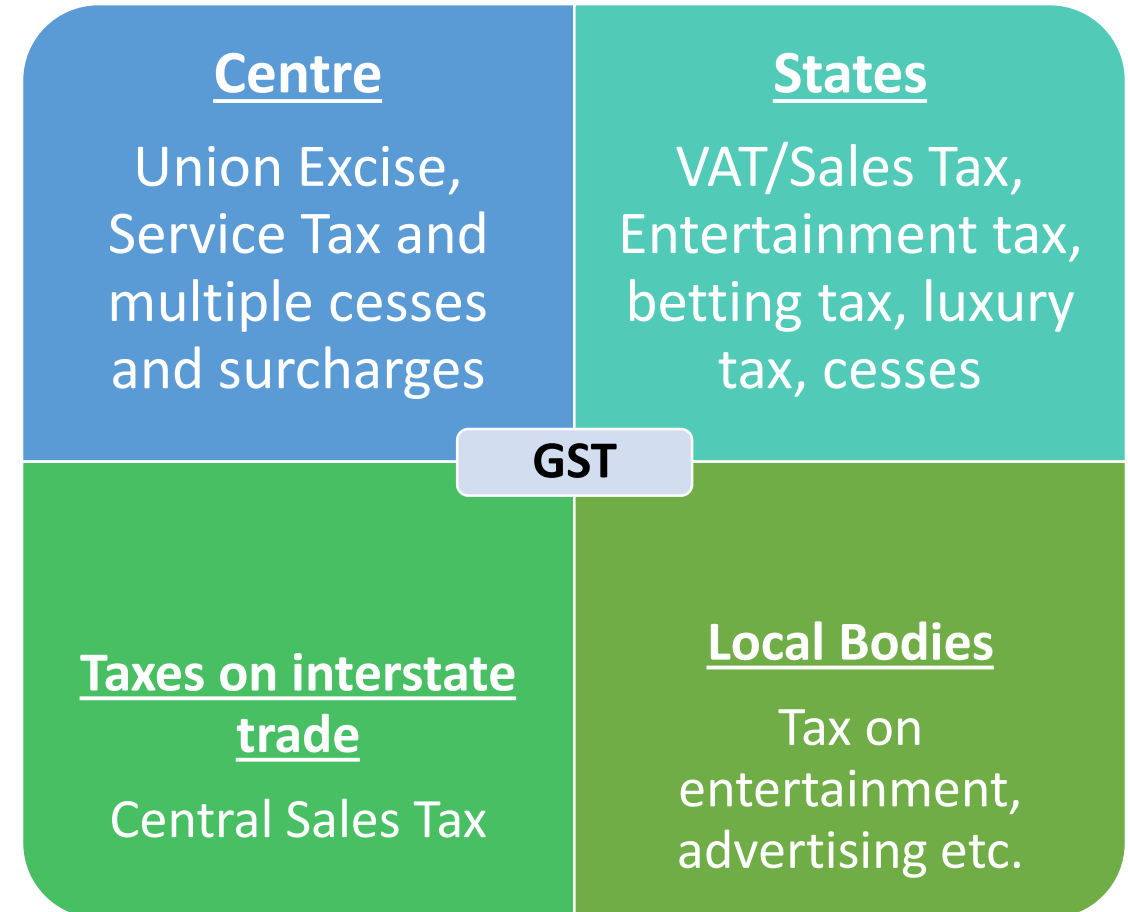


Five years of GST

Learnings and Experiences

GST in India – One Nation, One Tax

- Indirect Tax regime in India was highly fragmented
 - multiple taxes levied by multiple tiers of Government
 - non-uniformity in legal provisions, compliance framework, rates etc.
- Indian GST is a unique model
 - Concurrent laws & powers
 - Unification through IGST & Council



Benefits for Trade & Industry

Ease in Compliance

- Multiple returns & agencies, around 500 forms
- Common compliance framework
- One compliance portal for all services

Smoother Interstate Trade & Commerce

- No tax arbitrage
- No check posts, no statutory forms
- Seamless flow of credit across State border
- No cascading of taxes

Benefits for Exporters

Reduced taxation

- Cascading of taxes led to exports not being fully tax-free
- Post GST, no cascading allows exports to be zero rated
- Makes them more competitive

Faster refunds

- Higher scrutiny due to difficulties in verifying ITC
- System verified input tax credit – less hassle in refunds
- Refunds processed through a single source

Benefits for Government, trade & Industry

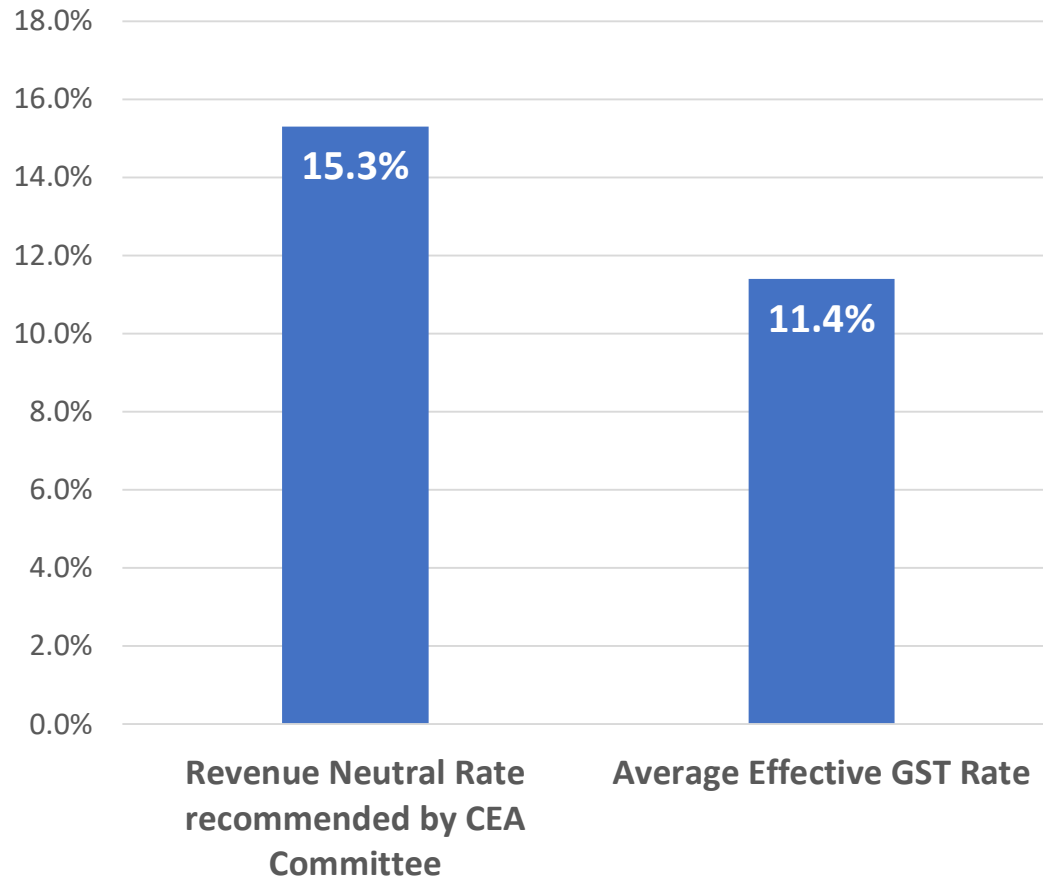
**Clarity in
taxation
leading to
lower
disputes**

- Different events of taxation pre-GST – manufacturing, sale, purchase, entry, services, luxury → to one event of supply
- Goods and services treated differently; sectors with overlap → goods and services treated similarly

**Uniformity
of taxes**

- Race to the bottom – adverse impact on revenues
- No competition among states and steal thy neighbour policies

Estimated Benefits to the Public



The GST rate is about 3.9 % lower than the Revenue Neutral Rate

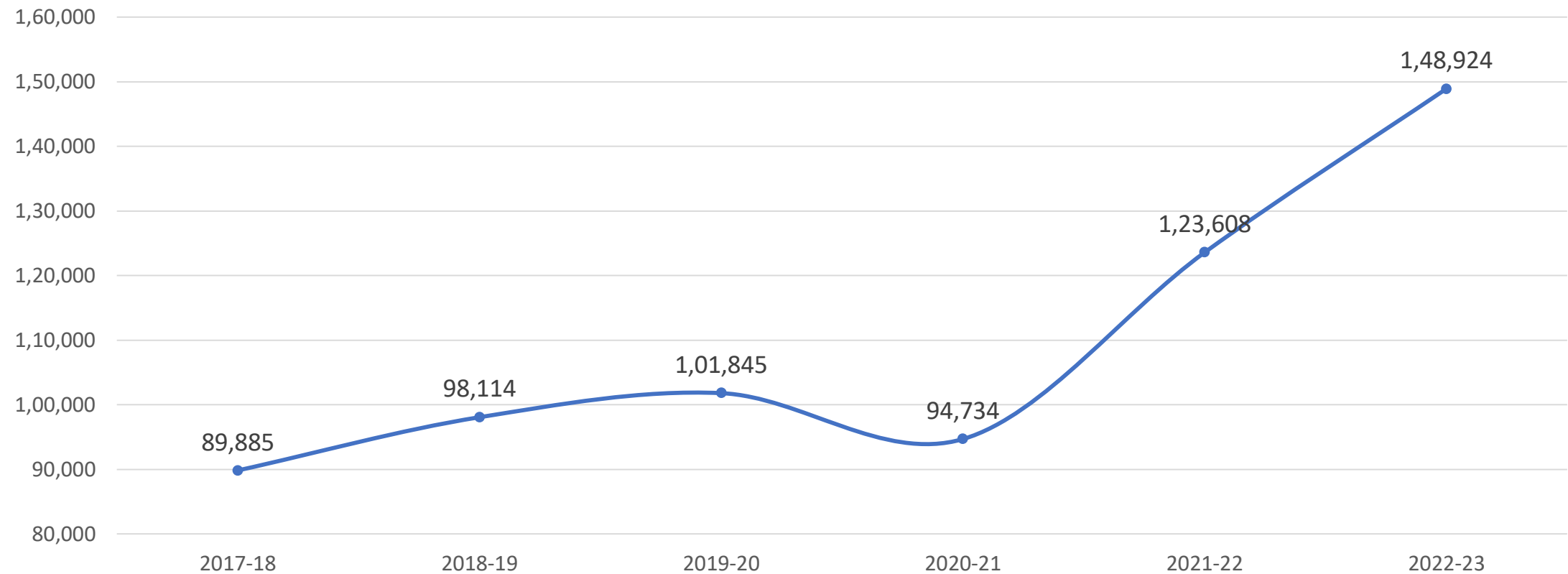
This has resulted in estimated savings of Rs. 18 lakh cr to the public

