

## CHECK ON TAX EVASION

# I-T Dept, GSTN to Ink MoU for Sharing Info

Data confidentiality part of pact

Our Bureau

**New Delhi:** The Income Tax Department will now share information — such as reported turnover and gross income declared — with the Goods and Services Tax Network (GSTN) to check tax evasion.

The I-T Department and GSTN will enter an agreement on the modalities of information sharing. The Central Board of Direct Taxes (CBDT) has said the agreement will include provisions for confidentiality, a mechanism for safe preservation of data and timelines for furnishing information.

CBDT has left the onus of data-sharing on the principal director general of income tax (systems) or director general of income tax (systems). "Spontaneous exchange of data (is in the works), the modalities of which shall be decided by the concerned specified authorities," an order issued by the CBDT said.

Details captured in returns, status of filing income tax returns (ITR) and turnover ratio will form part of the information package to be shared with GSTN. The data can be matched with the business returns of the assessee.

Data sharing between various tax authorities has been an issue in the past. Income tax authorities now get information from various sources, including foreign tax authorities. The new income tax returns also

capture details of taxpayers that could come in handy for GST authorities.

Reverse flow of data from the GST authorities, when it would be set rolling, could further strengthen the I-T Department's flow of information to tax payments.

There have been reports of evasion under the GST and the authorities are now looking at ways to plug it. They have introduced the Electronic Way Bill and imposed tax collected at source on payments made to suppliers by e-commerce platforms. Flow of information from income tax will further aid in curbing evasion, an official said.

"CBDT guidelines for income tax officers to automatically share information with GSTN will not only improve transparency of taxpayer data but also bring efficiency in the overall tax administration," said Rakesh Nangia, managing partner, Nangia Advisors (Andersen Global). "The exchange of basic data about taxpayers' turnover or gross profits will act as a tool for reconciliation by the GSTN, highlighting those who under-report."



**Shared data will include status of filing returns, its details and turnover ratio**

# CBDT and GSTN sign pact to nab evaders

DILASHA SETH

New Delhi, 30 April

To nab tax evaders and reduce black money generation, the income tax department and Goods and Services Tax Network (GSTN) signed an agreement to facilitate exchange of data between the two.

The I-T department will share key financial information, including status of I-T return filings, turnover of business, gross total income, and turnover ratio among others with GSTN, the information technology backbone of the two-year-old indirect tax regime.

Besides, the two sides will decide on the modalities for "automatic", "spontaneous" and "request based" exchange of data. The principal of I-T (systems) or director general of I-T (systems) will enter into a Memorandum of Understanding (MoU) with GSTN for sharing such information. The MoU shall also include different modalities such as confidentiality, timings, secure preservation,

disposal after use, related to the exchange of data, the circular issued by the central board of direct taxes on Tuesday said.

The move will allow the I-T department to verify the information filed by businesses in income tax returns, compared to the annual GST returns.

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"While furnishing the information, the specified income tax authority shall form an opinion that sharing of such information is necessary for the purposes of enabling the specified authority in GSTN to perform its functions under the goods and services tax (GST)," the CBDT said.

Rakesh Nangia, managing partner, Nangia & Co, said facilitation of exchange of data between authorities under income-tax and GST was indicative of the government's intention not to spare taxpayers from escaping tax payable under any of the laws.

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# I-T Dept., GSTN to sign MoU for sharing data to prevent anomalies

## Information on assessee's status will be provided to GSTN

TCA SHARAD RAGHAVAN  
NEW DELHI

The Income Tax Department and the Goods and Services Tax Network (GSTN) are all set to sign an MoU that will allow the two to match their data regarding company financials so as to pin down any anomalies.

The department order provides for the Principal Director General or Director General of Income Tax (Systems) to sign an MoU with the GSTN allowing them to send information on assessee to the nodal officer in the GSTN.

The order, dated April 30, states that the GSTN can ask for and be provided data relating to an assessee's status of filing income tax returns, turnover, gross total income, financial ratios, and any other data with the I-T Department to be decided at a later date. The order also provides for the automatic exchange of such data, and not



The MoU will include rules pertaining to the modalities of the exchange and confidentiality of the data. •GETTY IMAGES/HISTOC

just based on requests, the modalities of which will be decided.

"While furnishing the information, the specified Income Tax authority shall form an opinion that sharing of such information is necessary for the purposes of enabling the specified authority in GSTN to perform its functions under the Goods and Services Tax," the order said.

The MoU will also include

the rules pertaining to the modalities of the exchange, the confidentiality of the data, and the "weeding out after usage".

