

Indirect Taxes

Over 1.63 lakhs GST registrations cancelled in two months for return filing defaults.

- Goods and Services Tax (GST) authorities have cancelled 1,63,042 GST registrations in October and November for defaulting on filing monthly tax.
- Besides, 28,635 other taxpayers have been identified for cancellation of registration for defaulting on filing monthly returns for more than six months as on 1 December, the official said.
- The strict action for not filing returns showing monthly returns transactions (return form 3B) is taken as part of a drive to improve tax compliance amid a sharp decline in tax receipts. Central GST officials and Directorate General of GST Intelligence (DGGI) have been on a compliance enforcement drive since November focusing on frauds involving fake invoices
- As part of this, 132 persons have so far been arrested including four chartered accountants (CAs) for dealing in tax credits wrongfully. Officials have also booked 1,430 cases against more than 4,586 fake registered entities across the country, said the official. One of the CAs arrested is linked to setting up of 14 fake firms
- to deal in invoices without supply of goods, the official said.
- Officials have also identified 55 tax payers who have secured deemed registrations between 21 August and 16 November without Aadhaar authentication as certain discrepancies have been noted in their case, said the official.
- Fake invoices are used for violations including tax evasion, money laundering and diversion of funds from companies. These are also used for showing non-existent transactions in the book of companies to jack up figures and obtain loans from banks.
- Direct and indirect authorities have been scaling up use of technology and data analysis in recent months to identify businesses with poor compliance track record. With the sharp reduction in tax revenues this year, the trend is expected to gain further momentum.
- To check the practice of setting up shell firms for fraud, the government has already introduced Aadhaar authentication for taking GST registration. Businesses taking GST registration without Aadhaar authentication will have to undergo physical verification of their premises.

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