The average savings are about Rs. 28,000 crore per month

This translates to a savings of Rs. 12,000 per household per year

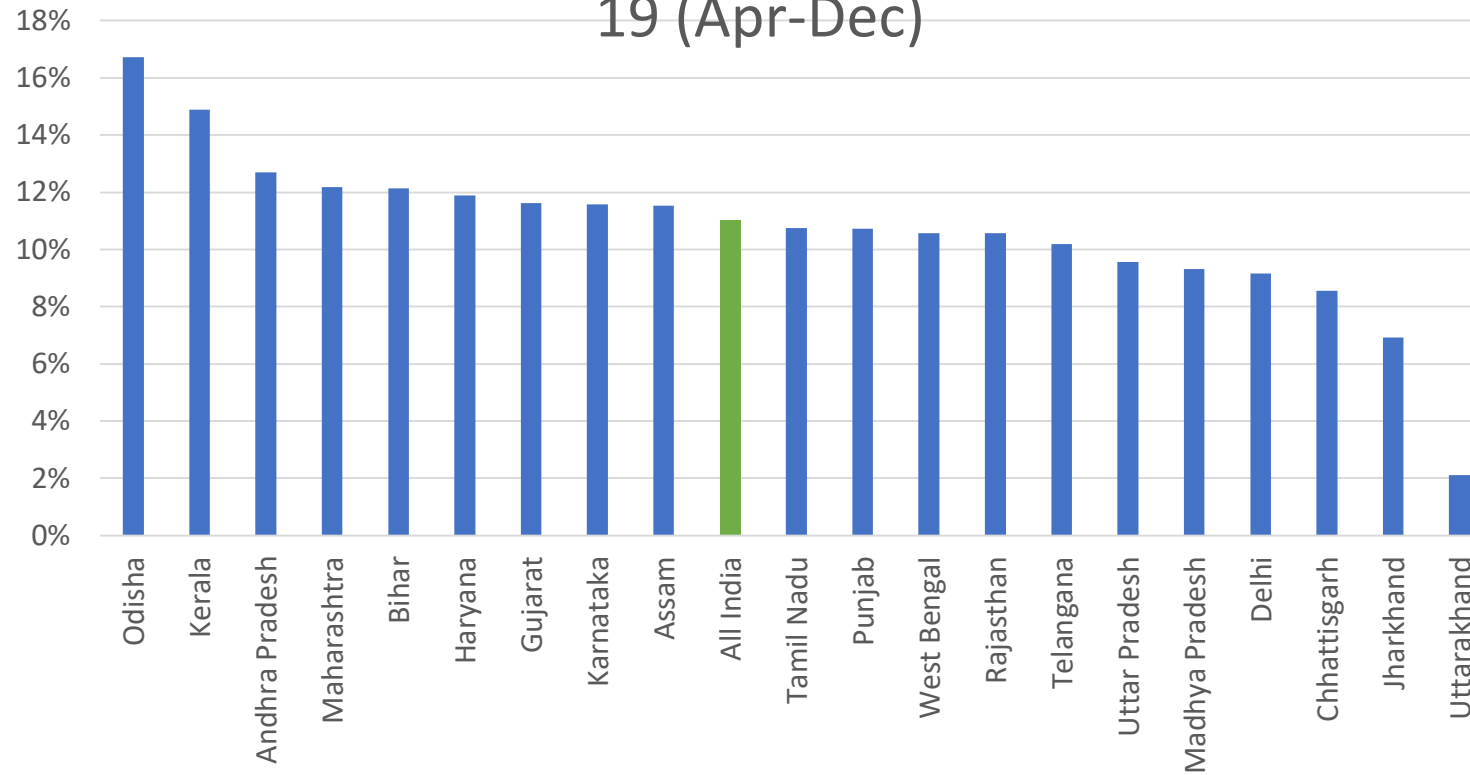
Trends in GST Revenue

Monthly average GST Revenue (₹ crore)



Inter-state Variations in Revenue Growth

CAGR in GST collected in 2022-23 over 2018-19 (Apr-Dec)



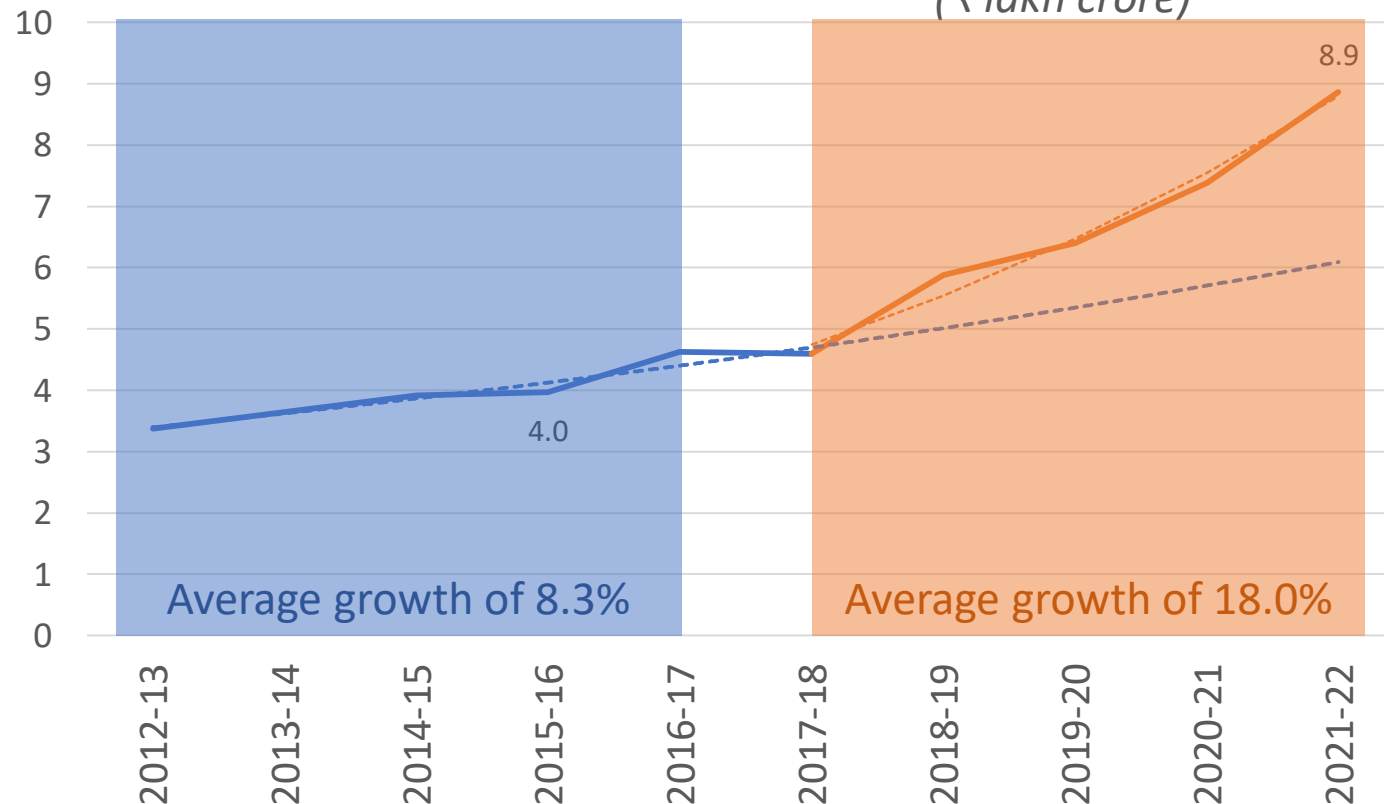
While the overall growth has been impressive, there are regional variations

Some States have done exceedingly well while others need to ramp up their efforts

Significant improvement possible just by bridging this gap

Benefits: Higher States' Resources, Post GST

Pre and post GST Revenues of States
(₹ lakh crore)



