

Faceless GST Assessment Being Weighed

Move may be on the lines of facility for assessment of income tax and customs

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New Delhi:

The government is evaluating the introduction of faceless assessment under the goods and service tax regime, people aware of the development said.

The move will be along the lines of the facility for assessment of income tax and customs and is expected to make adjudication and scrutiny by the tax authorities more transparent while reducing chances of tax evasion.

"It will be a big change for GST... discussions within the department are going on," a senior official said.

The new system is likely to take shape through a portal that will be independent of the existing GST portal and the GST Network, which act as facilitation portals for taxpayers.

"Any red flags, assessment notices and show-cause notices will come up on the new portal... the taxpayer's response will be recorded electronically, without any face-to-face interaction," the official said.

Notices by GST authorities to taxpayers are likely to be issued by a central processing cell akin to the National e-Assessment Centre for income tax, while assessment may be done at the jurisdictional level on a random basis, officials aware of the system said, asking not to be identified.

Taxpayers under the Centre's jurisdiction can be assessed by any officer across the country, while those belonging to the states can be evaluated by any officer within the state, the person added.

"The whole idea is that assessment will not be done by one fixed officer who has interacted with the taxpayer in the past, at both the Centre and state levels," the person said.

GST returns and reconciliation and audit statements are already filed online and recently a new feature of viewing returns filed by suppliers to a taxpayer has been enabled to check fraudulent input tax credit claims. With the new system, authorities will be able to digitally access all documents for assessment and further action, said experts.

"Adoption of faceless assessments in GST would benefit businesses by reducing the time spent in interactions with GST authorities and enable a complete chain of digital interactions. It would also reduce the pressures on the GST authorities," said MS Mani, a partner at Deloitte India.

Faceless assessment has been extended to customs through the Turant Customs reforms, while faceless appeals were introduced as a next step in income tax last year. In the budget for FY22, the government proposed to make the income tax appellate tribunal faceless, which will remove personal interaction between the tribunal and appellant.

"Virtual assessments increase transparency, accountability and quality of tax assessments in indirect taxes, improving the overall tax collections," said Rajat Mohan, a senior partner at AMRG Associates.