

A C A E

GST and Seamless Input Tax Credit

M.S.Mani

Webinar

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Recent GST updates – ITC related

Recent GST updates

New Year Amendments – GST ITC

Input Tax Credit

Suspension/cancellation
of GST registration if ITC
availed incorrectly

Mandatory 1% payment
of GST in cash for
specified taxpayers

Restriction on availment
of ITC upto 105% of
eligible matched ITC

Concerns

Availment

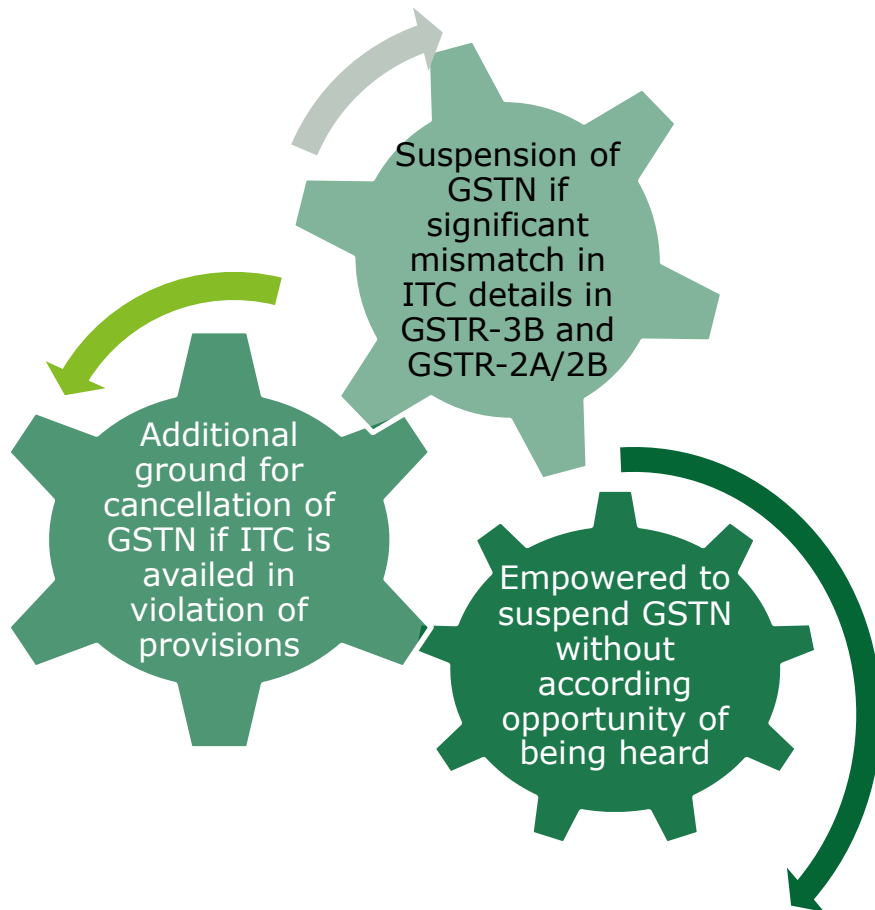
Utilization

Recent key developments on ITC front

Recent GST updates

New Year Amendments – GST ITC

Suspension/cancellation of GST registration



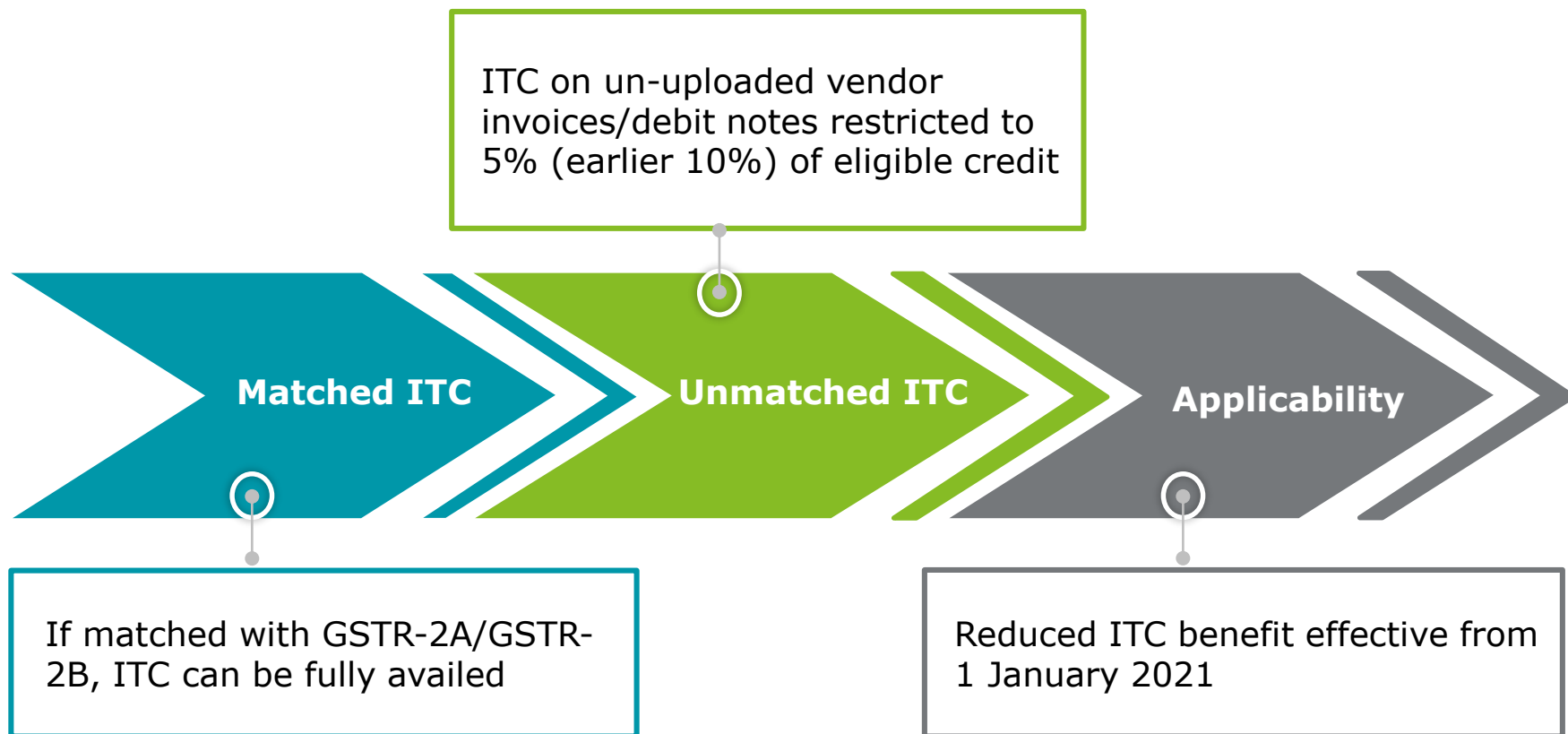
“The word ‘significant’ is nowhere defined in GST law creating ambiguity on cancellation/suspension procedures by tax authorities”

“However, CBIC has clarified on twitter that significant discrepancies will be based on data analytics and sound risk parameters and not merely on clerical errors”