"Facilitation of exchange of data between authorities under income-tax and GST is indicative of the government's intention not to spare taxpayers from escaping tax payable under any of the laws," Rakesh Nangia, managing partner, Nangia Advisors, said.

# I-T Dept, GSTN to share information to check tax evasion

Move will enable authorities to identify under-reporting or non-reporting of income

OUR BUREAU

New Delhi, April 30

In an effort to curb tax evasion, the Central Board of Direct Taxes (CBDT) on Tuesday notified the authority for furnishing information to the Goods and Services Tax Network (GSTN). The designated authority would be the Principal Director-General of Income-tax

(Systems) or Director-General of Income-tax (Systems).

The IT authority will enter into a Memorandum of Understanding (MoU) with the GSTN. The MoU will cover aspects like modalities of exchange of data, confidentiality, mechanism for safe preservation, etc. Data/information will include request-based exchange of

data wherein important financial fields captured in return of income like turnover/gross total income, status of filing ITR, turnover ratio, GTI range, turnover range etc., spontaneous exchange of data and automatic exchange of data.

The MoU will help in fulfilling Section 138(1)(a) of the Income-tax Act, 1961 which provides that the tax authority may furnish information to any officer, authority or body performing any functions

under any law relating to the imposition of any tax, duty or cess, any such information received or obtained by any income-tax authority in the performance of his functions under this Act. The section provides an option to board for furnishing such information through a specified income tax authority. However, such information in the opinion of the Board or specified income-tax authority should be necessary for enabling the other officer, authority or body

to perform his functions under that law.

Rakesh Nangia, Managing Partner at Nangia Advisors (Andersen Global), said that facilitation of exchange of data between authorities under income-tax and GST is indicative of the government's intention not to spare taxpayers from escaping tax payable under any of the laws. "With more information in hand, the government will be able to validate amount of income disclosed both

under the income-tax and GST which would enable the authorities to identify any under-reporting / non-reporting of income, if any," he said.

Though the order provides extensive powers to specified authority for providing information, it has to follow a well-defined protocol to ensure fair practices. Such exchange of data will enable tax officers to implement the desired intent of both the laws and prevent generation of black money.

# To plug loopholes, I-T will share taxpayer details with GST: Govt

ENS ECONOMIC BUREAU  
NEW DELHI, APRIL 30

AIMING TO facilitate automatic sharing of information between the Income Tax department and Goods and Services Tax authorities, the Central Board of Direct Taxes (CBDT) will enter into a pact with the Goods and Services Tax Network (GSTN) to put in place a formal data exchange mechanism.

Specific taxpayer details, such as status of filing of Income-Tax Returns (ITRs), turnover, gross total income and "any other field, the modalities of which shall be decided by the concerned specified authorities", will be covered under the agreement, according to a CBDT order issued Tuesday.

Tax experts said the move will help authorities clamp down on evasion and under-reporting in direct and indirect taxes by putting a formal system in place. Also, with GSTN being converted into a government entity, data sharing between I-T and GST authorities should not be a concern, they said.

This measure comes after the I-T department has nudged more categories of businesses to furnish details of annual value of supplies and turnover under GST while filing tax returns for financial year 2018-19.

In its order, the CBDT, which is the I-T policy making body, has directed Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) as the "specified Income-tax authority" for furnishing information to the GSTN nodal officer.

The MoU will include modalities for exchange of data, maintenance of confidentiality, mechanism for safe preservation of data and weeding out after usage, the order stated.

"While furnishing the information, the specified income tax authority shall form an opinion that sharing of such information is necessary for the purpose of enabling the specified authority in GSTN to perform its functions under the Goods and Services Tax," it said.

Last March, the then Chief Economic Adviser Arvind Subramanian had emphasised on the need to have a clear protocol for sharing GST data with government departments for better insights into economy, formal sector employment and exports with the potential to improve statistical indicators on a

EXPLAINED

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## Will help track tax evasion

THE sharing of information will help detect evasion and non-compliance faster and easier. It will also leave less room for businesses to suppress and misreport sales, and purchase data, from authorities.

real-time basis.

Tax leakage has been a concern for direct and indirect tax authorities, especially for GST authorities given the recent introduction of the new regime and the shortfall in collections for the financial year ended March.

Former Finance and Revenue Secretary Hasmukh Adhia had highlighted last year the unevenness in tax compliance with only the salaried class and a section of organised corporate sector paying taxes, saying that a fool-proof technological system would help the government to remove such unevenness. He had also said that using technology under GST, the government will be able to match the turnover details of a dealer under the composition scheme as well as the presumptive taxation scheme under direct tax.

