



KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION (R)



CA. Raghavendra T.N.
President

CA. Chandrashekara Shetty
Secretary

Date: 9th February 2018

To,

Shri Arun Jaitleyji
Hon'ble Union Minister for Finance
& Corporate Affairs
Government of India
North Block
New Delhi - 110001

Hon'ble Sir,

RE: SIMPLIFICATION OF RETURNS AND CLAIM OF INPUT TAX CREDIT IN GST for review by GST Council

The Karnataka State Chartered Accountants Association (R) (in short 'KSCAA') is an association of Chartered Accountants, registered under the Karnataka Societies Registration Act, in the year 1957. KSCAA is primarily formed for the welfare of Chartered Accountants and represents before various regulatory authorities to resolve the professional problems faced by chartered accountants and business community. With this backdrop, we have written to your good selves many a times populating issues and possible solutions.

At the outset, we wish to thank you for acknowledging our previous submissions on hardships and granting substantial reliefs in terms of swift modifications and ease of processes. Further, we wish to present before you the following suggestions to ease and have congruent compliances:

Hardships in present return filing system:

- The present scheme of return filing in Form GSTR-1, R-2 and R-3 is complex, cumbersome and time consuming.
- In the present scheme of uploading of GSTR-1 through offline utility, the dealers are deprived of uploading JSON files frequently on incremental basis at their convenience. This is causing unnecessary pressure and crippling GSTN infrastructure.

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- The process of availing credit has been a rather complex and cumbersome due to the present scheme of return filing coupled with Invoice matching mechanism. Recipient dealers in possession of valid tax invoices are at the risk of losing ITC in the event suppliers fail to upload such invoices. This can be rather an enormous burden on recipients in such eventuality in terms of such dealer being called upon to pay the unmatched taxes in cash. This can create working capital issues.
- While the ITC mechanism is working fine, there is lacunae in cases where large dealers procuring supplies from MSMEs having turnover of less than Rs.1.50 Crores and opted for quarterly filing, will have to wait for their ITC claim until such dealers have uploaded supply invoices quarterly. This would create jitteriness among the large dealers and would discourage their dealings with such MSME's. This goes against the very principles of Government supporting the MSME segment to achieve self-sustenance and provide fillip to the sector.
- The current process of granting credits on invoice matching and tax payment by the supplier doesn't augur well for the tax payers as this makes the process of ITC entitlement cumbersome for no fault of theirs. Per se we are in complete agreement with the revenue's stance, but we opine that the law enforcement must not cripple the ease of doing business.

Suggestions for simplification:

The enormous exercise of GST compliance at pan India level requires ease in compliance mechanism. We are putting forth the following suggestions:

- Discard the present complex and cumbersome scheme of GSTR-1, R-2 and R-3 and replace it with more simple and efficient scheme of return filing.
- The dealers be allowed to upload outward supplies on a real time basis. This must get reflected immediately on the recipient's portal.
- The recipients be allowed to either accept or reject such inward supplies which are auto-populated from suppliers' upload on real time basis.
- The recipients be allowed ITC claim only on acceptance of inward supplies. In case of rejection, the supplier shall take corrective action by doing a re-upload.
- A summary return to capture remaining information to arrive at actual tax payable and payment of taxes.

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We would be highly thankful if you could consider our request and suggestions to ease processes further in the mutual interests of business and revenue!

Thanking you,

Yours sincerely,

For **Karnataka State Chartered Accountants Association ®**

CA. Raghavendra T.N.
President

CA. Chandrashekara Shetty
Secretary

CA. Vijay Sagar Shenoy
Chairman
Representation Committee