Recent GST updates

New Year Amendments – GST ITC

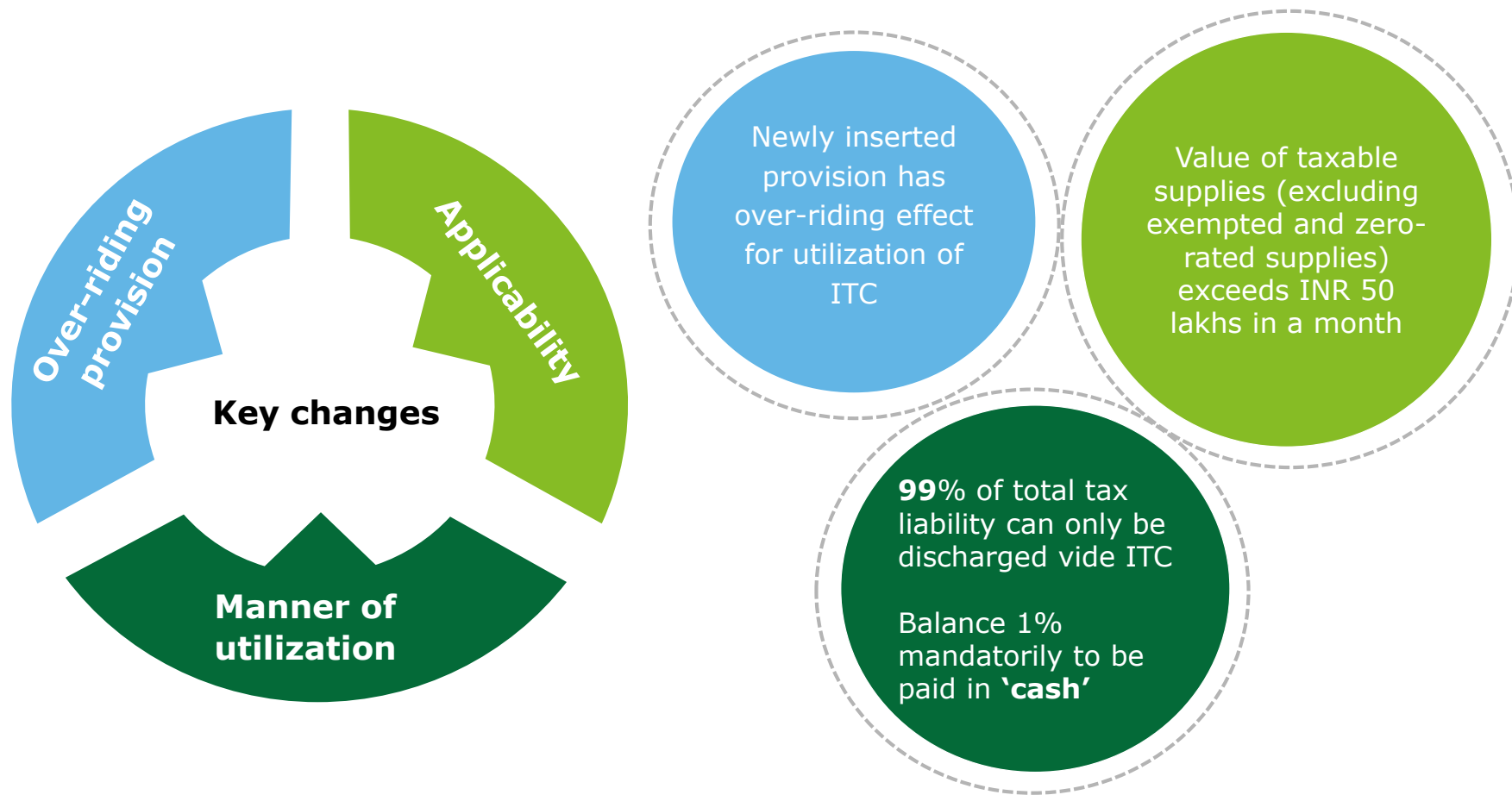
Restriction on availment of ITC



Recent GST updates

New Year Amendments – GST ITC

Restriction on utilization of ITC

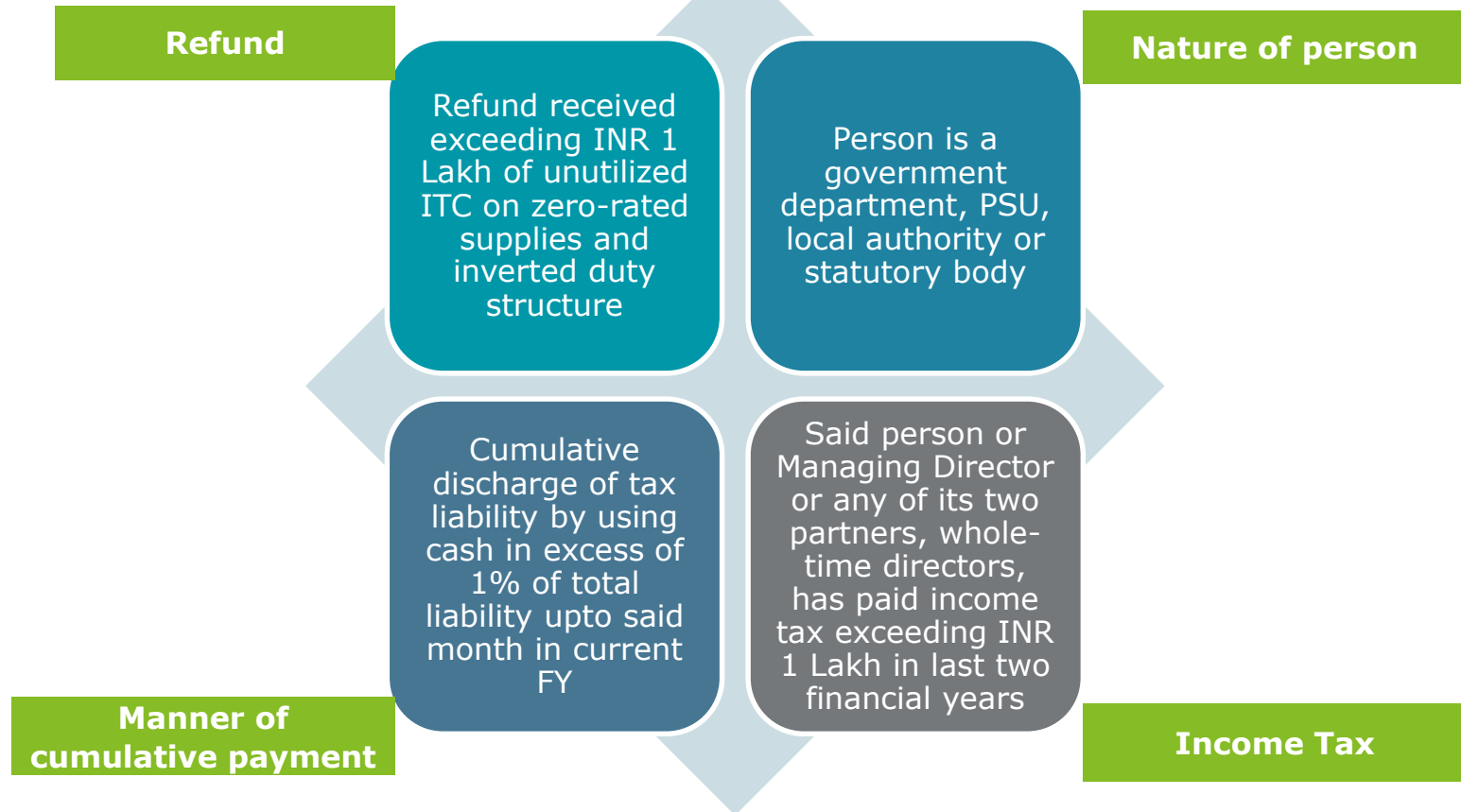


Recent GST updates

New Year Amendments – GST ITC

Restriction on utilization of ITC

Exceptions to restriction of ITC utilization



