



ALL INDIA ORGANISATION OF CHEMISTS & DRUGGISTS®

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Email : gsrshiv.singhal@aiocd.com

June 11, 2019

REF : GST/AIOCD/412/2019

To,

Smt. Nirmalaji Sitharaman

The Hon'ble Chairman - GST Council

5th Floor, Tower II, Jeevan Bharti Building, Janpath Road,
Connaught Place, New Delhi-110 001

Sub : Problems and Suggestion for GST Yearly Return – 9, 9A and 9C

Dear Madam,

At the outset we must admit that the Council has been very responsive in realizing the difficulties of taxpayers from time to time but at the same time the plethora of notifications and amendments have left the entire stakeholder community of tax payers, tax consultants and even authorities in a state of utter confusion.

The latest example is the enormously lengthy yearly return forms 9, 9A & 9C. While taxpayers are finding it difficult to provide the required information, Chartered Accountants are also at a loss – despite clarifications – as to which data is to be filled where in so many fields. Local GST authorities are also not in a position to help.

There is a strong case for a total withdrawal of this return for various reasons, some of which are enumerated hereunder:

- i) **Why Additional return** : Yearly return is just a summary of all returns filed for the Year 2017 – 18. There were many difficulties already faced by Tax payers in filing those returns and it is an additional burden on, where they have to rework on all returns.
- ii) **Complexity of Yearly Return** : Stake holders had expected a very clear and simple yearly return. They expected it to be user friendly. But for fetching all data in Yearly return, government has made it most complex. This complexity will lead to more errors and mismatch of data.
- iii) **Rectification not allowed** : Looking at complexity of yearly return, tax payer is bound to make mistakes. Denying rectification in Yearly return is patently unjustified.
- iv) **HSN Code (8 digits)** : GST law has allowed Tax payer to mention HSN code (Nil, 2 digits, 4 digits & 8 digits) as per Turnover or mode of operation. Tax payers dealing in India have to give maximum 4 digit of HSN code. We are surprised to note that, system is now asking 8 digit of HSN code in yearly return. How can the RP now provide it?
- v) **Auditors to decide Tax rate** : In GSTR – 9C, provision has been made for auditors to verify the Tax rates of goods sold by taxpayers. Talking practically, how will auditors understand the chemistry of goods and decide what goods have been sold? How will they decide the rate of Tax? For understanding this, they need to study the items and give proper recommendation. This will not only take huge amount of time, but it will be herculean task to complete audit. Also, is there a guarantee that the auditor's interpretation will be correct?



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- vi) **EXCESS CREDIT UTILIZATION** : Provision has been made for depositing of any tax liability that arises after audit in Form 9 C, but if there is excess credit in the taxpayer's account, the same cannot be utilized. This is not only an extremely harsh and inequitable provision but speaks of the council's mindset to collect revenue by even unfair means.



Other than the above, there are many other issues which we have attached along with this mail.

All told, there is a strong case for not only postponing the last date for filing yearly returns in Forms 9,9A and 9C but withdraw it completely, at least for the FY 2017-18. This will go a long way in achieving Prime Minister Shri Narendra Modi's much promised "Ease of doing business".

If the Council is very keen on burdening tax payers with this form to add to their already huge compliance, it may do so after making it less cumbersome, simpler, transparent and easy to comply with, from FY 2018-19.

Thanking you,

For AIOCD

 (J S Shinde) (Rajiv Singhal)
 President Hon. General Secretary

Encl : Other points in addition to above.

CC : All States President / Secretaries of AIOCD

Enclosure to letter of Even date (11.06.2019)

Addressed to The Chairman, GST Council, New Delhi.

