

Research Paper on Hardship while filing GST

Hardships faced by the traders due to payment made being treated as received on filing of GSTR-3B. Everyone is aware how COVID-19 has affected the entire trade not of our own country but the whole world. At this time when the trade is trying to restart and struggling for its survival, certain provisions with regard to compliance have been issued which has brought the morale of businessmen very down & made it difficult for them to do business. As it is, the volume of business is low & payments made are not being treated as received without filing of GSTR-3B.

We would like to point out that even when an assessee has made payment vide challan, the amount is not credited to his account till he files GSTR-3B. This is causing a cascading effect on his business & delayed revenue to the Govt. When the assessee knows that by making part payment, he will not get credit without filing GSTR-3B, he will not make payment unless the total amount is available with him.

We have requested that the date of challan should be treated as the date of payment instead of date of filing Form GSTR-3B. The tax is paid through challan but the same gets set off only on filing of GSTR-3B and the interest is charged upto the date of filing of GSTR-3B even though the tax was paid through challan and balance is lying in electronic cash ledger. This is an unjust mechanism. Therefore, it would be fair if challan date should be treated as the tax paid date and not the date on which GSTR-3B is filed and interest should be charged up to the date of challan, when it starts showing in electronic cash ledger of the assessee. This practice was followed in the pre-GST era under state VAT and under Central Excise, Customs and Service Tax. It is an accepted practice and no State should have any objection to it. Infact, it will encourage the assessee to pay tax as and when funds are available with him because he will be ensured that once the tax is paid his interest liability gets locked. Even in income tax challan the paid date is considered as the date of payment and not the return filing date.

Rate of interest should be reduced to 9% instead of 18% for late payment. Under the present circumstances of trade when the trade is struggling to meet the routine overhead expenditure of the business, and when there is no certainty of payments to be received against the supplies made, payment of interest @ 18% is very harsh. Therefore, the same may be reduced to 9% instead of 18% at present. We also suggest that two rates of interest may be prescribed. One for late payment of GST for payment received but GST not paid and the other for late payment of GST for the payment not received and tax not paid. This method was prevalent in the pre-GST regime under the Finance Act for late payment of service tax.

If this suggestion and request is taken into consideration, the taxpayer will be encouraged to make the payment in time and the government will get revenue on a regular basis which at present is hampered because challan date is not considered as the date of payment.