The average pre-GST revenue growth from subsumed taxes till 2016-17 was 8.3%

The average revenue growth post GST has been 18% despite covid

GST: a Win – Win - Win

Way Forward

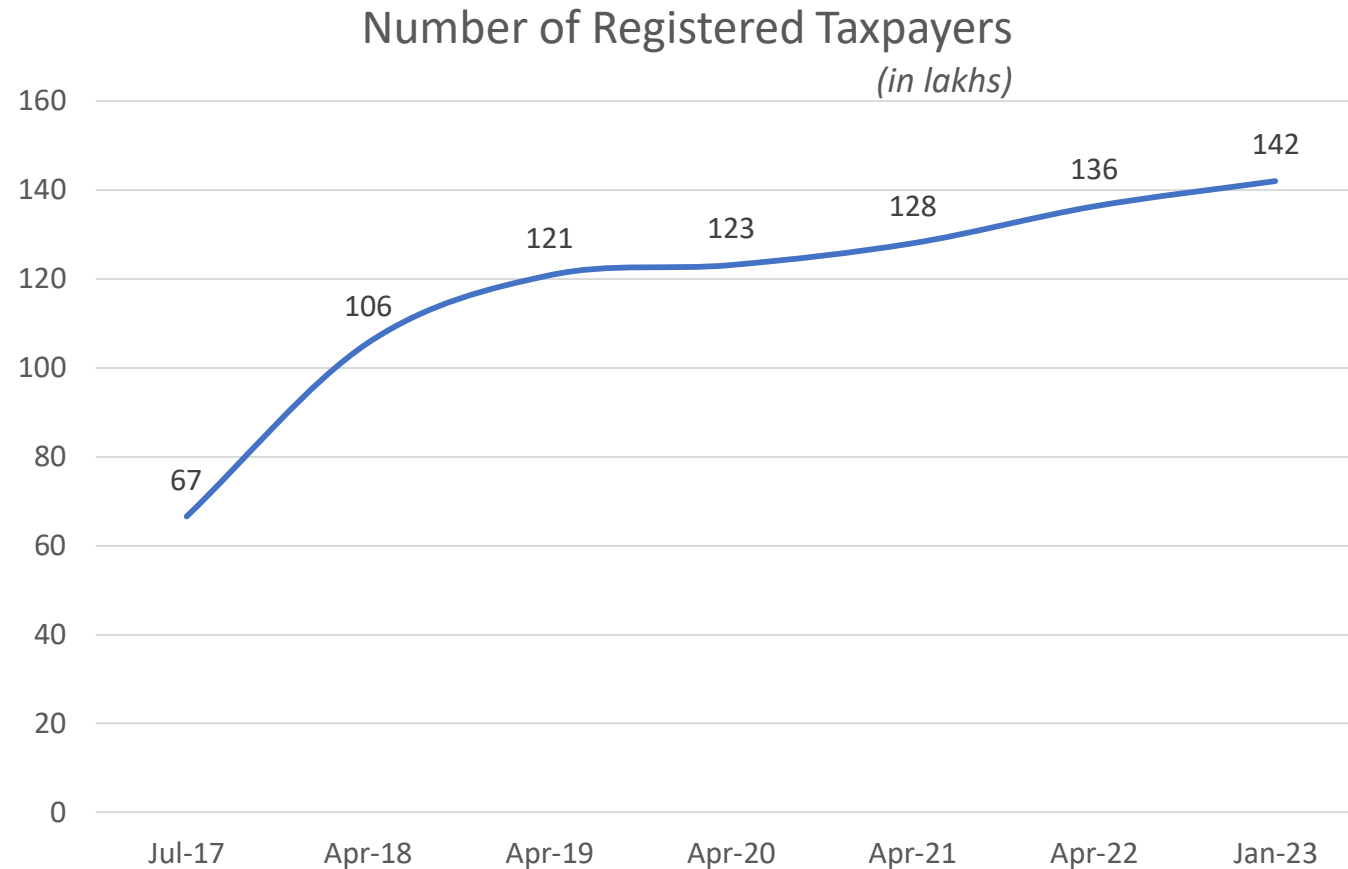
Way Forward

- Improve Tax Payer Services
- Expand Tax Base
- Enhance Compliance Using IT Based Measures

Improve Tax Payer Services

- Achieved uniformity, now enhance tax payer experience in:
 - registration, returns, payments, refunds, etc.
- Need to work towards improving other processes
 - assessments, appeals, audit, scrutiny, etc.
- Dispute resolution
 - set up GST Tribunal
- Increased outreach

