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Internship Report

on

“Examining the Factors and Issues Leading to Non-Filing of Returns under GST”

(A survey report on GST-Registered Traders’ issues, grievances, problems for not filing returns in time)

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Certificate

This internship report titled "*Examining the Factors and Issues Leading to Non-Filing of Returns under GST*" is a report on the study taken up at the Fiscal Policy Institute (FPI) in 2018-19.

The internship report is prepared by Ananta Vihari Gupta student of Dayanda Sagar Academy of Technology and Management, Bengaluru, under the mentorship of Sri. Srikanta Murthy H N, Deputy Adviser & Faculty, Fiscal Policy Institute.

All opinion and conclusions expressed in the internship report are of the Intern and usual disclaimer applies.


Sujit Kumar Chowdhury

Director, FPI

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Ananta Vihari Gupta

(Intern)

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PREFACE

The project report is an outcome of internship programme organised at Fiscal Policy Institute, Bengaluru. The objective of the internship is to find the reasons behind the non-filing of returns by Registrants under GST in time. For this study a survey is conducted with the permission from commercial tax department on the tax payers who were not filing returns in time under GST. An attempt has been made to find the reasons grievances issues resulting in non-filing of returns under GST by tax payers.

The major problem I faced in my internship is conducting survey and making the tax payers to answer the questions. As the people who registered under GST are technically poor it became hard to explain them each issue mentioned in questionnaire and making them to understand and respond to questionnaire. There are many open-ended questions included in questionnaire which were not able to be answered by the respondents which were filled by myself according to my observations (in some cases). As there are no earlier research found directly related to this topic and the report is mainly based on survey data literature review and research gap is not taken. There are some cases where the report is relayed on secondary data as part of analysis.

The present is not free of limitations. There might be having some problems regarding lack of limitations and also some minor mistakes such as typographical mistakes. There may be few drawbacks occurred due to time limits and limited secondary data available as the GST is introduced newly in India. Though I have tried my best to keep the report free from errors, I apologise if any mistakes were found which were not made deliberately. If the report can help tax department, I will be happy to acknowledge. I feel that the purpose of report has been fulfilled. Please feel free to contact me if any queries arise.

Ananta Vihari Gupta

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EXECUTIVE SUMMARY

This is an attempt to know how the theories can be applied to practical situation. As student of MBA it is a part of study to undergo some project at a good institute or organisation. so for this purpose I got an internship opportunity to pursue internship at Fiscal Policy Institute (government of Karnataka), Bengaluru.

The first part of report concentrates on introduction to internship and its importance followed by the overview of the project and its details.

The second part of the report concentrated on general overview of GOODS and SERVICE TAX in India, various studies conducted on GST and how importantly it plays a role in Indian economy which is followed by the GST structure in India.

The third part explains about the methodology of study such as sample size, techniques used, variables of the study, limitations of the research etc.

The fourth part is the important and core part of the report which deals with analysis of data collected from the survey conducted and interpretations were drafted for every issue questioned. The analysis of data has conducted in three phases, where the first phase is about general information and transaction analysis, the second phase is about GST awareness and respective e-filing of returns awareness among the traders / Tax payers which is great content to fulfil the objective of study, the third phase is about various issues faced by the traders/Tax payers while filing returns which were segregate into major categories such as Technical, administrative, Monetary.

The fourth part is concentrating on detail procedure of e-filing returns process under GST and comparative analysis of registration and returns filing trends in the last academic year which is relayed on secondary data available in several websites.

Based upon the above conducted analysis through primary and secondary data various finding and observations were identified and accordingly suggestions were drafted which I feel that would help the Tax department and respective officials to take up some through some actions to overcome problem faced by the Traders/ Tax payers to not file the returns in time.