"Facilitation of exchange of data between authorities under income-tax and GST is indicative of the government's intention not to spare taxpayers from escaping tax payable under any of the laws. With more information in hand, the government would be able to validate amount of income disclosed both under the Income-tax and GST, which would enable the authorities to identify any under-reporting/non-reporting of income, if any," Rakesh Nangia, Managing Partner, Nangia Advisors (Andersen Global), said.

M S Mani, Partner, Deloitte India, said this indicates the initiation of a formal process-based approach to sharing of information between the two tax information repositories. "Businesses need to be cautious in submitting information. It would always be advisable to reconcile information before submission," he said.

# I-T dept to share taxpayer info with GSTN

FE BUREAU

New Delhi, April 30

**IN WHAT WOULD** ensure a systematic and formalised exchange of information between direct and indirect tax departments, the Central Board of Direct Taxes (CBDT) on Tuesday appointed a nodal officer to oversee flow of taxpayer's data to the Goods and Services Network (GSTN) – which is the IT backbone for GST.

Earlier this year, the income-tax department had released new return forms for assessment year 2019-20, which require the taxpayers to provide additional business details including total income, turnover ratio and other GST payment related information.

The GSTN can now approach the IT department and request for exchange of information related to assessee through the nodal officer. The information can be on status of filing of income tax returns, turnover declared and gross total income among others.

Further, spontaneous and automatic exchange of data would also occur under specific conditions which would be decided by concerned authorities, the CBDT order said.

"While furnishing the information, the specified income-tax authority shall form an opinion that sharing such information is necessary for the purposes of enabling the specified authority in GSTN to perform its function under the Goods and Service Tax," the CBDT order said.

The exchange of information would be contingent on the agreement entered into by the nodal officers of the GSTN and IT department. The agreement would dictate norms for exchange of data and maintenance of confidentiality, mechanism for safe preservation of data, weeding out after use among other aspects.

Rakesh Nangia, managing partner at Nangia Advisors (Andersen Global), said: "With more information in hand, the government would be able to validate amount of income disclosed both under the income-tax and GST which would enable the authorities to identify any under-reporting / non-reporting of income, if any. Though, the order provides extensive powers to specified authority for providing information but it has to follow a well-defined protocol to ensure fair practices."

## Tata Starbucks found guilty of profiteering ₹4.51 cr

The GST investigative arm has found Tata Starbucks guilty of profiteering to the tune of ₹4.51 crore by not reducing prices of coffee despite a cut in the rate.

Investigation by the Directorate General of Anti Profiteering (DGAP) has revealed that Tata Starbucks, the equal joint venture between the Tata and global coffee chain Starbucks, had hiked the base price of one its coffee variant after the GST Council cut tax rates on restaurants from 18% to 5% with effect from November 15, 2017.



# CBDT permits sharing of taxpayer data with GSTN

## To Match Income Under I-T Return & GST

Times News Network

**Mumbai:** The Central Board of Direct Taxes (CBDT) on Monday issued an order to facilitate the sharing of taxpayer's details with the authorised official of the Goods and Services Tax Network (GSTN).

If a request is made by the GSTN official, the principal director general or the director general of income tax (systems) shall share certain details that are contained in the I-T return. These include status of filing of the I-T return, turnover, gross total income, turnover ratio, the range of gross taxable income and turnover, and any other data as may be decided by the two authorities. The main objective here is to match the income declared in the I-T return and under GST and identify whether any revenue has escaped tax — both direct and indirect. When GST was rolled out, finance minister Arun Jaitley had said it would help to check tax evasion — sha-

ring of data will strengthen the process, say I-T officials.

CBDT's order also contains provision for spontaneous sharing of data and automatic sharing of data. The

**Data may include, status of filing of the I-T return, turnover, gross total income, turnover ratio, the range of gross taxable income & turnover, etc**



modalities of this are to be decided upon by the respective authorities. It also provides that the specified I-T authority should be satisfied that such data sharing is necessary. A memorandum of understanding is to be entered into between the two designated officials that will specify the modalities for exchange of

data, ensuring confidentiality and safe keeping of the data and wiping out after use.

However, some professionals expressed anxiety that such sharing of data, if not properly understood by the other GST authorities, could result in litigation.

"For instance, a company may have a high turnover but because of depreciation or other I-T sops, it may be not be paying any income tax, or it could be making a loss owing to heavy expenditure in the initial years. The GST authorities need to understand the intricacies reflected in the I-T return," says a chartered accountant.

Rakesh Nangia, managing partner, Nangia Advisors, points out that CBDT's order provides extensive powers to specified authorities for sharing information, but it has to follow a well-defined protocol to ensure fair practices. Such exchange of data would enable the respective officers to prevent the generation of black money, he adds.