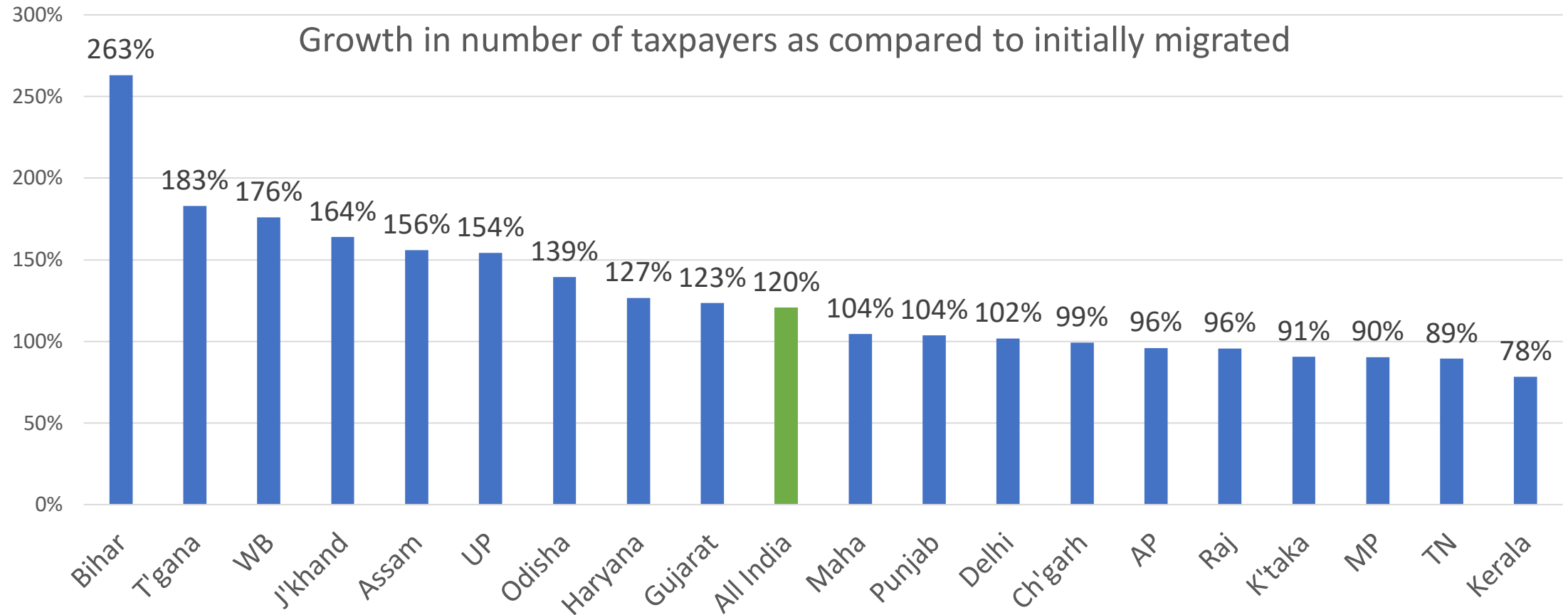
Expand Tax Base: The Progress so Far



Due to seamless credit across States, more number of suppliers took registration

This is despite increase in threshold for mandatory registration

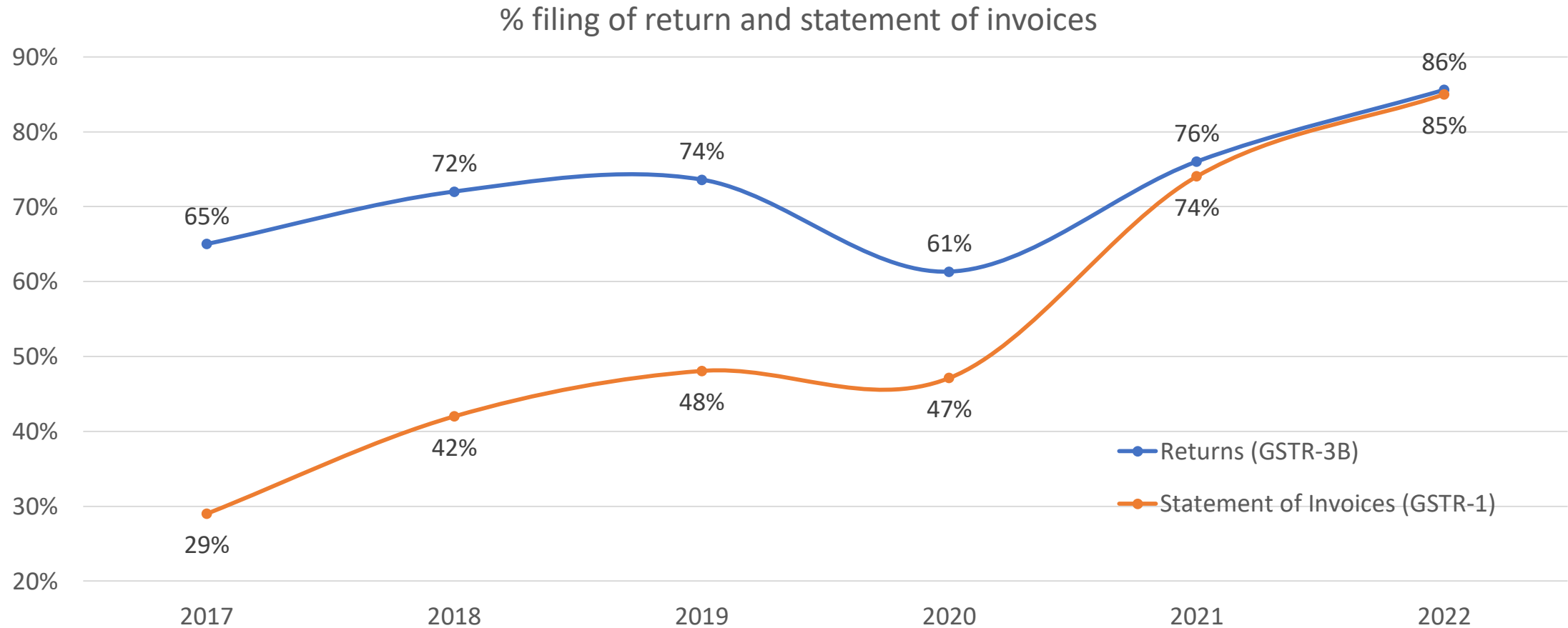
Expand Tax Base: State-wise Comparison



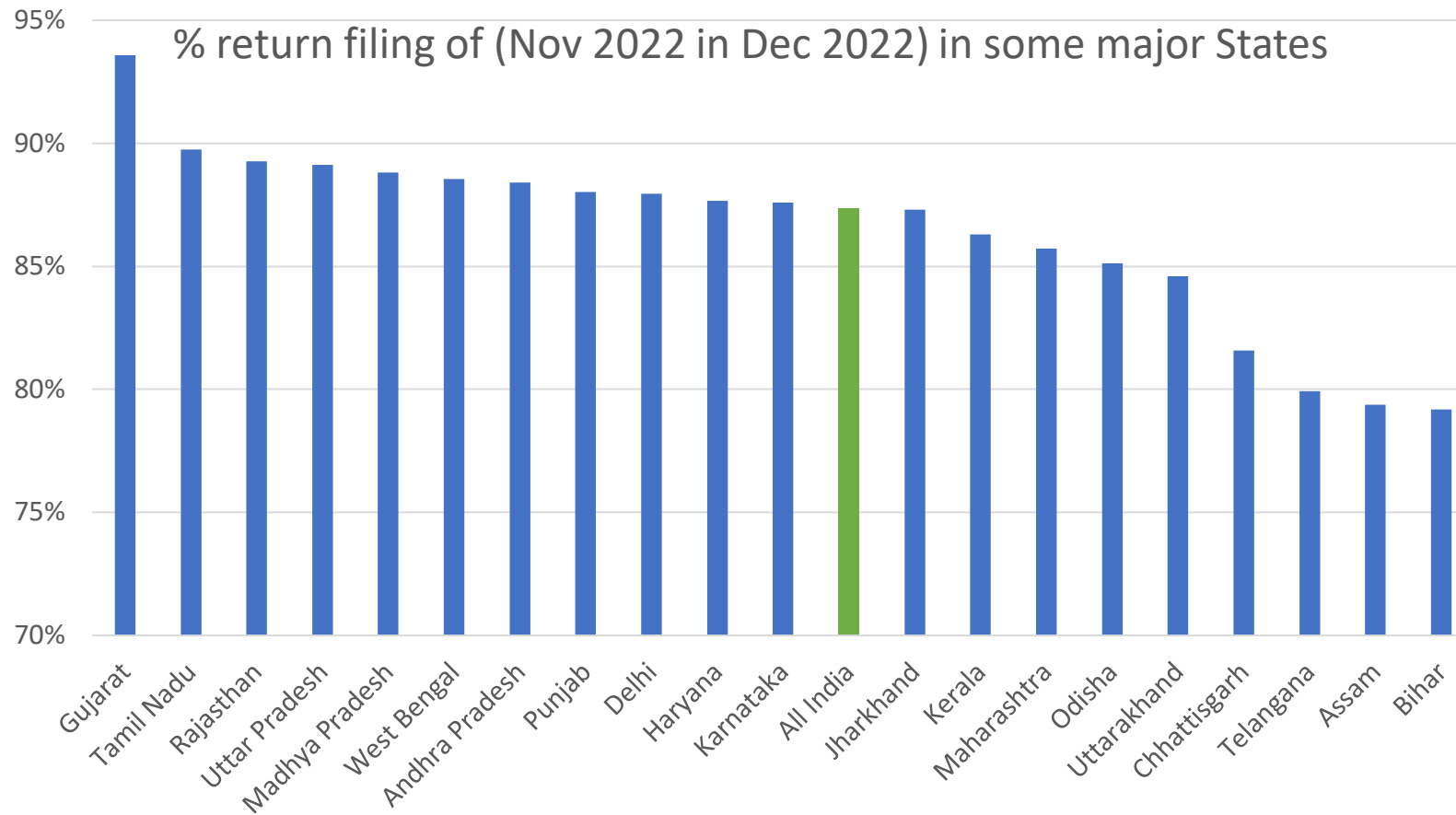
Expand Tax Base: Measures

- Sectoral analysis
- More use of third-party data and data triangulation
 - Pilots for use of electricity and property tax data
- Extensive use of advance data analytics and AI/ML
- Use of GIS mapping for better data quality

Enhance Compliance: Progress so Far



Enhance Compliance: Interstate variation



Like with revenue growth, there are variation in levels of compliance

The regional variation in compliance levels is less than that for revenue growth and is easily addressed

Enhance Compliance: IT Based Measures

e-invoicing

- B2B E-invoicing mandatory for suppliers with turnover > ₹ 10 cr
- About 60% of total B2B invoices
- Universal coverage of e-invoice for B2B

Auto-population

- Making return fully invoice based
- Reducing flexibility over auto-populated details
- Granular reporting of differences with auto-populated details

Rule based restrictions

- Make spike rules
- Rule based restrictions on e-way bills, returns, e-invoices, etc.
- Suspension of registration on continued default

GST is the first of its kind system in the country when both Centre and State shall be putting consolidated efforts in the same direction. We shall be proud of this wonderful system for generations to come as GST is a landmark achievement which is bound to take the nation towards exponential growth...