ABSTRACT

The dream of 'One country-One tax' and India becoming an integrated market from an indirect tax perspective has come into force from 1st July, 2017. The Constitution of India's 101st Amendment Act 2016 – has come into force on 8th September, and notification of the GST Council on 15th September – the road to GST rollout is clear. Government is keen on introducing GST- the biggest indirect tax reform. One of the biggest challenges is to train the indirect tax officials of both Centre and State, as well as the traders. This study assesses the level of GST acceptance, awareness, and particularly the level of filing of returns and reasons for not filing of returns in time under GST among the traders. The data for the study were collected by means of structured questionnaires with the sample of 100 respondents. The findings from the study showed that there are various technical, administrative, monetary issues which are resulting in late filing or not filing of GST returns to department. Government should provide sufficient information pertaining to GST such as the benefits of GST, the mechanism of charging, collection, training to traders regarding filing and assessment and others. Educating traders on GST matters that could involve a training sessions & Mock filing conferences, Q&A meeting with traders by department to traders in short run and integration of tax education into the curriculum of education in our institutions of higher learning and organized work- shops for specific groups. This report could contribute on the policy development especially involving fiscal policy as well as gaining the traders' confidence on government. The results, however, could not be generalized to all traders in India since the study was conducted in limited jurisdiction i.e. GSTO-40, Kormangala, Bengaluru.

Keywords: GST, Issues and Problems, NON-Filer, GST>Returns, GST.

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CHAPTER-1: INTRODUCTION

1.1 Introduction to internship:

Internship is an on-the-job training programme offered to students to balance the gap between class room theories and industry expectations. It is an on-field training programme, which may last from 2 weeks to 3 months period. During the internship period, the candidate may be paid or not paid with monetary benefits for the services rendered by him, but definitely compensated with work experience and real-life learning that benefits his career in the long run.

An internship is a training opportunity which is provided to students, such as graduates or post-graduates, to seek and feel the actual work experience and corporate culture before they enter any sector as working professionals. Internship programme is one of the types of on-job training programme, where the student gets a chance to experience the working environment, gets trained to the practical work exposure, sees implementation of class room theories in the work field and identifying the difference, coming with an appropriate opinion to overcome such gaps which indirectly benefits the university or college to know the actual requirements of industry, and making necessary changes in academics according to the industry needs so that students benefit with better outcomes.

Internship is a great opportunity even to employers to recognise the talents in the market, as in the competitive environment and high rate of unemployment, finding a right person for a right job has become a difficult task. This indirectly makes internship programme effective as the employer can see a candidate's potential and dedication towards his work and his skills, strengths, weakness, etc., throughout the internship period. An employer can encourage the right and eligible candidates with pre-placement offer which will help his organisation to hire a suitable candidate who can contribute to the organisation well.

1.1.1 Objectives of internship:

1. To get an idea about organisation working structure.
2. To gain knowledge about different departments in an organisation and their functioning.
3. To understand corporate culture and environment.
4. To identify various decision-taking levels in an organisational structure.
5. To implement class room learning practically and observing the gap.

1.1.2 Reasons for doing internship:

1. To get real-life experience and exposure towards corporate workings.
2. It's an opportunity to assess our strengths and weaknesses.
3. Helps connect with professional people and opens door to corporate network.
4. Gives an opportunity to prove our self in performance.

5. Acts as a transformational tool to student to become employee

1.2 Introduction to project:

Name of the project: *“Examining the Factors and Issues Leading to Non-Filing of Returns under GST”*

Duration of the project: Two months

Area/Region of the project conducted: Koramangala, Bangalore (GSTO-40).

DATA collected: Primary and Secondary Data

Sample size: 100 Taxpayers

Primary data: In the process of conducting the study, a survey of 100 Traders/taxpayers was made in GSTO-40 (region) Koramangala.

Secondary data:

For conducting the project, various secondary data are required, such as, statistics of GST returns, previous performances of Companies in Registration process & participation in filing returns and previous researches, which has been used for analysing and comparing the primary data to evaluate the revenue collection based on returns filing. *(Sources are mentioned in bibliography).*

1.3 About the project:

As we all know that GST is a progressive concept in India after it became a new tax regime. Even though GST plays such an important role in taxation system and influences the future economy growth of the country, when it come to the performance and revenues generating from the GST, the growth is not up to the mark. This is reflected by the decrease in the returns filing under GST over a period of time. The project is about finding the reasons, problems, responses and grievances resulting in the traders, registered under GST, to not file the returns in time. To know and find the ways and overcome this serious issue, a survey is conducted to find the reasons for why such decrease in returns filing. The findings and observations were identified along with necessary suggestions. This survey is conducted in a region (GSTO-40) and non-filers in that area were asked for reasons for such non-filing of returns under GST. The data of non-filers of returns is taken from respective GST office with the permission of the Commissioner of Commercial Taxes.

