

## **Centre, states working to streamline GST registration suspension to check fake invoices**

Alarmed by a rise in fake invoice cases, the Centre and states on Monday began deliberations to streamline the procedure for suspension of GST registration to make it more efficient and faster to check fraudsters.

The Law Committee of the GST Council, comprising senior central and state tax officers, on Monday discussed the issue of fake invoice frauds, further tightening of the GST registration process and other legal measures, including necessary amendments required in the GST Act, to curb the menace of fake invoicing, a finance ministry source said.

Also, provisions related to deemed registration under the Goods and Services Tax (GST) law may be tightened to prevent misuse of such provisions by fake dealers.

Provisions related to suspension of registration may also be streamlined to make the procedure of suspension and cancellation of registration more efficient and faster, so that such fraud operators can be prevented in time from continuing to pass on fake credit down the chain, the source said.

It is also learnt that data analytics techniques will be used to identify such taxpayers who are suspected to be indulging in fraudulent activities and a coordinated action is likely to be taken against such elements by suspending their registration, followed by detailed physical and financial verification by field officers to check genuineness of their operations, before they are allowed to reuse their registration.

The committee would consider the impact of the issuances of fake invoices and strict measures required under the GST law to curb these activities. It would also deliberate on steps required to plug loopholes in the law which are being exploited by the unscrupulous elements to defraud the exchequer.

Fake invoices are not only used for evading GST and income tax, but also for inflating the expenses to siphon off money from the companies by unscrupulous owners, transferring the money abroad through hawala and bogus or inflated imports and exports.

They are also used to obtain higher loans from banks, siphon the loan money and thereby defraud banks and other financial creditors.

Fake invoices are also misused by unscrupulous exporters to claim higher GST refund and MEIS incentives which the government has decided to terminate and replace by RoDTEP from January 2021.

Source: Financial Express