Prime Minister Shri Narendra Modi,
July 2017

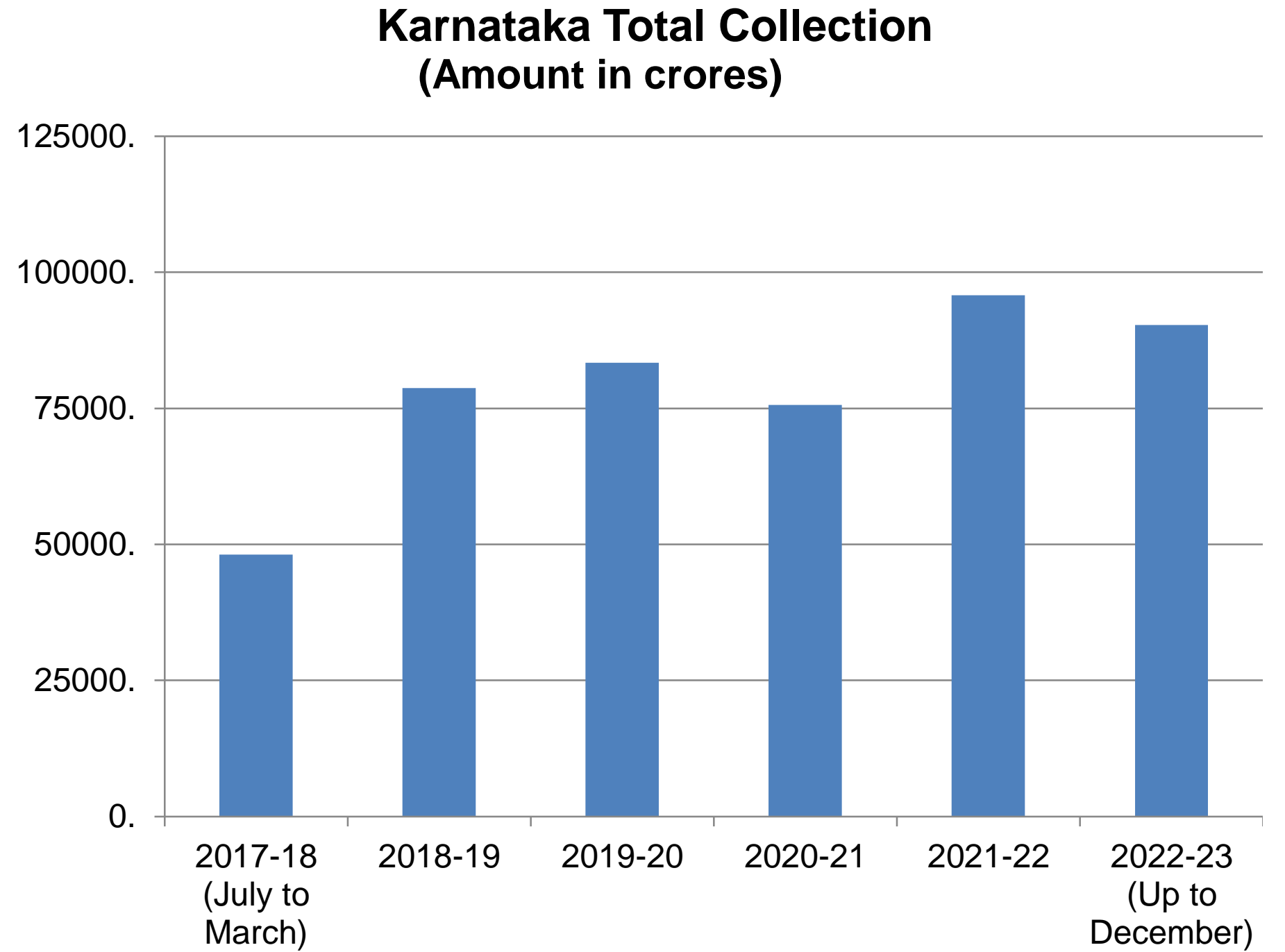
Thank You

GST in Karnataka



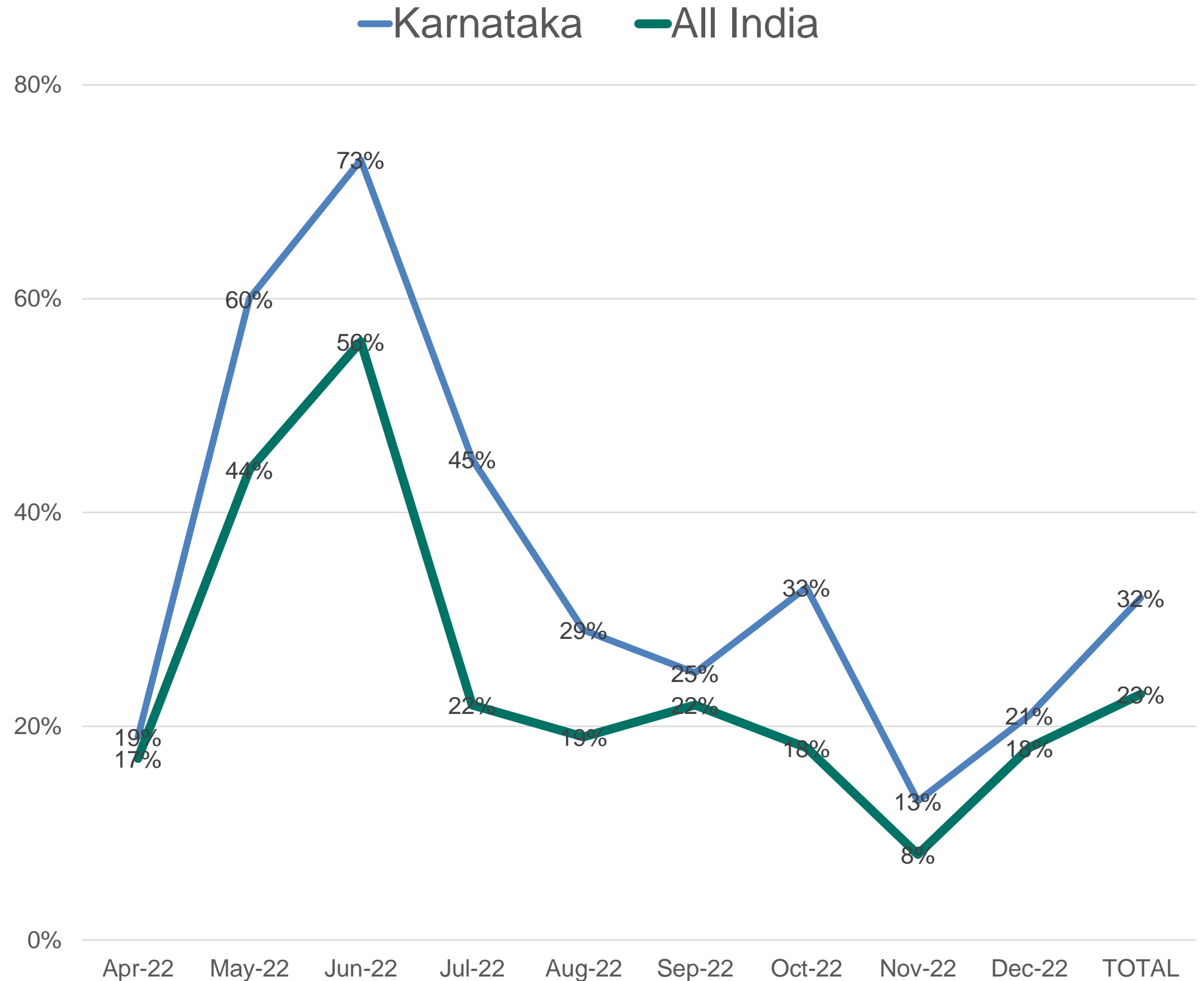
Karnataka GST Collection

Year	All India Collection (in crores)	Karnataka collection (in cores)
2017-18	7,19,078	48140
2018-19	11,77,370	78714
2019-20	12,22,117	83410
2020-21	11,36,803	75658
2021-22	14,76,000	95817
2022-23 (Up to December)	9,76,907	90330



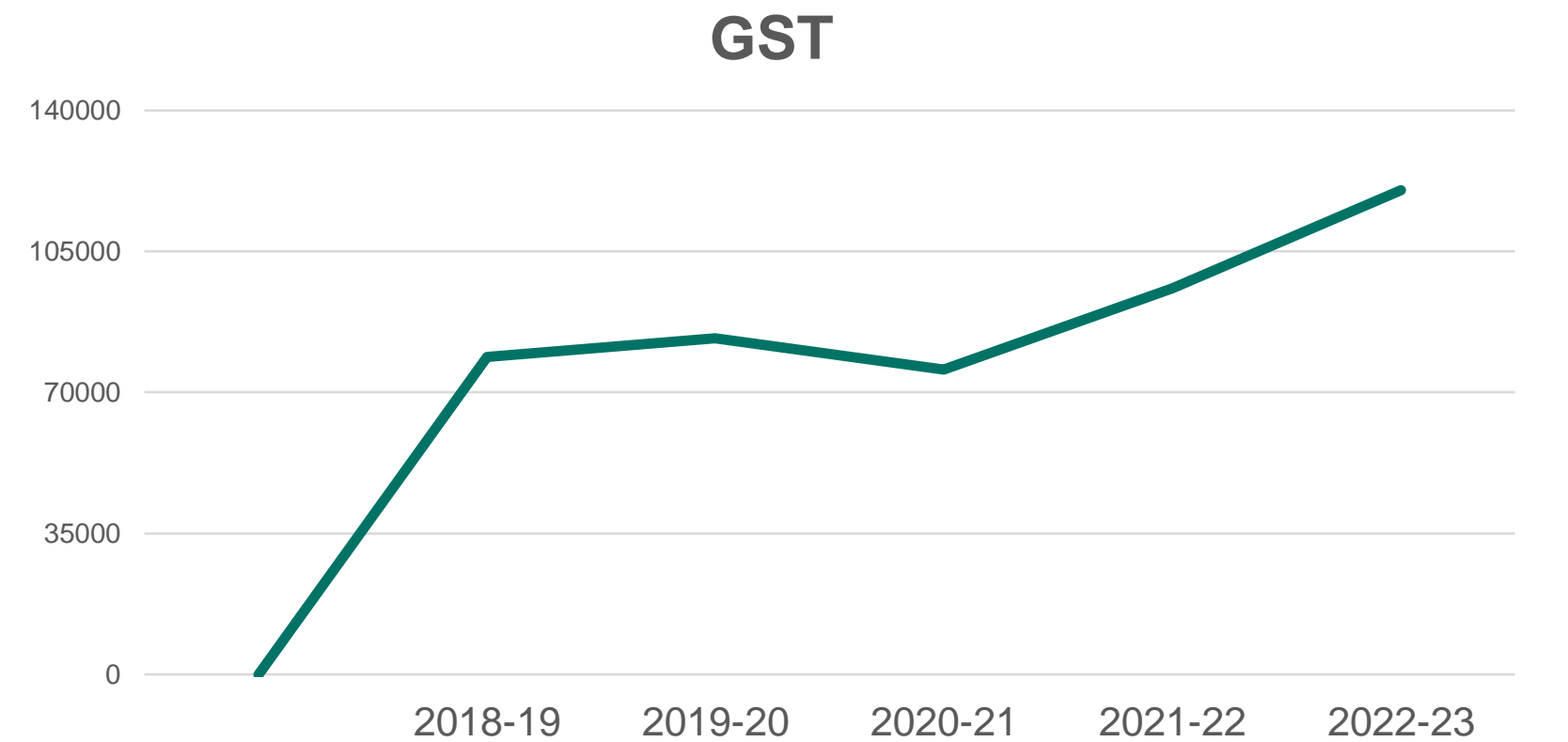
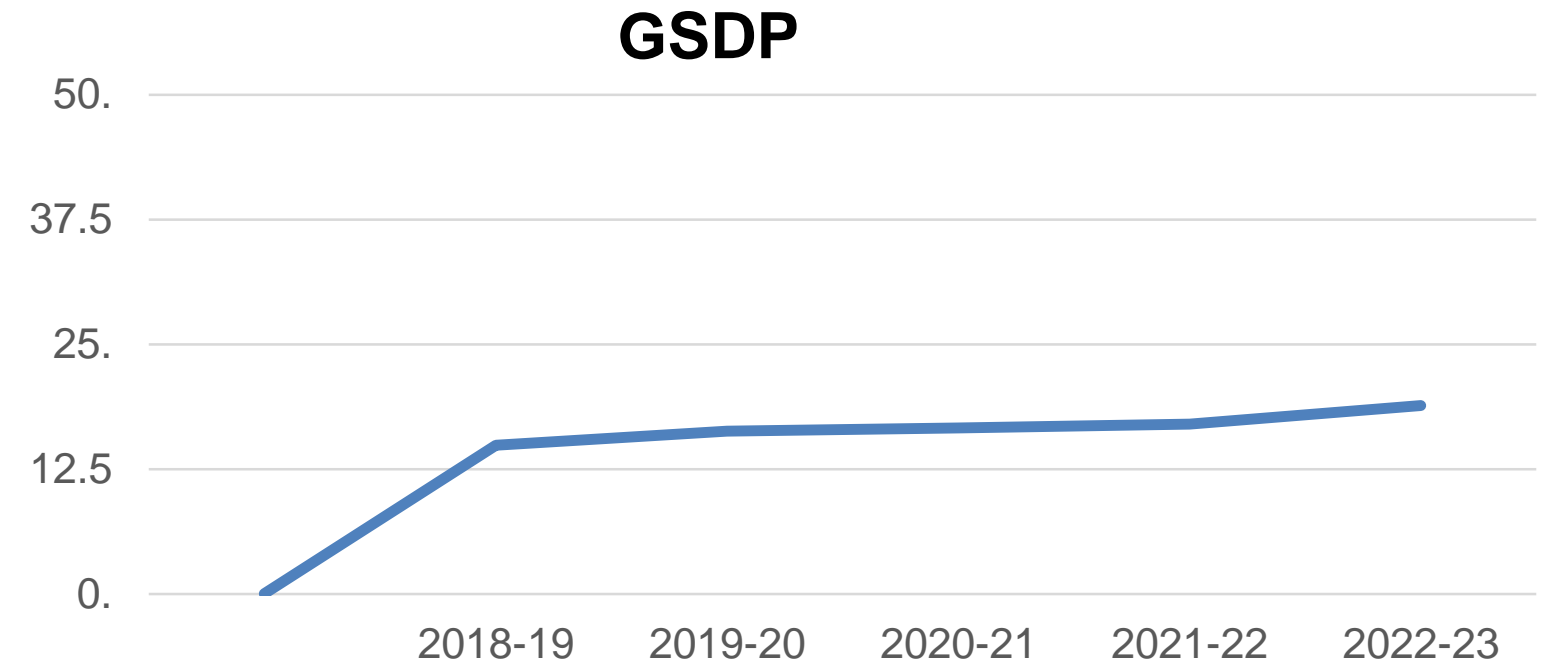
Karnataka and All India Figures 2022-23