1.3.1 Objectives of the Project:

- To study the level of GST awareness among Taxpayers
- To study the level of returns filing knowledge of Traders/Taxpayers registered under GST
- To study in-depth understanding of the new GST Law

- To know the awareness of the process of filing of returns under GST
- To identify the issues, problems, grievances faced by the Traders/Taxpayers registered under GST
- To identify the reasons for not filing returns
- To know the reasons for not filing returns on time by GST registrants

1.3.2 Limitations of the project:

- Time is the main constraint for the project to do a complete study - the project was assigned to be completed in two months
- The project survey is restricted to GSTO-40 Region only (i.e. Koramangala)
- Since the targeted respondent were technically and educationally poor in majority of the cases, there may be a deviation in project result and actual scenario by up to 10 to 20%
- As many of the respondents were depending upon the consultants, auditors and third parties, the responses given by them may not be accurate in some of the cases

1.3.3 Scope of the project:

- This project helps in knowing the reasons for non-filing of returns by the Traders
- This project helps in assessing the Traders' perception towards GST
- This project helps the department to know where the gap is growing and the reasons for such gap in filing returns under GST

“Small businesses may not register; a trader may underreport actual sales; Traders may reduce their liability by exaggerating the proportion of lower tax slabs; tax authorities need to guard against Traders who collected tax but have not remitted the same to the government; Traders may make false claims for refunds.”

-The RBI report, May 2018.

CHAPTER-2: BRIEF OVER VIEW ON GST

2.1 Brief Overview on GST:

2.1.1 Overview on GST in India:

The Constitution (122nd Amendment) Bill, 2014, seeks to amend the Constitution of India to facilitate the introduction of Goods and Service Act. It is the Indirect Tax charged on local consumption and is borne by end consumers. It is collected at each stage of the production and distribution chain by registered vendors, who have to account for the tax on the value that they have added to goods and services. France is the first country to introduce GST. Almost 160 countries have introduced GST in some form. While countries such as Singapore and New Zealand tax virtually everything at a single rate, Indonesia has five positive rates, a zero rate and over 30 categories of exemptions. The authority to levy tax is derived from the Constitution of India which allocates the power to levy various taxes between Centre and State.

2.1.2 Need for GST:

India's recent progress towards economic growth stems from reforms undertaken after the 1991 fiscal crisis, which lifted India from decades of slow growth under Socialist rule and offered an opportunity to improve living conditions in the immense, poor country. At the same time, much had changed in India after the balance of payments crisis of 1991. Indian policies became more positive towards promoting export and allowing foreign capital to participate in the process of India's growth. Globalisation and liberalisation have become the order of the day. The interdependence of economies in their move for development compelled the Governments of all the countries to follow the globalisation policies adopted by the major economies of the world. To survive and grow in this economic order, rational and competitive tax policies are being adopted by every country. India has also fallen in line with the requirement and has been initiating modifications in indirect taxes. The recent proposals of Goods and Services Tax (GST) are considered as path-breaking in the economic restructuring in general and in the taxation area in particular. As the revenue to the government is increasing its figures from indirect taxes year by year, this change will further boost the economy in a positive way which is necessary for the international competence and globalising the market and economy.

2.1.3 Various Studies on GST:

Chief Economic Advisor Committee: -

In December, 2015, Chief Economic Advisor (CEA) Arvind Subramanian, released a comparative study of GST implementations in the federal systems around the world. ***'Report on the Revenue Neutral Rate and Structure of Rates for the Goods and Services Tax (GST)'***. His report focused on the experiences of European Union, Canada, Brazil, Indonesia, China (a unitary

nation) and Australia. Subramanian found that most of these countries were facing 'serious challenges' in working with the GST.

