India Association of Industries (AIAI) on 18th December 2023.

If the tax authority finds any discrepancy or mismatches that is not rectified in the GST annual return, it can take a view that the tax payer intentionally evaded tax and impose penalty and interest under Section 74 of the GST Law, warned Ms. Chatterjee. The workshop was organised to create awareness about the essential things to keep in mind while filing the annual return (form GSTR 9) and form GSTR 9C for the financial year 2022-23, the statutory due date for which is December 31, 2023.

The provisions of the GST Law is stringent with respect to any act intending to evade tax (wherein there is any wilful misrepresentation of facts, excess availment of Input Tax Credit, wrong claim of Refund etc.), Ms. Chatterjee warned.

The annual GST return is an opportunity for taxpayers to rectify and declare any errors, committed intentionally or unintentionally during the last financial year and this opportunity has to be used judiciously, advised Ms. Chatterjee.

In case taxpayers have availed excess input tax credit or under-reported past transactions, or misclassified goods under HSN code or committed any other genuine errors, the same needs to be rectified in the GST annual return.

Ms. Chatterjee advised, “GSTR 9 is a summary of returns filed throughout the last financial year and Part A of GSTR 9C is the reconciliation statement. GSTR 9C is not just a compliance document; it is the protection shield to rectify mismatches, discrepancies in the past transaction and protect yourself whenever there is a query or scrutiny from the tax department. All registered tax payers should use this opportunity to file GSTR 9 and 9C by furnishing all the documentary evidence of discrepancies or mis-matches of the last year’s transactions.”

Ms. Chatterjee highlighted various instances where mismatches and discrepancies can arise in case of past transactions and advised the tax payers to document these properly in the reconciliation statement of GSTR 9C.

She said, “One instance of discrepancy is the mismatch in the value reported in the E-way bill and the GSTR1 due to return of defective goods back to the supplier. This discrepancy should be mentioned in the GSTR 9C by attaching relevant documents. Whenever, a taxpayer has wrongly availed of input tax credit, they should reverse the credit and inform this to the tax department through a letter so to prove the taxpayer’s intention to comply with the tax rules.”

Ms. Chatterjee emphasized that the form GSTR 9C should have reconciliation statement that matches with audited books of account, GSTR1, GSTR 3B, Form 26AS of the Income Tax and other financial statements. Specifically, she advised all taxpayers to conduct concurrent audit every month after filing GSTR 3B to eliminate any discrepancy in GSTR 1 and sales ledger. “If there are any discrepancies in the sales ledger and GSTR 1, such differences should be taken note of every month (in the form of concurrent audit) so that when taxpayers file annual returns (GSTR 9 and 9C) for the previous financial year, these audit notes will be handy,” she pointed out.

Ms. Chatterjee also highlighted the importance of properly maintaining sales ledger and purchase reconciliation statements by maintaining vendor memos, which includes separate list of suppliers, purchasers and warehousing agents.

Earlier in his welcome remarks, Dr. Vijay Kalantri, Chairman, MVIRDC World Trade Center Mumbai suggested the government to improve ease of filing taxes to increase compliance and revenue collection. He said, “The GST monthly revenue collection has grown from a mere Rs. 60,000 crore in the beginning of its implementation to more than Rs. 1.67 lakh crore in recent months because of reduction of rates and simplification of procedures. The government has taken various progressive initiatives to improve ease of filing taxes. At the same time, we need more measures to reduce time taken to dispose appeals and reduce pendency of cases.”

Dr. Kalantri recommended the government to simplify tax compliance procedure for MSMEs by increasing the turnover limit for composition scheme and other concessional schemes applicable for small taxpayers. He also emphasized the need for time-bound processing of refunds and passing of assessment orders.

Dr. Kalantri suggested the tax department to adopt a trust-based, simple compliance procedure to reduce the paper-work, time and cost of compliance for small taxpayers.

The workshop was attended by members of trade and industry, tax consultants, finance and accounts professionals, public sector undertakings and others.



Dr. Vijay Kalantri, Chairman, MVIRDC World Trade Center Mumbai addressing the workshop on 'Filing Annual GST Return and GST Audit' at WTC Mumbai. Also seen on the podium is Ms. Anindita Chatterjee, Partner and Deputy CEO, TCN Global and Economic Advisory Services LLP