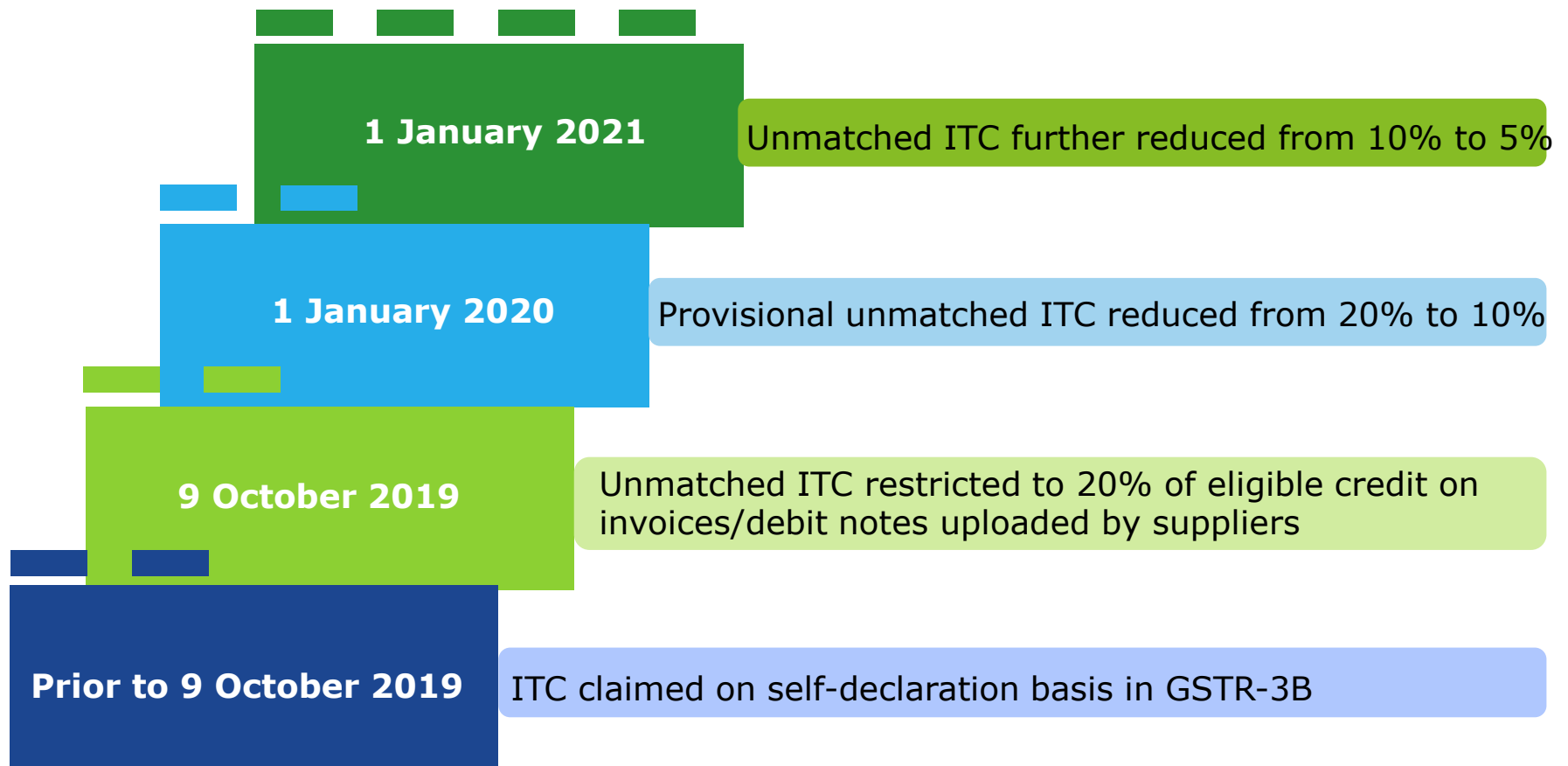
Uncertainty on profile and payment under Income Tax to decide genuineness of GST taxpayer



Decoding ITC availment

Decoding ITC availment

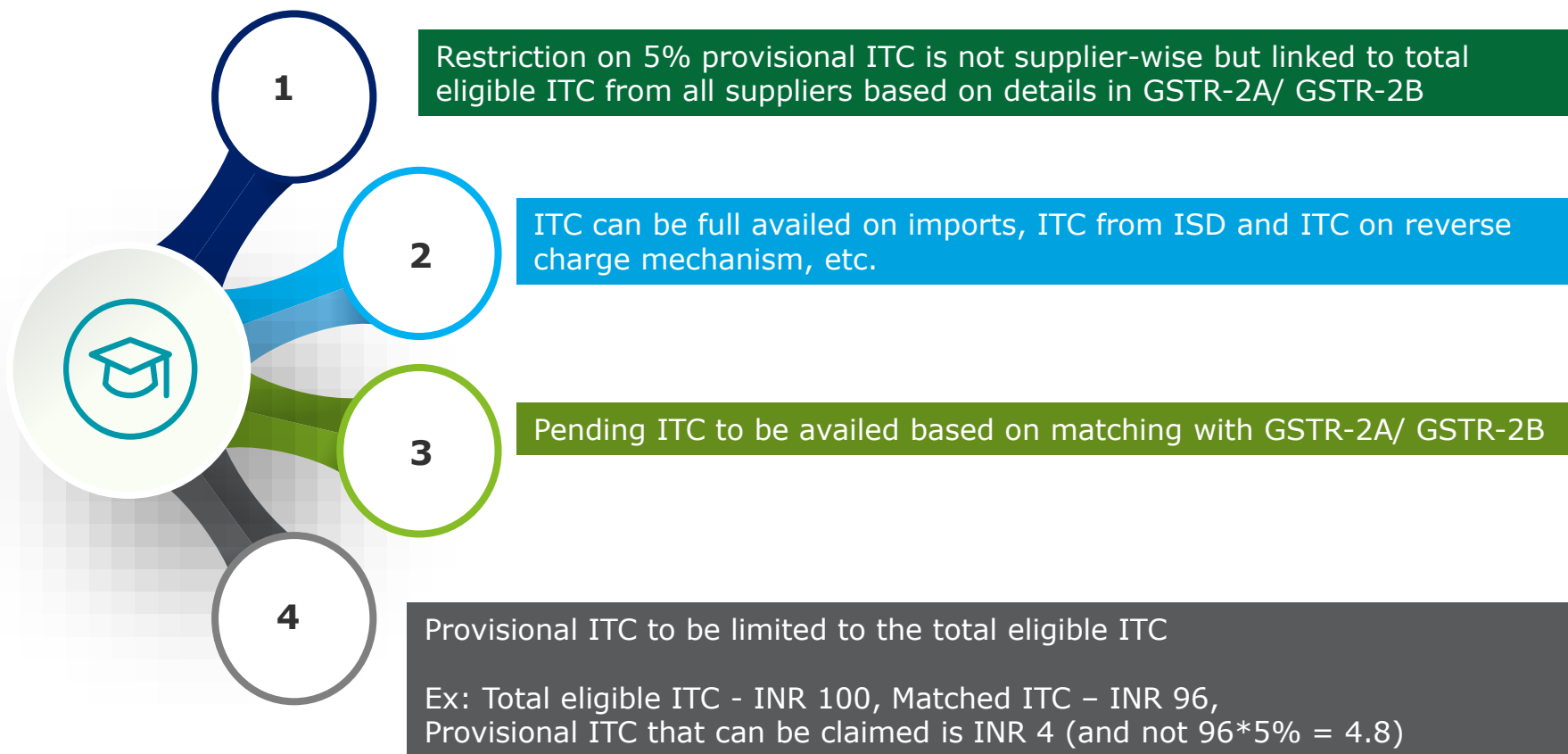
ITC availment since introduction of GST



Relief for ITC matching with purchase statement was granted during the period Feb'20-Aug'20 with condition that all ITC should be matched by Sep'20 GST return