MONTH	Karnataka GST Collection (in Rs. Cr)	Growth Rate
Apr-22	11,820	19%
May-22	9,232	60%
Jun-22	8,845	73%
Jul-22	9,795	45%
Aug-22	9,583	29%
Sep-22	9,760	25%
Oct-22	10,996	33%
Nov-22	10,238	13%
Dec-22	10,061	21%
TOTAL	90330	32%



Karnataka GSDP and GST

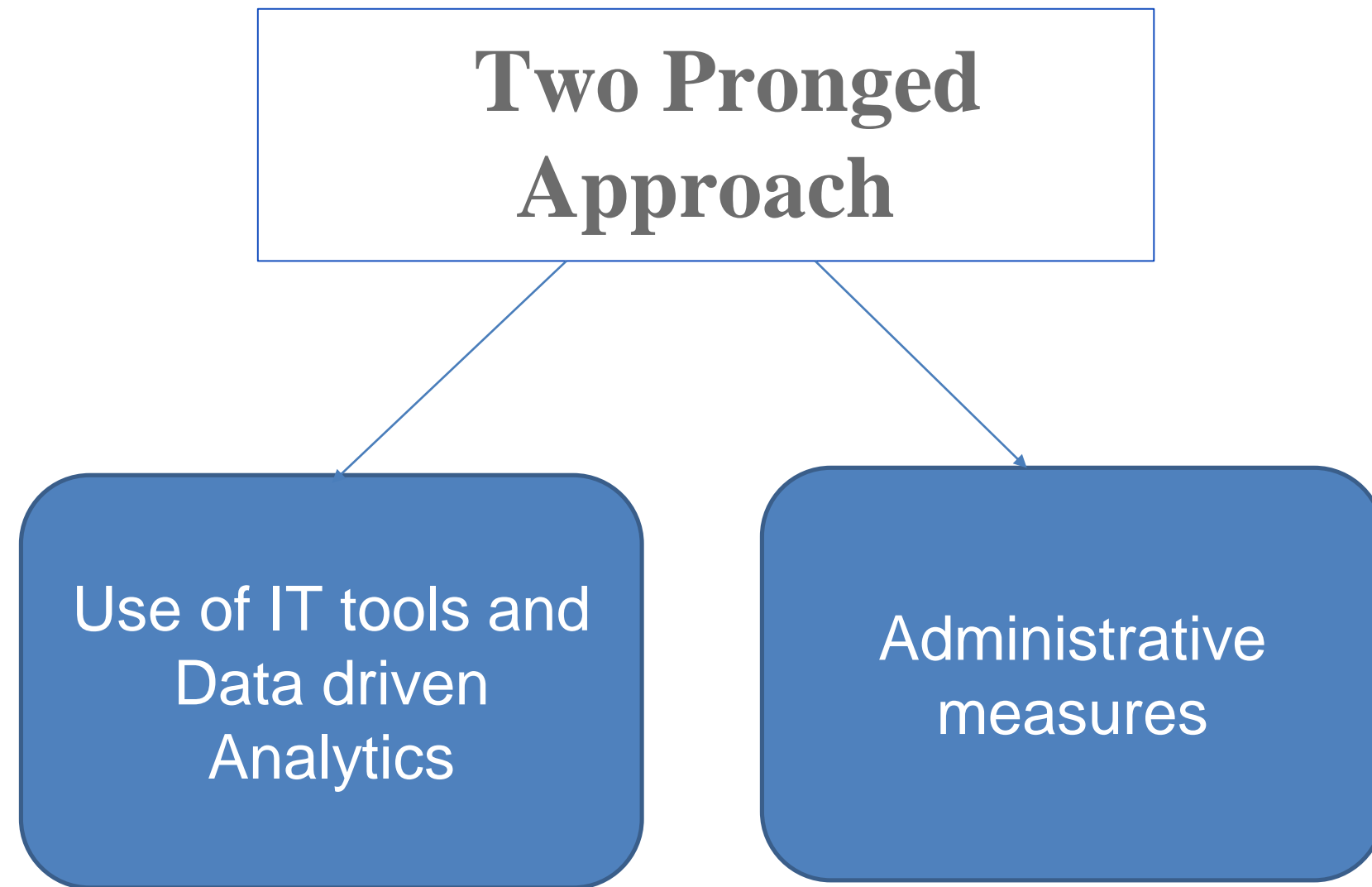
KARNATAKA	GSDP (Amount in lakh crores)	GST (Amount in crores)
2018-19	14.91	78713
2019-20	16.29	83409
2020-21	16.65	75658
2021-22	17.02	95816
2022-23	18.85	120206



Growth from 2018-19 to 2022-23

GSDP	GST
26%	53%

Strategy for Additional Revenue Mobilization



GST Analytics : Outcomes and Achievements

Improved Tax Compliance and Collection

Identification of Top Defaulters

Taxpayer details at fingertips

Analysis of Taxpayers' Data

Additional Revenue Collected using Data Analytics (Amount in Crores)