Reserve Bank of India: -

The Reserve Bank of India too studied the GST implementations in various countries and incorporated its findings in the report titled: '*State Finances: A Study of Budgets of 2016-17*' and released in May 2017. The RBI took notes from the GST experiences of Argentina, Australia, Brazil, Canada, Malaysia, New Zealand and Russia. It found flaws in all the GST models. On the basis of the global experience, the RBI listed some of the risks that GST may bring to India in the new taxation regime.

2.1.4 GST to be major test of Digital India success:

On July 1, 2015, the Prime Minister launched the [Digital India programme](#) with the objective of creating a participative, transparent and responsive government. And on January 16, 2016, the much-talked-about Start-Up India, Stand up India initiative, aimed at encouraging new ventures and creating jobs, was kicked off amidst much fanfare.

Without doubt, these are some of the most-important initiatives of the government expected to transform the corporate sector. Along with these initiatives, there is yet another game changer, the Goods and Services Tax (GST). All three are linked. While Digital India and Start-Up India complement each other, GST is crucial for the success of both these initiatives.

2.1.5 Impact of GST on Business:

GST is widely seen as the most important and far-reaching indirect tax reform that will, potentially, have an impact on almost all industries and businesses since it will create a common Indian marketplace and reduce the cascading effect of taxes. It will subsume all indirect taxes and create just one rate for the entire nation.

GST will have a profound effect on the way business is conducted in India and the way prices are determined. The legislation will affect the pricing of goods and services, supply chain optimisation, accounting and tax compliance systems, as also the tax structure, tax incidence, tax computation, tax payment, compliance, credit utilisation and reporting. In short, the present indirect tax system, with all its inefficiencies, will be completely overhauled.

GST will create a wider tax base, which will lower tax rates. Not only will the multiplicity of taxes be eliminated and the tax structure rationalised, compliance procedures will also become easier. Additionally, the automation of compliance procedures (which comes under the domain of the [Digital India initiative](#)) will reduce errors and increase efficiency.

GST will enable the digital industry business initiative to take root by providing a uniform tax rate and standard regulations across the nation. This will enhance ease of doing

business, and will allow start-ups, online market places and the retail sector to flourish. These sectors are also seen as major job creators. With GST roll-out, industries in these domains can expect huge gains, which will, in due course of time, lead to more jobs and a higher GDP.

The roll-out of GST has already been delayed, largely due to lack of political consensus. The smooth passage of the Bill is deemed crucial for the success of mega economic and social projects, such as Digital India and Start-Up India. The government is now hoping to kick-start the initiative on April 1, 2017. That leaves very little time for companies to upgrade their accounting systems and ERP software to comply with the new tax regime.

Some companies have already come out with GST-ready software offerings and suites that will help companies migrate smoothly to the new tax regime, and enable them to integrate the older financial structure with the new one seamlessly. All stakeholders are now waiting with bated breath.

“The Government needs to be appreciated for its implementation of the GST, a complex reform. There was hardly any business disruption in the first month and the Government has been receptive to issues faced by industry. The performance of the GSTN was the biggest challenge, which we expect will be streamlined soon. However, the GSTN, the E-Way Bill and anti-profiteering are the areas the Government needs to simplify.”

– Prashant Bhatnagar, Associate Director, Procter and Gamble India.

2.2 Goods and Service Tax in India:

2.2.1 Meaning of GST:

GST is defined as any tax on supply of goods and services, other than on alcohol for human consumption. In brief, before GST came into existence tax was levied at two-tax system, one is on sale value or about invoice amount, and second one is on the value-added amount under value added taxation. Now Goods &