Decoding ITC availment

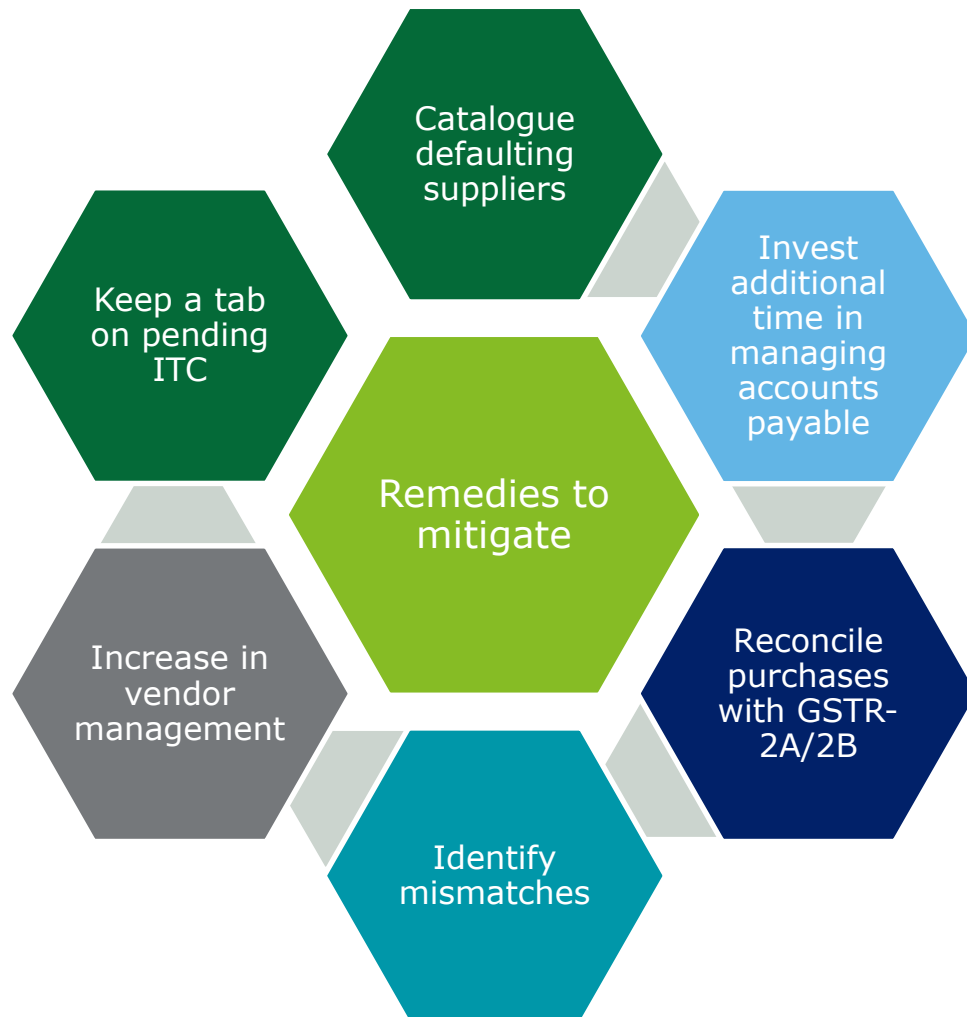
Key points to be noted

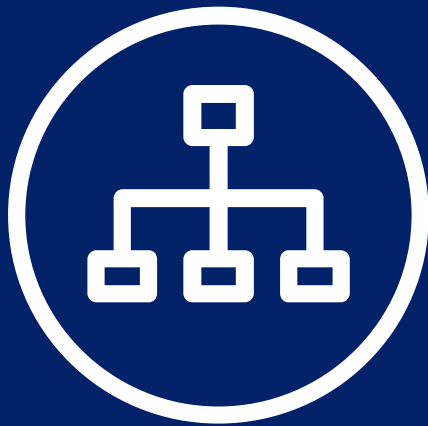


Affects cash flows of a taxpayer as despite having paid taxes to supplier, ITC cannot be availed on un-uploaded invoices by supplier