On Problems and Suggestion for GST Yearly Return – 9, 9A and 9C

- i) **Government delay, Tax payer problem** : Government took nearly 1.5 year to release yearly return (1st July 2017 to 31st Dec 2018). On top of that, GSTR – 2 A for data related to 2017 – 18 have been uploaded in May 2019. Offline tools related to GSTR – 9 and 9C were released in May 2019. Practically, Tax payers / Tax consultant have only 1 month to prepare complex yearly return. Enough time should be given to Stake holders to study return, Hand-on on system and prepare relevant software.
- ii) **Dual Audit and Rework of Complete data after 1.25 years of completion of year 2017 – 18** : Government is aware that Income tax audit is already done in Apr - Sep 2018. All other statutory audit and government compliance has been done till October 2018. Going for GST audit in June 2019, is complete rework for stake holders. Recall of transaction done in 2017 – 18 is very difficult. On top of that, to expect perfect compliance after 1.25 year is too much.
- iii) **Amendment / Clarification in First year** : Year 2017 – 18 was first year for GST . There were many lacunas and scope of improvement. With regular communication with stake holders, many problems were solved with enormous number of amendments and clarification issued by GST Council causing further confusion. Due to this, tax payers may have committed some mistakes, which may be revenue neutral mistakes. These mistakes are giving big impact in Annual return.
- iv) **Confusion in Yearly Return** : Adding to complexity in yearly return, there is much confusion in many fields. We have studied the press release on 03rd June 2019 for clarification of different fields. Kindly note, description / pointers to each field are not sufficient. They are further confusing the stake holders. It is to be noted that proper suggestions / communication with stake holders has not been done. We request you to please discuss this with C.A's or C.F.A's, Trade & Industry representatives.
- v) **DRC – 03 Payment in CASH only, Not via ITC** : GST Law mention that any payment which was not done in monthly return, has to be made at end of year. This can be due to errors. We want to ask council, why should DRC 03 payment be done in CASH only? Why cannot we make payment via ITC available with us?
- vi) **Mistake in Yearly Return** : There are typing mistake in yearly return. For amendments (Liability or ITC) we can do in monthly returns from April 2018 to March 2019. But Portal is showing only April 2018 to Sep 2018. It should be amended immediately.
- vii) **Rectification not allowed** : Looking at complexity of yearly return, tax payer is bound to make mistakes. Denying rectification in Yearly return is patently unjustified. It should be allowed.
- viii) **HSN Code (8 digits)** : GST law has allowed Tax payer to mention HSN code (Nil , 2 digit, 4 digit, 8 digit) as per Turnover or mode of operation. For Tax payer dealing in India, have to give maximum 4 digit of HSN code. We are surprised to note that, system is now asking 8 digit of HSN code in yearly return. How can the RP now provide it?

- ix) **HSN Code for Inward Supply** : Taxpayer receives inward supply from all types of taxpayers. He may receive supply from Tax payer whose turnover may be less than Rs.1.5 Cr. There is no mention of HSN code. How will Tax payer decide about the correctness of HSN code? Without fault of Taxpayer, he will be penalising for mistakes.
- x) **Fees to Auditors** : Looking at complexity of Yearly return, GSTR – 9 and 9 C, lot of work has to be done. This complexity was not known at time of GST implementation. How will tax payer absorb this heavy fee? Under which head they will debit this fee? This fee has to be accounted for F.Y. 2017 – 18. But Income tax return has already been filed. Expenses can be disallowed by Income tax authority.
- xi) **Auditors to decide Tax rate** : In GSTR – 9C, provision is made for auditors to verify the Tax rates of goods sold by taxpayers. Talking practically, how will auditors understand the chemistry of goods and decide what goods is sold? How will they decide the rate of Tax ? For understanding this, he need to study the items and give proper recommendation. This will not only take huge amount of time, but it will be herculean task to complete audit.
- xii) **5 Types of Data** : Due to extreme complexity of GST Law significant relaxation was given from time to time. There were few minor errors committed by Taxpayers due to less knowledge of law / amendment in law. If we properly study GST data of any taxpayer, there are 5 set of accounting data for any taxpayer.
- a) Data As per GSTR – 1
 - b) Data As per GSTR – 3 B
 - c) Data As per GSTR – 2 A
 - d) Data As per Taxpayer Books / Income Tax records
 - e) Data As per GST Law
- Tax payer is not able to decide, which data should be kept in reference and prepare GSTR – 9 and 9 C.
- xiii) **GSTR – 2 A Data Mismatch** : Due to some errors on portal and few errors by taxpayers, data in GSTR – 2 A is not shown. This is biggest problem in data compilation and matching. Why should Tax payer be penalised for errors on GST Portal and omissions by suppliers. This is against natural justice.
- xiv) **Portal Problems not rectified** : GST Council / GST Network may refer our many representations regarding Portal problems. Many tax payers have filed GSTR – 1 in July and August 2017, but data is not reflected in GSTR – 2 A of recipients'. Instead of many tickets logged with department, still all problems are on same level. Government should solve problems first and then ask for yearly returns.
- xv) **ITC – 04 last date is 30/06/2019** : For Job work, ITC 04 has to be filled for 2017 – 18 till 30/06/2019. How will auditors, audit before filing of ITC 04 for same period?
- xvi) **GSP not ready with latest version** : GSP are integral part of system. All returns are prepared by GSP like Tally on accounting systems. These data are then loaded in Offline tool or uploaded directly. Council may note that, GSP are not ready till now. How can Taxpayer manually prepare return without Software from Tally.
- xvii) **NON GST Supply / Exempt Supply** : Much of data is to be filled for NON GST supply and exempt supply. There is lot of confusion on both heads. Please note that, both supplies does not involve any GST revenue. These data should be excluded from returns. We are making system and return more and more complex resulting in more errors.

- xviii) **Notices from Department (Can Department handle them)** : Above all points indicate that there may be either very minor or significant mismatch in returns. GST Network is online system without human intervention. System does not recognize tax payer as per merits. System only recognizes Return mismatch which may be even 0.01%. Thus, may be crores of notices issued by system on filing of yearly returns, which will result in Chaos. While putting the taxpayer to extreme harassment it will also create huge amount of non productive work for department.
- xix) **GST PORTAL scalability (Still a problem)** : GST Portal has not been stabilized till now. Looking at numbers of tax payers and amount of data to be uploaded / downloaded on Portal, we are certain, portal will collapse on final dates.
