

Ease of Doing business – Payment Process GST

The present Government is really showing some urgency in taking the country forward by pushing for reforms and international best practice. We as a nation have declared that we would improve the ease of doing business. GST was about that however the exposure of study groups on each of the processes is in the opposite direction.

The study groups (not consisting of entrepreneurs and professionals- loaded with tax administrators) is finding out how there cannot be any leakage, how revenue can be safeguarded, how accountability and responsibility can be totally passed on to the assessee and shifted from the tax administration.

The payment process suggested should have made the process more simple, transparent, complete and fair.

However the study group paper does **not seem to have achieved any of objectives**. We only focus on the external part of the report- how one can make the payment of GST as proposed.

Simplicity:

➤ The need to pay separately in each State (all 3 – CGST/ SGST/ IGST) against the right registration code would lead to enormous paper work and time and effort spent in reconciliation.

Ex: If one works in 20 States, then the number of payments would have to be 30 each month under each code!!

➤ The need to provide product / service wise details for filling the annual return (another process study group has released) would obviate the advantage of single payment. At later point of time if the payment needs to be made as per HSN/ Classification of service then it would be more cumbersome than now.

Ex: If one has in addition to location above 30 product lines and 10 service lines, the number of ledger accounts to reconcile the monthly payments to be made could be approximately- 900 State Payment and product/ service code wise. SMEs who form 80% of the number of assesseees would NOT be able to comply.

Transparency:

➤ Time barred payments are automatically refunded to bank account of assessee. Until reconciliation, assessee may not identify and end up paying interest and possible penalties for clerical errors. This should be with an automatic intimation and highlight in next payment process.

Completeness:

- No facility for excess adjustment- Assessee at times make mistakes in paying more. Last minute hurry, figures changed, excel totaling incorrect etc. The process to include such error easily adjustable in the next months.
- No adjustment for SGST/ CGST wrong code payment- Assessee may make payments into CGST or SGST by error of confusion in addition to the reasons above. This should be allowed to be adjusted at any time without interest.
- A one day (minimum 6 hours) window to rectify the challan to avoid need for revision could be provided in the system. If one does not use it the payment would be considered as complete.

Fairness:

- No facility for FTP scrips adjustment for GST – This should be enabled as it is presently available. Going forward the benefits provided by the Commerce ministry on a general principal should be enabled by Finance Ministry.
- Once a cheque is bounced on OTC then facility is withdrawn. Need to provide at least 3 defaults or online opportunity of being heard.

Presently the drafts are given for the users views and a few of the suggestions MATBE adopted, maybe the less important ones and as their suggestions are considered, law passed. Then comes the time when all realise that for all the tall claims made by government- all things remain the same at ground level.

The paper writer has oft repeated that until and unless the industry representatives and professionals are a part of the initial law making process, the possibility of a more simple, transparent, complete and fair law in India is a pipe dream for the Government.

Warm Regards,

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