Decoding ITC availment

Few remedies to mitigate issues

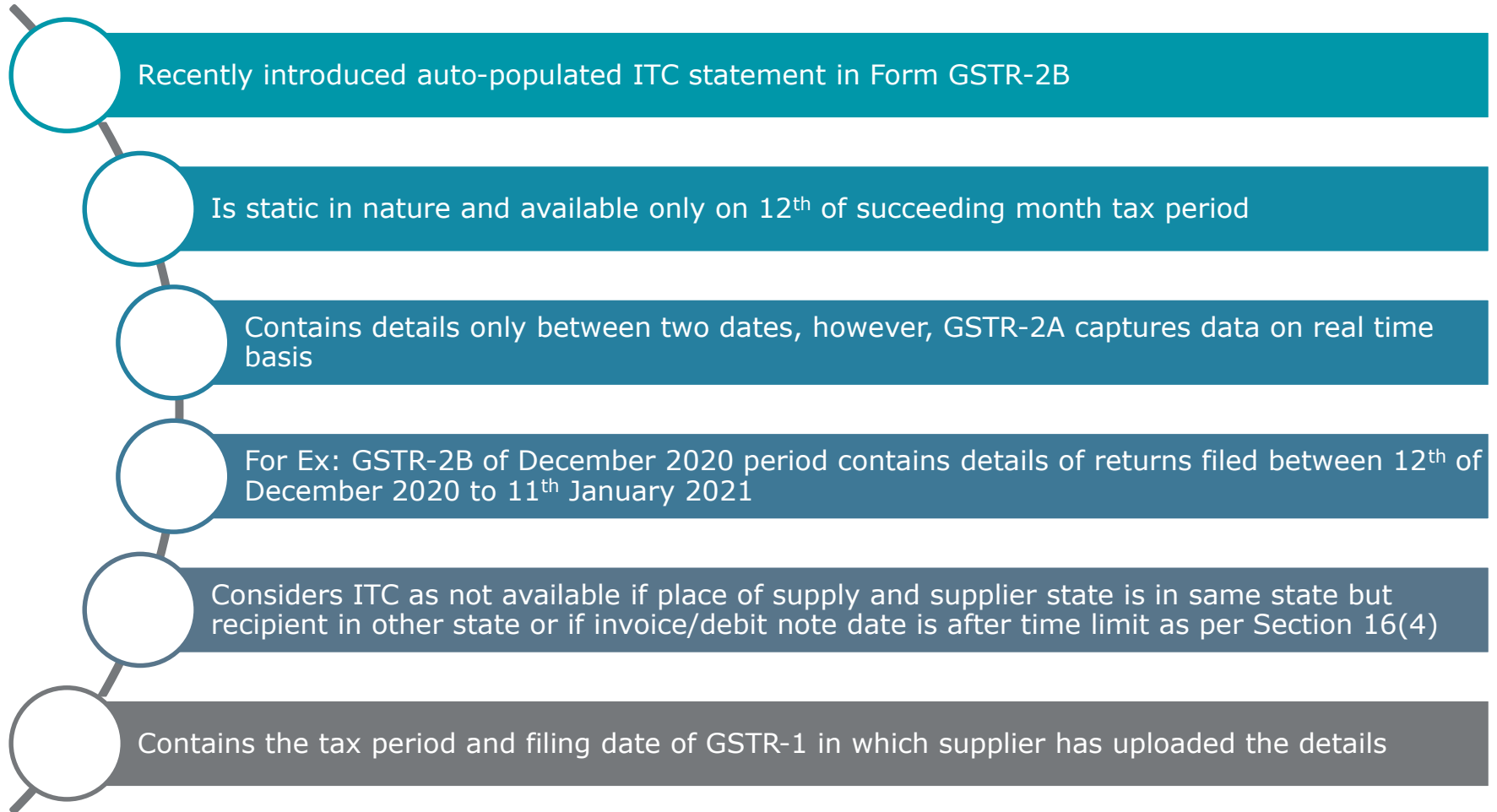




Numerous ITC reconciliation issues

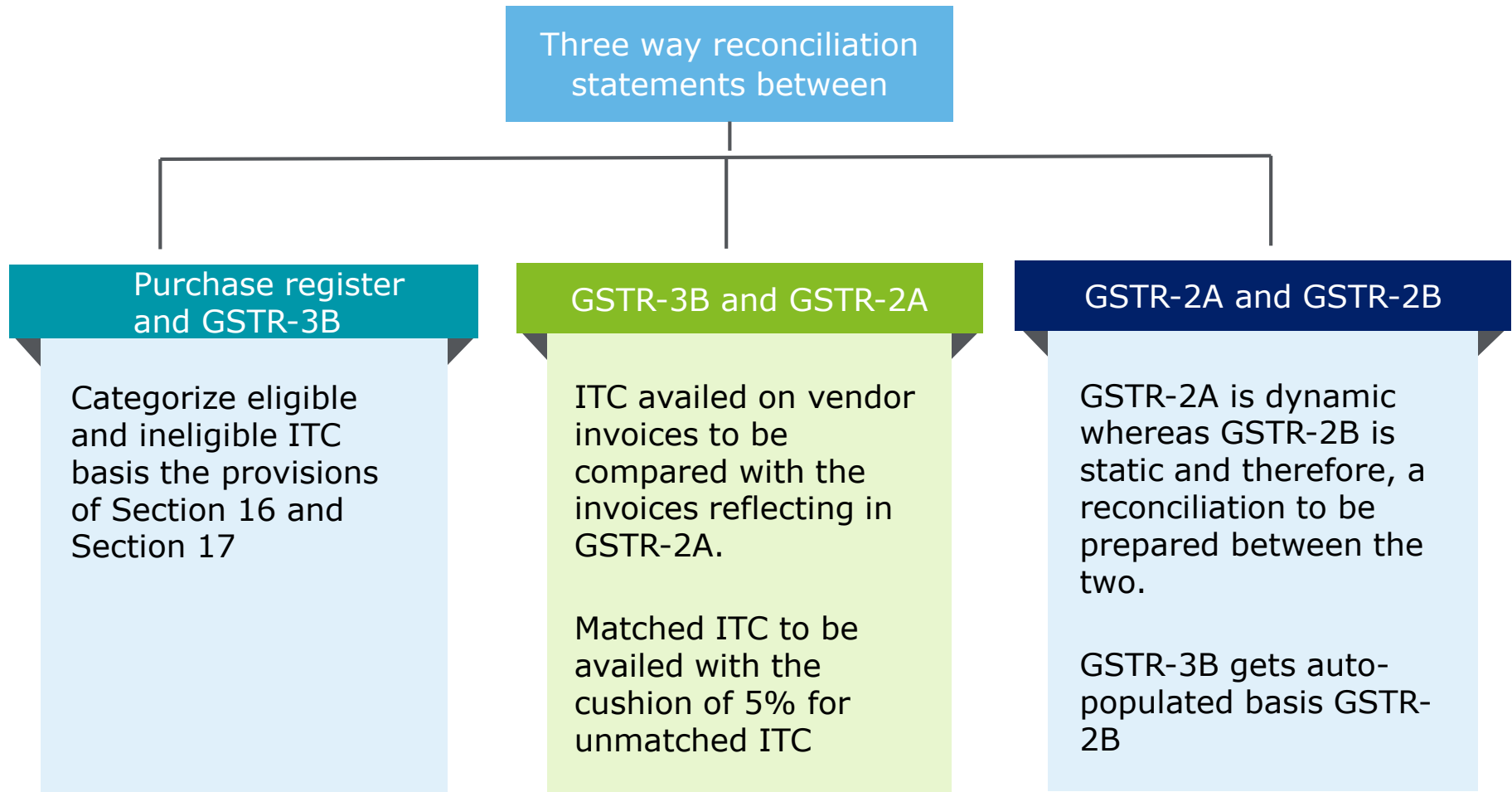
Numerous ITC reconciliation issues

Introduction of GSTR-2B



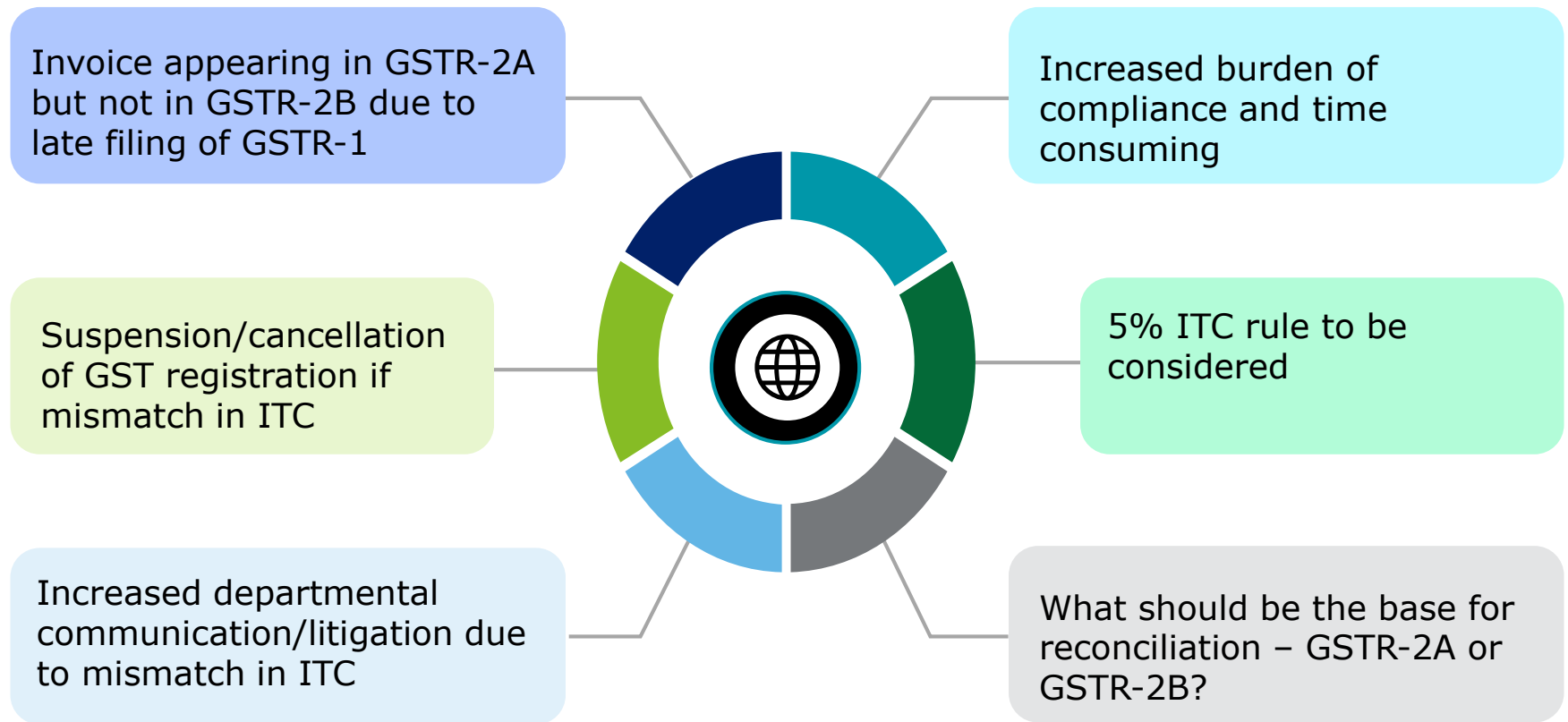
Numerous ITC reconciliation issues

Preparation of various reconciliation



Numerous ITC reconciliation issues

Key teething issues



Numerous ITC reconciliation issues

Key teething issues

