

● INTEGRATED PORTAL EXPECTED FROM JUNE

Unified database likely to tackle GST evasion

GSTN to be primary database, merged with back-end system

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THE CENTRAL BOARD of Indirect Taxes and Customs (CBIC) is mulling merging its existing database of DG (Systems) with that of Goods and Services Tax Network (GSTN) to expand its coverage of taxpayer activities and curb tax evasion, a senior official told *FE*. "The CBIC is likely to adopt GSTN as the prime database, starting the first week of June," the official said.

At present, the common GST portal developed by GSTN is functioning as the "front-end" of the overall GST-IT ecosystem and the DG (Systems) as the "back-end" that handles functions such as refund, investigation, and adjudication by tax officers.

The merger is taking place mainly because the CBIC intends to curb tax evasion. In FY24, the Directorate General of GST Intelligence (DGGI) detected over 6,074 cases involving evasion of duty of over ₹2.01 trillion. It is approximately 10% of the total GST collection in FY24, with a volun-

THE TAX FILES

GST evasion detection (₹ crore)



tary payment of ₹26,598 crore, which accounted for 1.4% of the total collection. In FY23, as many as 4,872 cases of GST evasion were detected involving duty of ₹1.01 trillion, with voluntary payment of ₹20,713 crore, according to official data.

Gopal Mundhra, partner at Economic Laws Practice, said, "The proposed merger of GSTN and DG (Systems) will result in seamless flow of taxpayer data within one integrated setup rather than having a two-pronged approach for detecting tax

fraud." The GSTN has been established as a uniform IT interface between the taxpayer, Centre and states. Its functions include facilitating registration, filing of returns, forwarding the returns to central and state authorities, and computation and settlement of Integrated GST.

Whereas, the Directorate General (Systems & Data Management), or DG (Systems), has been set up to infuse technology in the departmental processes. It seeks to provide data support to the CBIC and field formations by compiling and disseminating data pertaining to tax collection and related activities such as adjudication, appeals and court cases.

The official mentioned above told *FE* that the merger of the two databases will help central and state GST officers to coordinate better while tracking down tax evaders.

"Any issue identified by one authority can be swiftly identified by the other, if the details are made available in the database," said Shivam Mehta, executive partner at Lakshmikumar & Sridharan Attorneys. Tanushree Roy, Director-Indirect Tax, Nangia Andersen India, said the unified access to comprehensive and timely data will help improve monitoring, take coordinated action, raise efficiency, and reduce tax evasion.