677.79

• Scrutiny of Returns

457.83

• Audit u/s 65

443.07

• Inspection u/s 67

343.47

• Road Vigilance Penalty

106.28

• Adjudication u/s 73/74

2028.44

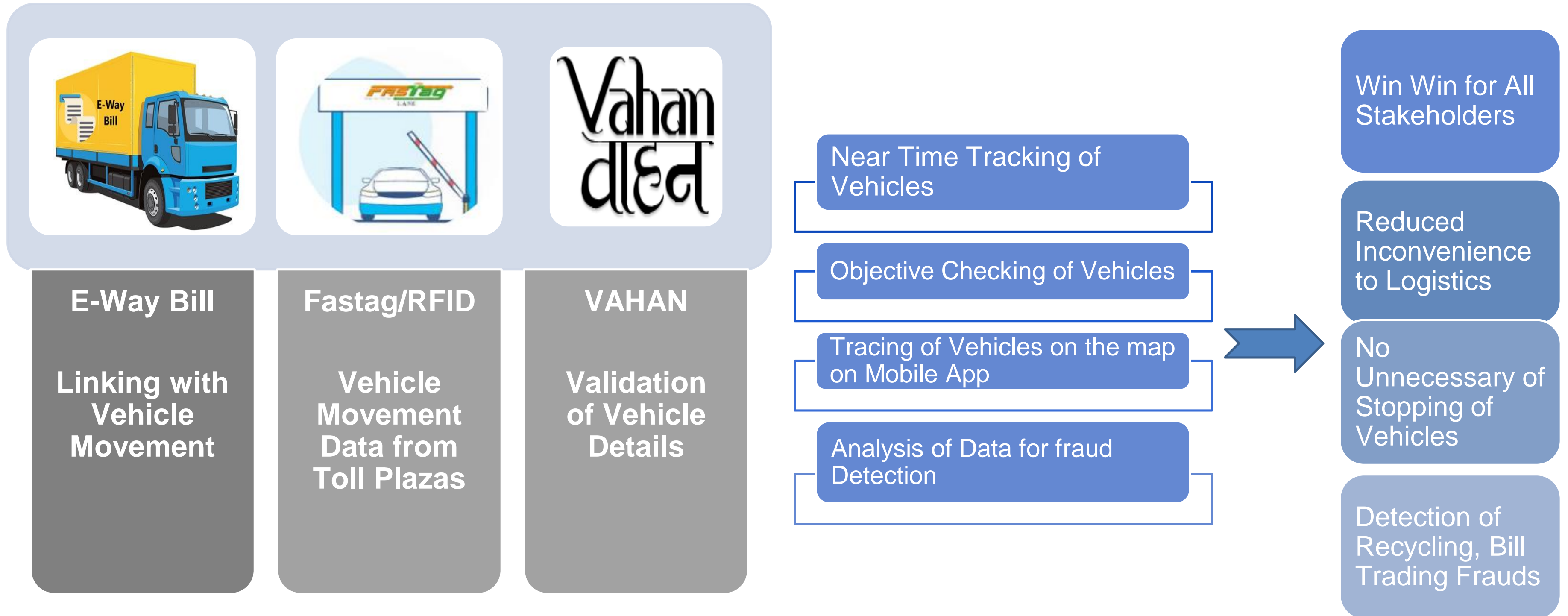
TOTAL

Use of IT Tools and Data Driven Analysis



Data Driven Analytics - E-waybill analytics

E-Way Bill Integration with Fastag and Vahan



Data Driven Analytics – GST

Prime 3

- Real Time Data Analytics

1

- Risk Based Analysis

2

- Matching Statements

3

- Sector wise Analysis

4

Data Driven Analytics – GST Prime 3

5

ABC Analysis

6

Predictive Analytics

7

ITC Verification

8

Supply Chain

9

360 degree view of Taxpayer

10

ITC Verification

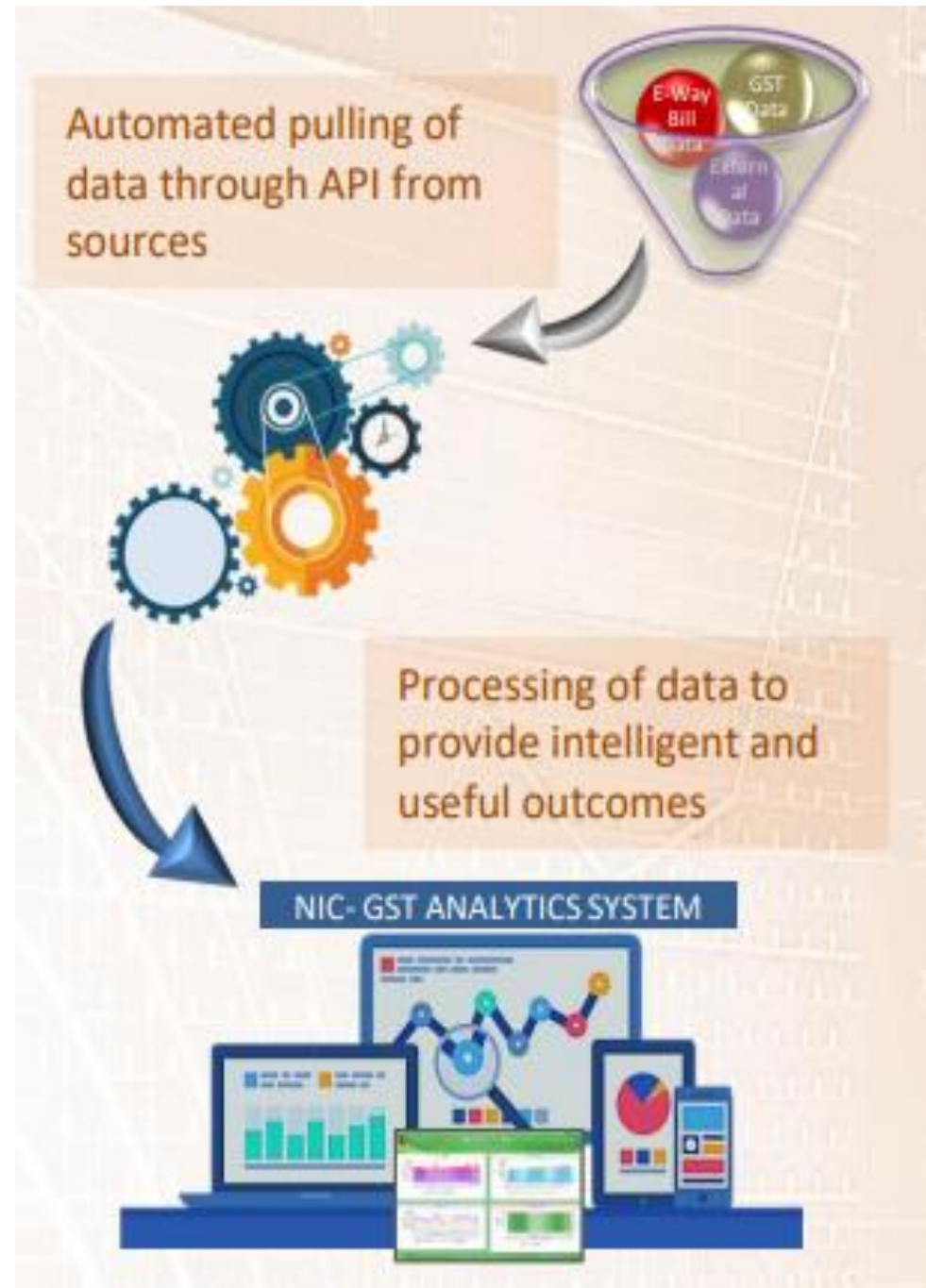
11

All India Taxpayer Profile

12

Circular Trading

GST PRIME – Future – Integrating with other databases



NREGA

GEM

Property Tax

Electricity

Customs

Administrative Measures

Survey

- Surveyed new growth centers and **redeployed** officers

Delegation of Powers

- Net cast wider by **delegation of powers** to front offices thereby increasing reach and visibility

Skilled Officers

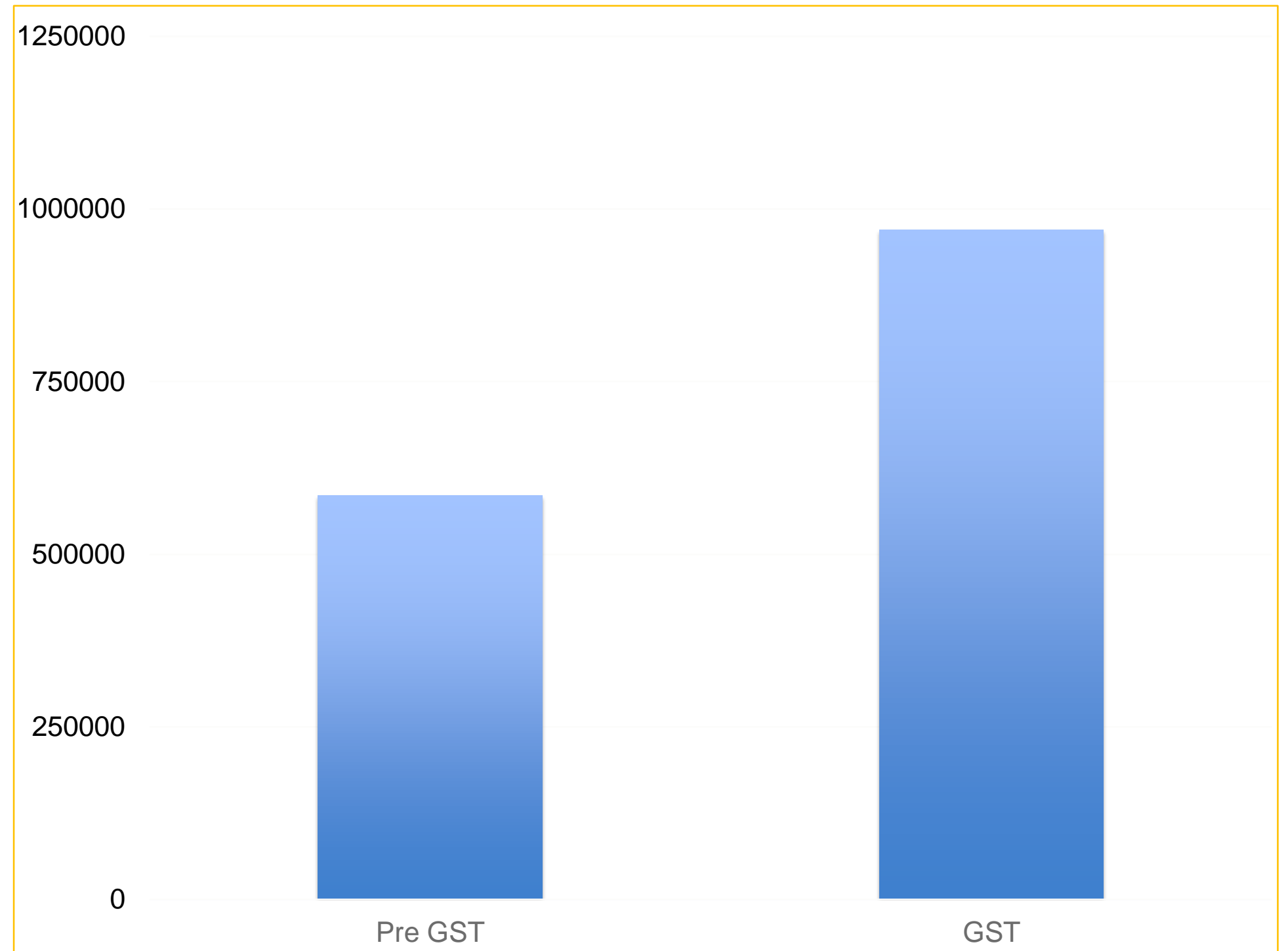
- Retrained officers in both legal and soft skills in collaboration with Indian Institute of Management, Bangalore and Fiscal Policy Institute
- Identified IT savvy officers and created Data Analytics Team

Widening the Taxpayer Base

- Survey of business whose turnover exceeds threshold limit
- Collective efforts to bring unregistered traders/service providers under tax net

Increase in taxpayer base over FIVE years

Taxpayer count has increased from 5,84,775 in VAT period to 9,69,858 in GST period



Administrative Measures-Contd.-

Services Analysis Wing

- Realize Potential of Services Sector
- Standard Operating Procedures
- Detect new **Modus operandi** of tax evasion and organized financial fraud

Motivating the taxpayers

- Extensive outreach programs till Taluk level conducted during transition to GST- this led to quick adoption to the new tax system
- Integrated Help Desk system (at each Front office)
- Sensitization of members of trade and industry
- **25 Video documentaries in Kannada** to create awareness on GST

Information exchange Platforms

- Intra-state knowledge exchange platforms
- Centre State Coordination
- Inter State Coordination

Administrative Measures-Information Exchange Platforms

Within State

IDEAi

Inter-Divisional Exchange of Audit insights

VISIONi

Vigilance, Intelligent Surveillance, Investigation of evasion

FOCUSi

Front Office Compliance under Scrutiny Interaction

Centre State Coordination

- ❖ GST Boot Camps for taxpayer awareness on latest changes in law and GST Common portal
- ❖ GRC- Grievance Redressal Committee to address grievances of trade bodies and taxpayers
- ❖ Joint operations for scrutiny, bogus taxpayer detection
- ❖ Quarterly meetings

Interstate

Interstate Investigation and Coordination Cell (IICC)

Real time data sharing especially in respect of cross border tax evasion chain

Simultaneous inspections of tax evasion prone commodities are conducted across states



What is this dad? Just to save ₹ 5,000, you are not taking the bill.