Mismatch in ITC

May lead to denial of refund

May lead to blocking of E-way bill

ITC reversal

Any ITC reversal for exempt/other than business/others to be computed separately

GSTR-9/9C – reconciliation differences

ITC of previous year availed in current year

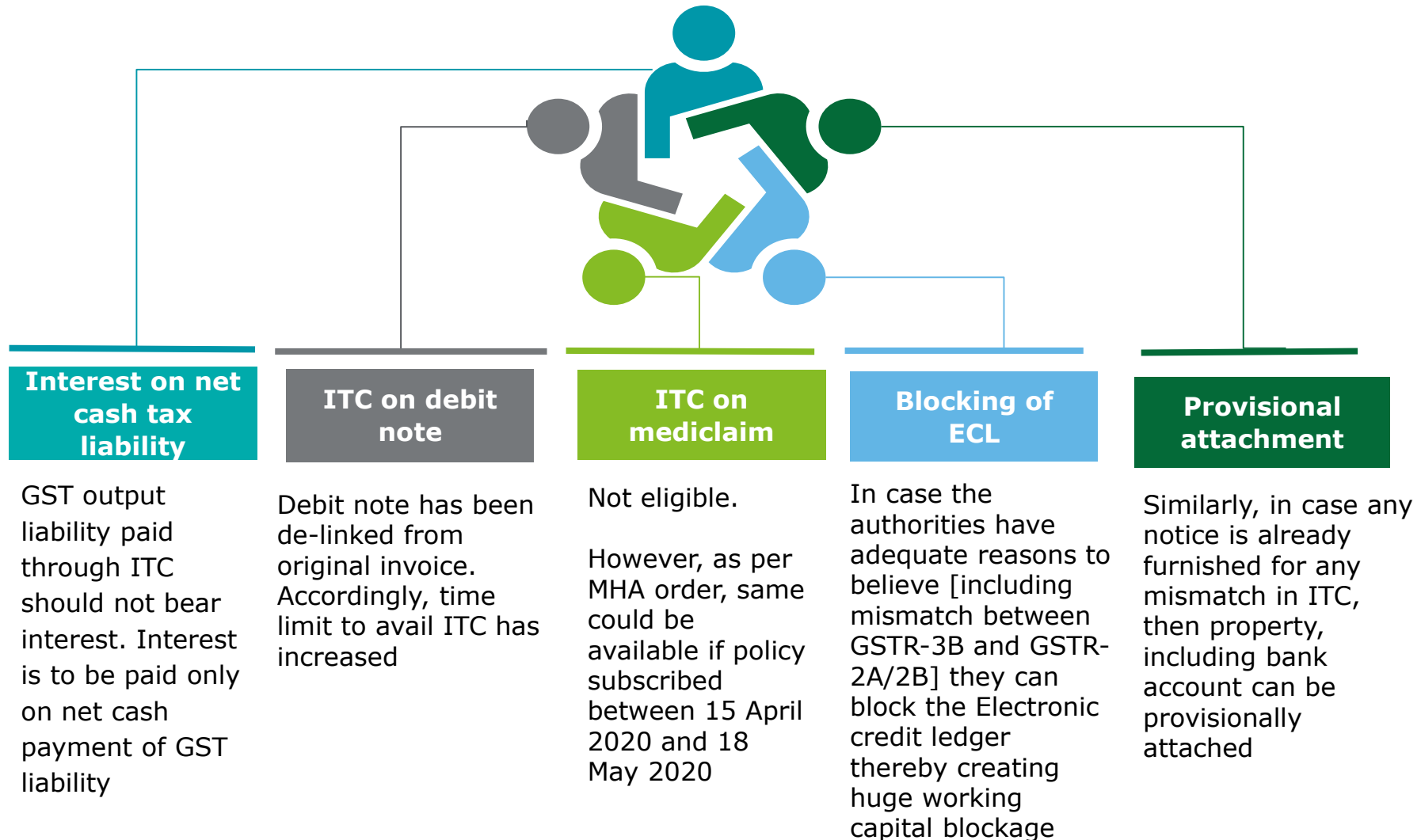
ITC of current year availed in subsequent year



Other ITC issues

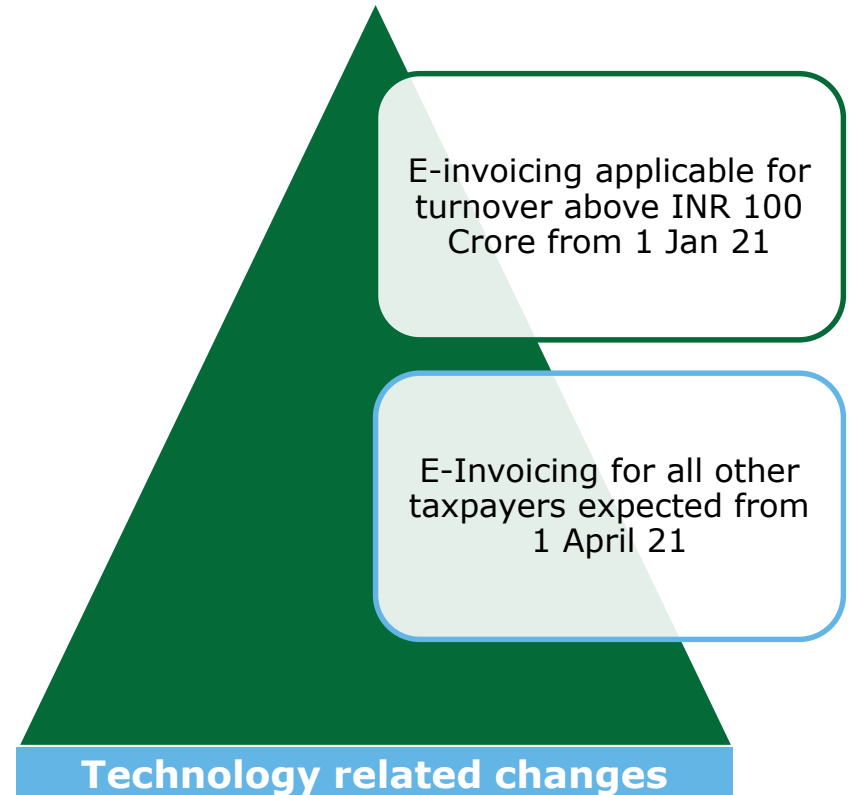
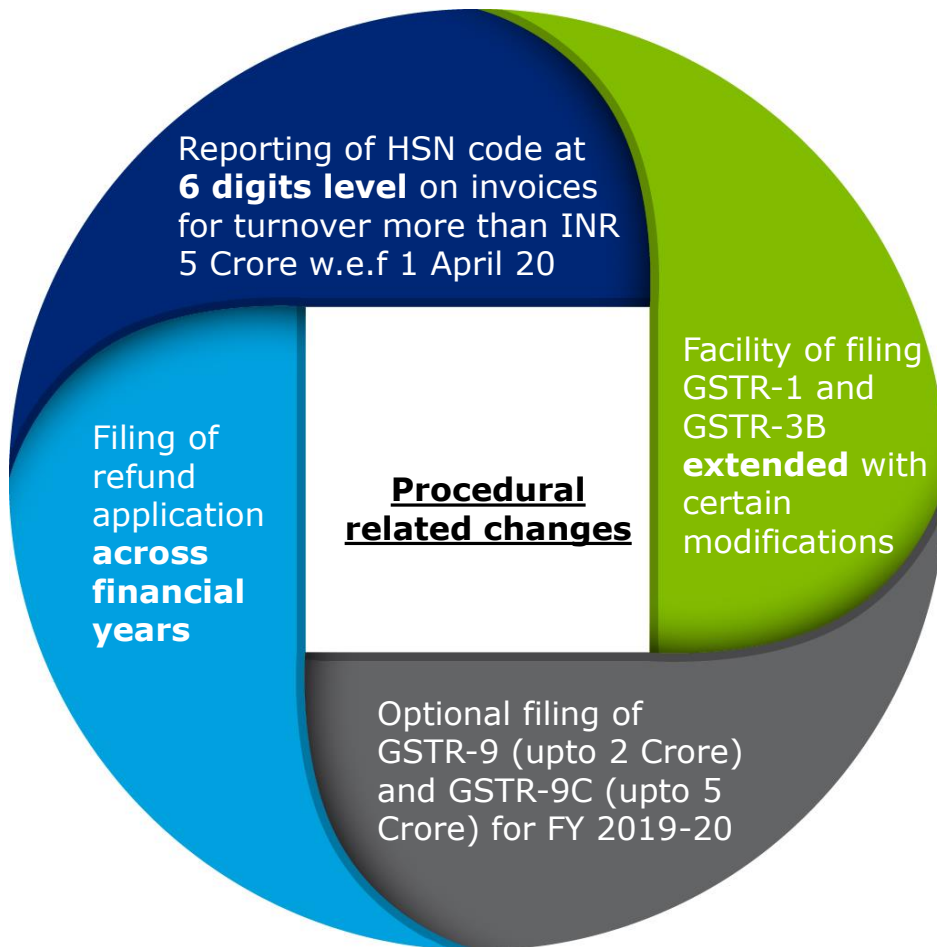
Other ITC issues

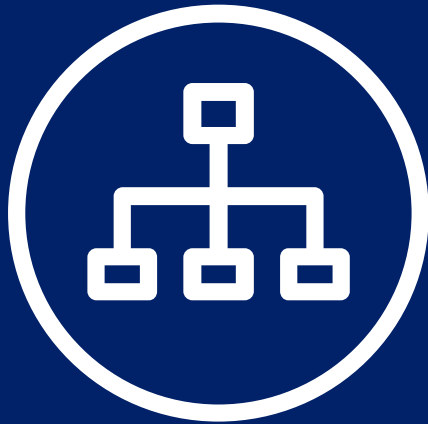
Key concern areas



Other ITC Issues

Procedural and Technology related changes impacting ITC

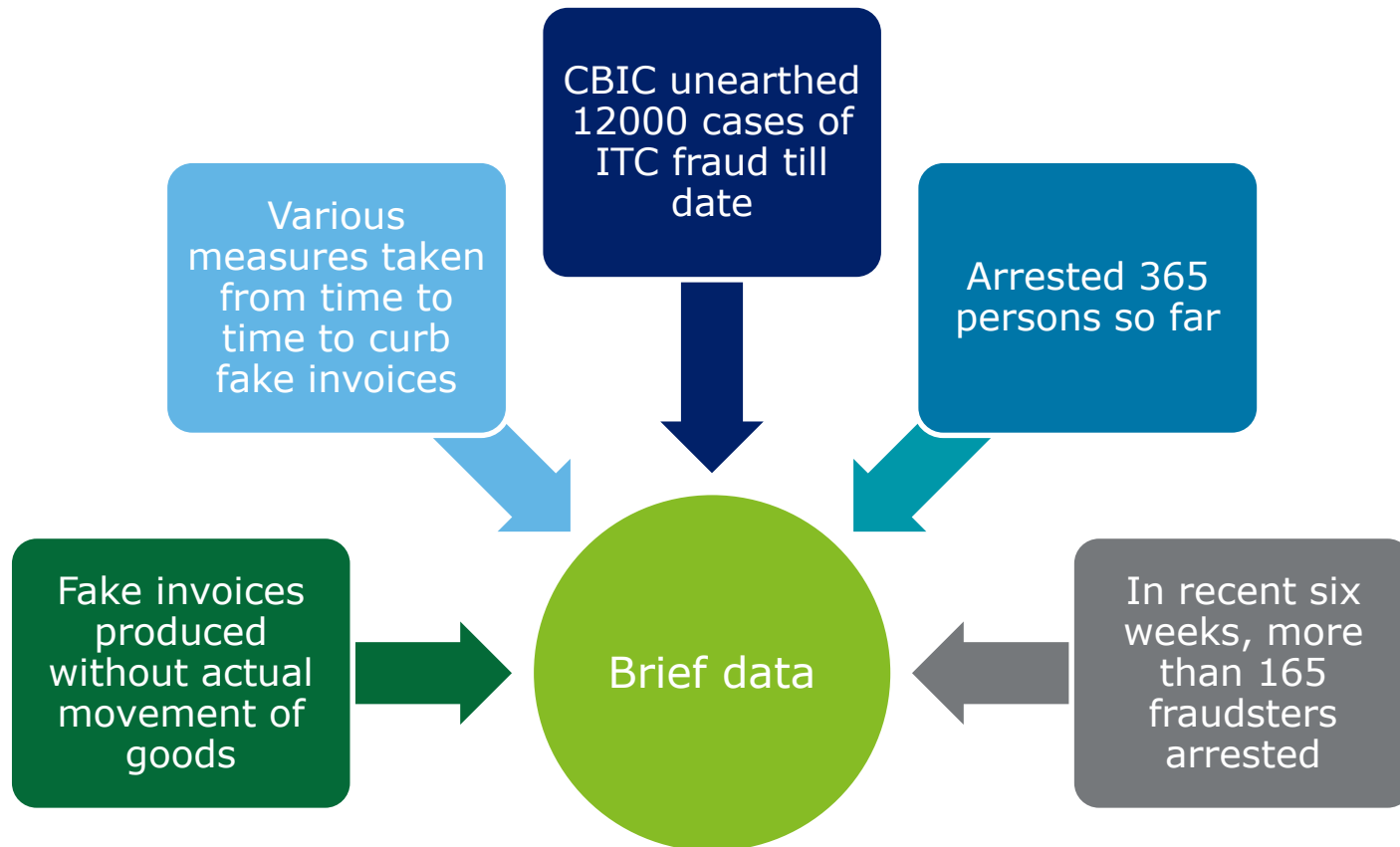




Fake invoices and related complications

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Some numbers



Fake invoices and related complications

Some numbers



DGGI Rohtak arrested one person in Hisar for issuing fake invoices to pass ITC of INR 13 crore fraudulently



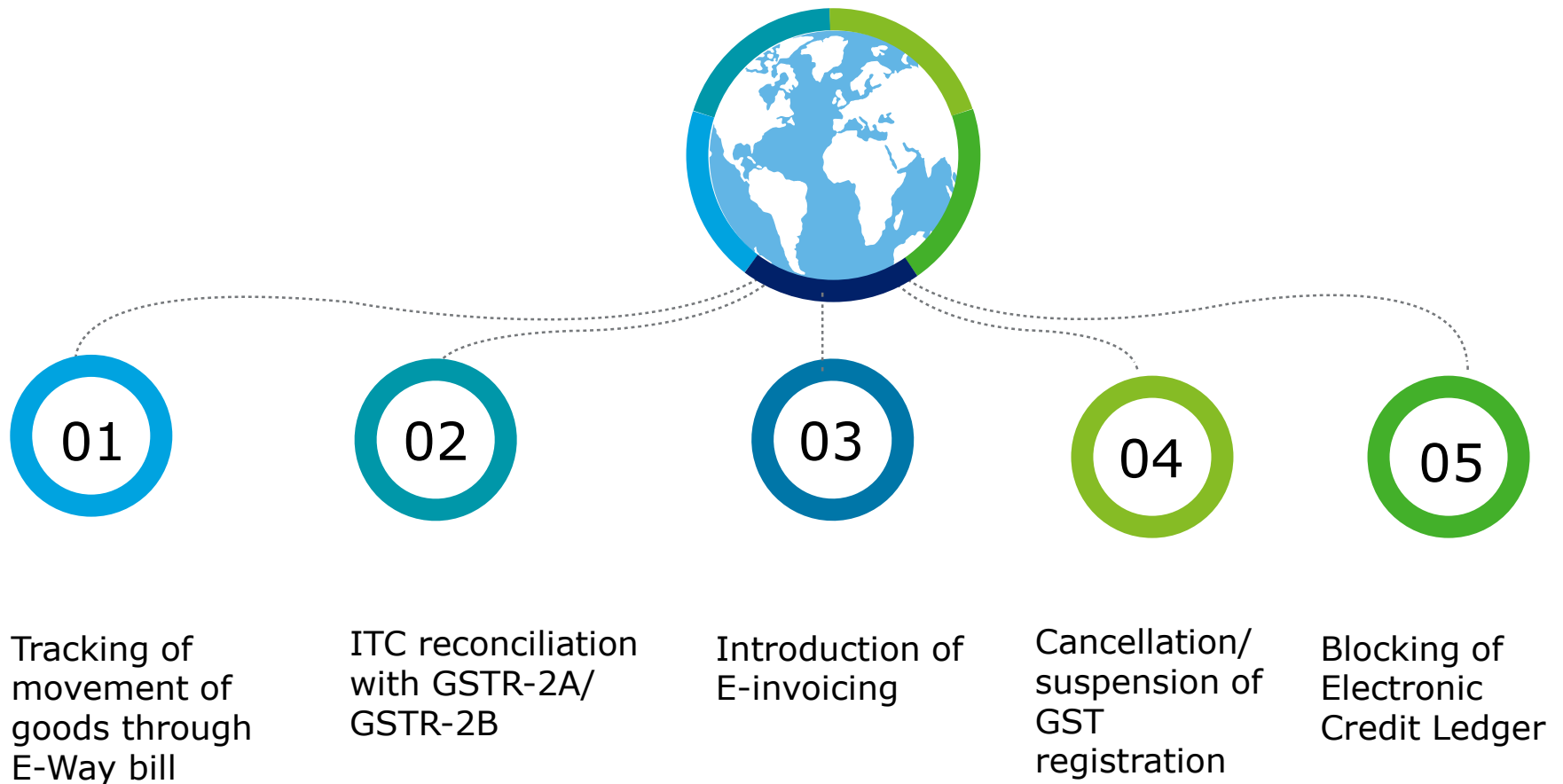
Anti-evasion officials of Delhi busted a major racket wherein seven different fake firms were floated with intent of passing credit of INR 137 crore. Searches were conducted in nine different places