THANK
YOU



Compliance Management in GST: CBIC's experience

*Vivek Johri,
Chairman, CBIC*

Outcome so far

- Offence Cases (Enforcement)- July 2017-Nov 2022

Type of Case	No of cases	Detections (Rs cr)	Recovery (Rs cr)	Arrests
Fake ITC/ billing	23,275	1,06,568	9,510	1196
Others	29,300	1,72,767	87,040	162
Total	52,575	2,79,335	96,550	1358

- Risk-based Audits

Period	No of cases	Detections (Rs cr)	Recovery (Rs cr)
Till Oct 22	47,643	21,408	3,826

- Risk-based scrutiny

Period	No of cases	Detections (Rs cr)	Recovery (Rs cr)
2022-23	30,786	2,061	243

Our Strategy

Three pillars of Compliance Management (*Audit, Scrutiny and Enforcement*) for better oversight

- Centralised risk-based interventions- DG Analytics & Risk Management
- Decentralised tools, applications and reports through Advanced Analytics for Indirect Taxes (ADVAIT)

Intensive use of Analytics



Standard Operating Procedures



- Use of DIN
- Attachment of property
- Issuance of summons
- Spot recovery
- Arrest & Prosecution
- Audit Manual
- Scrutiny procedure

Unified Oversight for Audit, Scrutiny and Enforcement



Timely Completion



Quality Assurance of Audits

- Timely completion of investigations and audits

Way Forward

Enforcement

- Setting up **Data Forensics Labs**
- AI/ML for **forecasting taxpayer behavior**
- **Sectoral** focus –
 - B2C supplies
 - Import of services etc.
- Better **coordination with States**

Audit

- **Centralised/ Joint Audits** with States for pan-national businesses
- Use of **analytics** on
 - **E-invoice data**
 - **Annual Returns vs. Financial statements**

Scrutiny

- **Automation of scrutiny work-flow**
- More reliance on **system-based validation**



Thank You

GST

promoting

Ease of Doing Business

Chief Secretary, Odisha



Steps taken for improving Ease of Doing Business

- Extensive IEC activities in vernacular language
- Facilitation at District, Block and Panchayat level through Common Service Centers
- Extensive interaction and follow up with the Taxpayers
- Regular training and orientation of GST Officers

Way Forward for further improving Ease of Doing Business

Registration

- Common Registration form for taxpayers allowing them to file single application for registration in multiple States
- Extension of timelines for filing application for revocation of cancellation

Way Forward for further improving Ease of Doing Business

Return Filing

- Doing away with requirement of filing of GSTR-1 for the taxpayers issuing only B2C invoices
- Improving the quality of GSTR-3B return form, providing for negative liability, amendment of details in earlier returns
- Extension of time for filing returns by non-filing Taxpayers after issue of best judgement orders

Way Forward for further improving Ease of Doing Business

Litigation Management

- Need to constitute the GST Tribunal.
- Prescribing monetary threshold for Central and State Governments to file appeal

Thank you

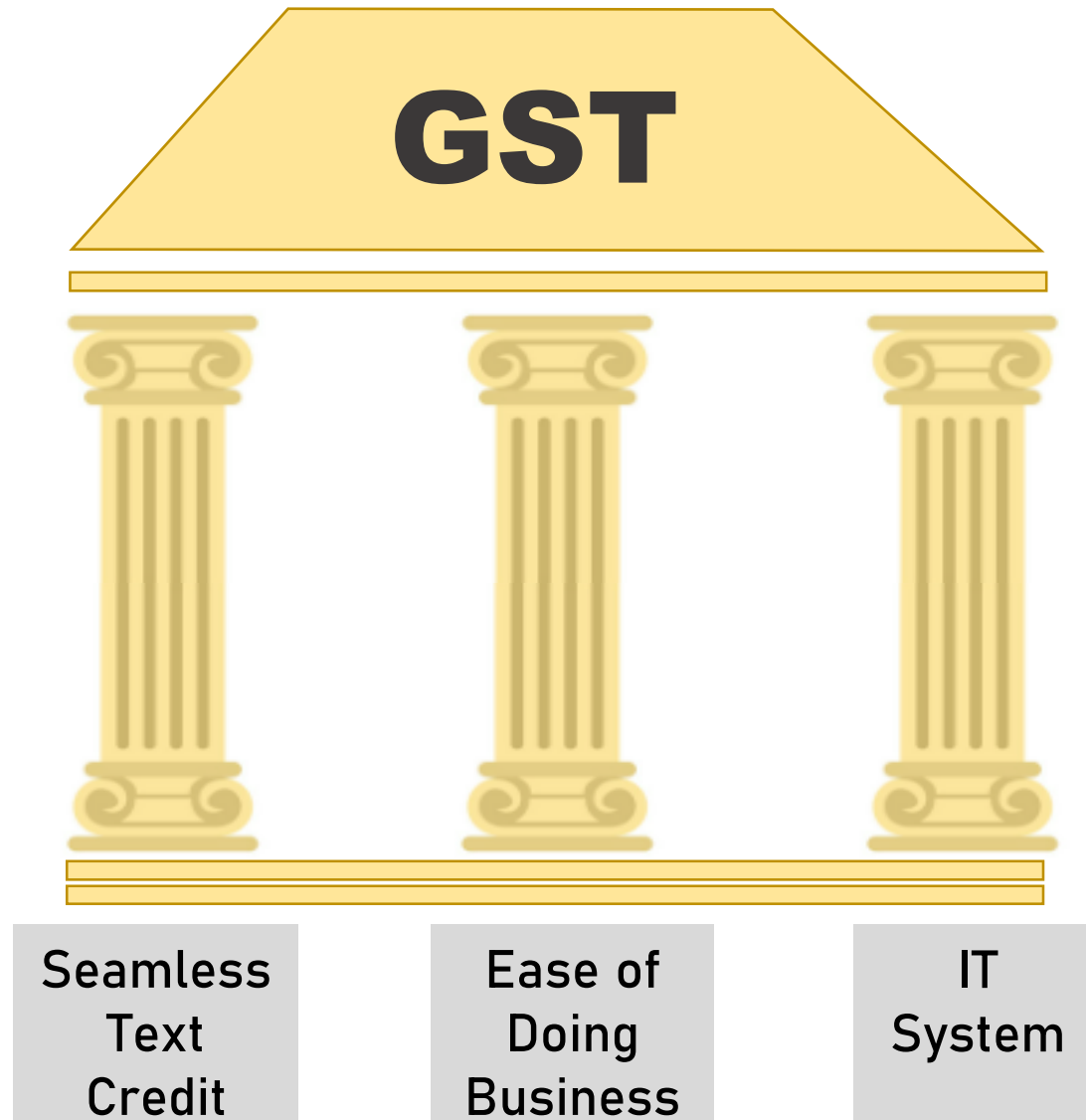
Prevention of GST Evasion

Strategy for tackling Fake Billing



**J.P. Gupta IAS
Principal Secretary (Finance)
Govt. of Gujarat**

Paradigm Shift



Evasion of GST



Bogus Registration

Exploiting ease of business of registration process to register bogus firms using impersonated identity or deceitful/forged documents

Fraudulent/wrongful claim of ITC

ITC claims without receiving goods or services, or without supplier having paid the tax

Non Payment of GST

Suppression of sales, undervaluation, wrongful classification, or simply default on tax payment



Fake Billing : What and why?

- Definition : **Generation of invoices without transaction of goods/services**
- Purpose :
 - To pass on **bogus ITC** to **beneficiaries**
 - For **circular trading** (Financial Frauds)
 - For **availing undue GST refunds** based on exports
 - To **monetize unadjusted ITC** which otherwise not eligible as refund
- Chain of transactions
 - **Invoices**
 - **Goods/services**
 - **Money**

Bursting of fake billing modules

- **Data analysis**

- Use of **BI tools and advanced soft wares**

- **Identification of risk parameters**

- Huge difference between **GSTR-1 (monthly summary of sales)** and **GSTR 3B (GST return)**
- Huge difference between **e-Way bills generated but not reported in GSTR-1 and GSTR-3B**
- Sudden **spike in turn over**
- Sudden spike in **ITC utilized or refund claimed**
- Ratios of different parameters

- **Field investigation**

- Enforcement **action against the suspected**
- **Collection of evidences** particularly data found in various electronic gazettes
- Use of **Forensic techniques and techno-legal expertise**

- **Case work and adjudication**

- **Show-cause notices, Adjudication process and initiation of recovery process**

A case study

- **No of firms**
 - Bogus entities – **119 firms**
 - Beneficiaries – **2245 firms** (375 firms registered out of Gujarat)
- **Turnover**
 - Internal turnover of ITC of bogus firms- **1041 cr.**
 - Sum of turnover and ITC passed on to beneficiaries- **3525 cr.**
- **Tax involved: 680 Crore**
- **Recovery**
 - **62 cr.** has been **recovered.**
- **Arrests**
 - Accused arrested till date - **17 individuals**



**With a Turnover
of 3.53 Crores !!!**



**With a Turnover
of 6.06 Crores !!!**

Bogus Registration

Way ahead



Stricter verification at
the time of
registration



Biometric
verification
of tax payers



Site visit
(Spot verification)



KYC in case of important
tax payers particularly
refund seekers



Periodic
cleaning up

Different Players in the Fake Billing Chain

Sr. No	Type of Person	Method of Analysis
1	Originator / Initiator	<ul style="list-style-type: none"> • MIS report of GSTR-1 & GSTR-3B difference • GSTR-3B & GSTR-2A difference
2	Intermediary / pass through	<ul style="list-style-type: none"> • MIS of high turnover with LOW or NIL Value addition • Purchase/sales to single or few persons • GAIN Report-Inward/outward supply
3	Beneficiaries	<ul style="list-style-type: none"> • Recipient of invoices from a fake taxpayer • Market information
4	Master mind / Key person	<ul style="list-style-type: none"> • Profiling of PAN • Collation of Mobile Number, Email-ID

Summary of action taken against tax-evasion

Year	No of cases	Total turnover (Rs. in Crores)	Total tax involved	Recovery	No. of arrests
2018-19	88	4041	459	76.38	14
2019-20	480	11493	1833	154.47	25
2020-21	135	1728	240	81.41	26
2021-22	1308	17005	2286	96.45	24
2022-23	211	2816	499	25.10	8
Total	2222	37088	5314	433.81	97

THANK YOU

Action Points

1. Tax Payer Services

a.	Enhanced Outreach	Ongoing
b.	Setting up of GST Tribunal	

2. For tax officers

a.	Sensitisation and capacity building of tax officers	Ongoing
b.	Mobile app	April 2023

Action Points

3. Data Analytics

a. Identification of high-risk transaction networks	February 2023
b. Analytics using electricity meter data	March 2023
c. Alerts for Spike behavior for early warning for fake billing	June 2023
d. Data analytics on the basis of e-invoice (under invoicing, wrong rate etc.)	June - September 2023
e. Use of digital payment data for analytics for turnover	December 2023

Action Points

4. Other Measures for Tax Administration

- | | |
|---|----------------|
| a. Geo-coding of existing of taxpayer | March 2023 |
| b. Pilot for biometric authentication for new Registration | April 2023 |
| c. Spike Rule – system-based ITC blocking for simpler Rules | May - Sep 2023 |
-