DGGI Nagpur unearthed PAN-India invoice racket involving INR 78.13 crore ITC. Probe revealed 23 firms across India from Tamil Nadu to Delhi were involved

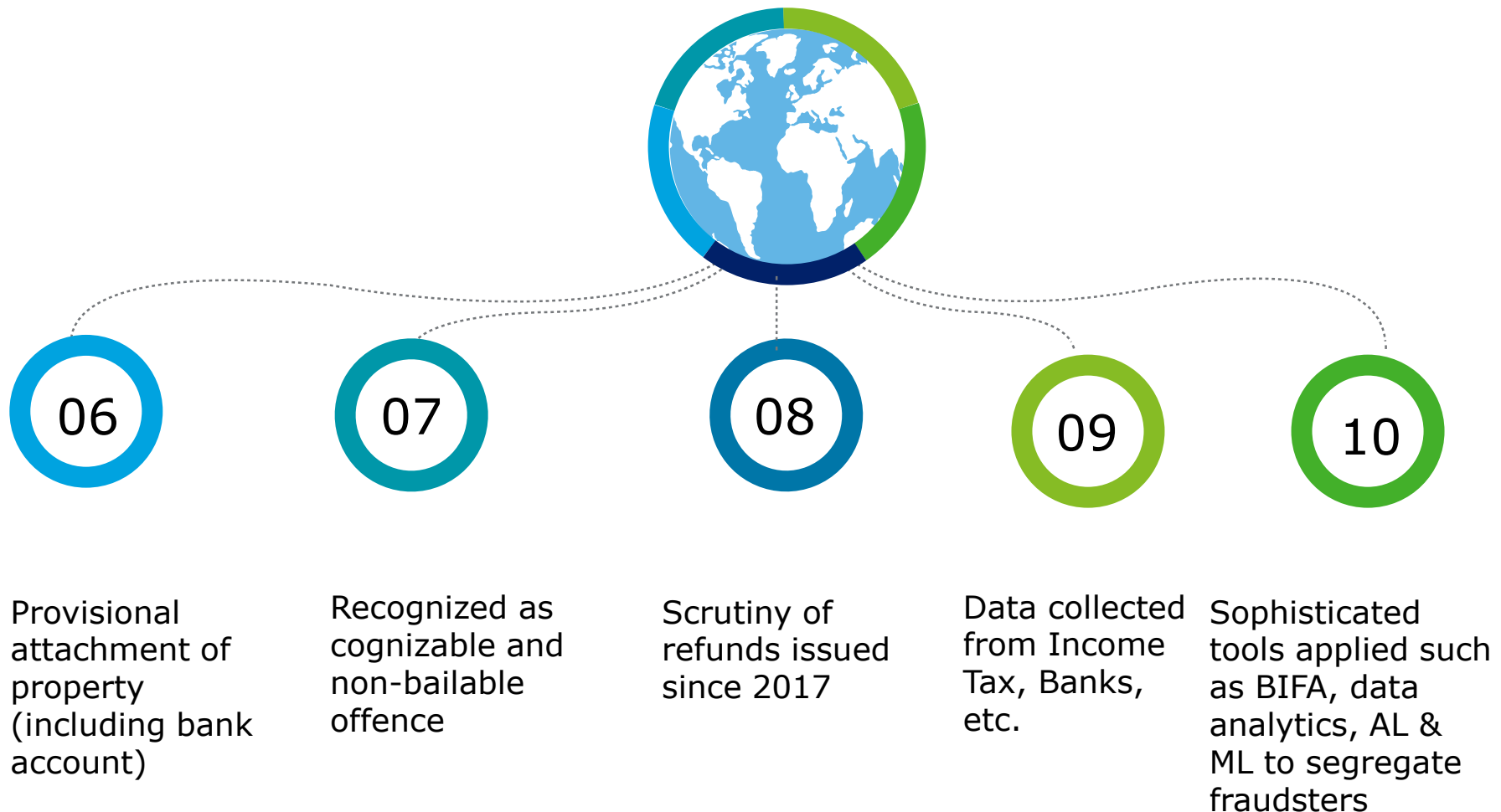
Fake invoices and related complications

Measures taken to curb fake invoices



Fake invoices and related complications

Measures taken to curb fake invoices





Recent GST judicial precedents

Recent GST judicial precedents

Few Case Laws

High Court Verdicts

M/s. S.S. Industries v/s. Union of India (Gujarat HC)

Brief Facts:

- Justification for invoking Rule 86A pending inquiry relating to alleged fraudulent transactions

Issue:

- Whether CGST Rules envisage passing of a specific order to block or debit ITC in the electronic credit ledger with an obligation to 'communicate' the same to affected person

Held by the Hon'ble High Court (HC):

- Submission of the writ applicants as regards the indefeasible right to avail ITC vis-a-vis Rule 86A fails
- Rule 86A casts an obligation upon authority to form an opinion but is silent with regard to passing of any specific order assigning prima facie reasons for invoking the said Rule
- Cannot be said that exercise of power for blocking ITC is malafide/without application of mind
- Writ petition of taxpayer failed and rejected.

Recent GST judicial precedents

Few Case Laws

High Court Verdicts

M/s. Siddharth Mandavia v/s. Union of India (Bombay HC)

Brief Facts:

- Investigation for claim of input tax credit on the basis of ineligible documents

Issue:

- Whether importer exporter code (IEC code) and freezing of bank accounts belonging to petitioner and his family members

Held by the Hon'ble High Court (HC):

- There is no allegation or any averment made that any money belonging to petitioner or to his firm have been credited into joint accounts of petitioner with his wife or with his minor son or into the account of his wife
- They being not the tax payers in this case, provisional attachment of their bank accounts therefore would be unjustified
- Blocking of IEC code by any authority other than DGFT or by his authorized officer would be unauthorized, unwarranted and without jurisdiction
- Answered in favour of petitioner.

Questions