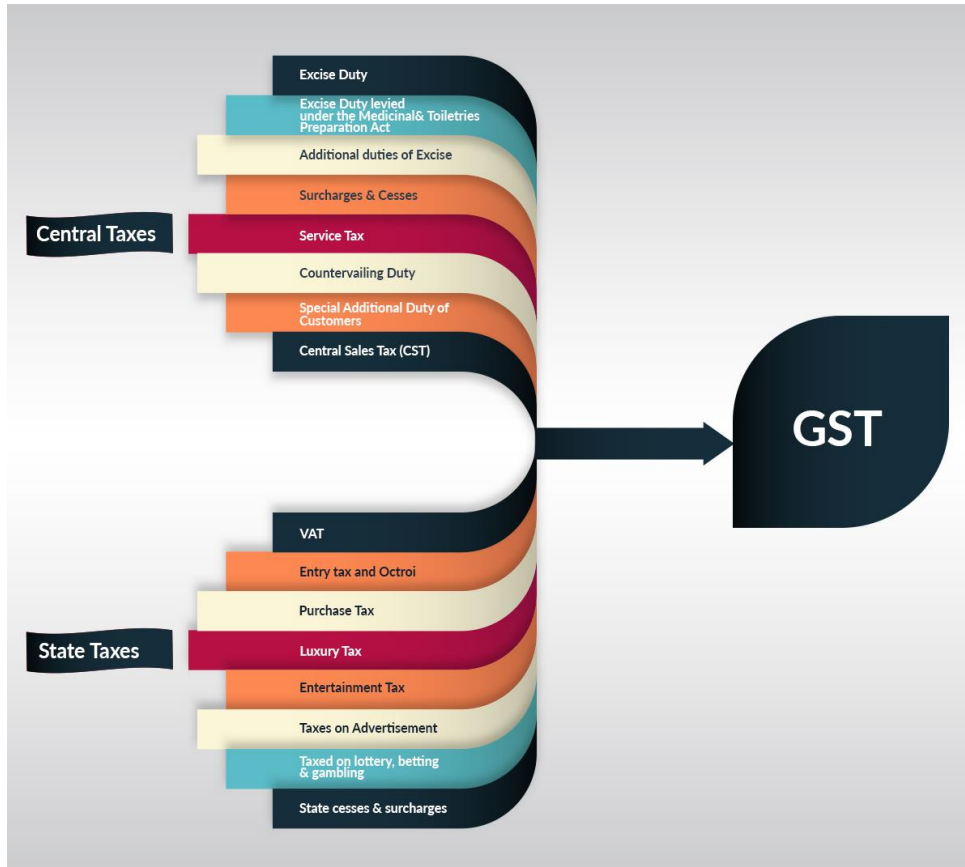
Services Taxes is destination-based and input tax credit system (ITC) paid at previous stage of purchases and it can be set off right from the manufacturer to the end users. In the supply chain of goods and services, value added will be taxed and ultimate burden tax to be paid by the final consumer.

2.2.2 Features of GST Model:

The following are the some of the important features of GST:-

1. The GST shall have two components: one levied by the Centre (here in after referred to as Central GST), and the other levied by the States (here in after referred to as State GST).
2. The Central GST and the State GST are to be paid to the accounts of the Centre and the States separately
3. The Central GST and the State GST would be applicable to all transactions of goods and services made for a consideration except exempted goods and services, goods which are outside the purview of GST.
4. Since the Central GST and the State GST are to be treated separately; taxes paid against the Central GST shall be allowed to be taken as input tax credit (ITC) for the Central GST and could be utilised only against the payment of Central GST. The same principle will be applicable for the State GST.
5. The administration of Central GST to the Centre and for State GST to the States would be given.
6. To the extent feasible, uniform procedure for collection of both central GST and the State GST would be prescribed in the respective legislation.
7. The taxpayer would need to submit periodical returns, in common format 42, introducing GST and its impact on indian economy, as far as possible, to both the Central GST authority and to the concerned State GST authorities.
8. Each taxpayer would be allotted a PAN-Linked taxpayer Identification Number with a total of 13/15 digits. This would bring the GST PAN-Linked system in line with the prevailing PAN-based system for Income Tax, facilitating exchange and taxpayer compliance.

2.2.3 GST Mechanism:



GST will eliminate the around 16 different types of taxes from regime which were levied by central and state government before the GST Act has been implemented in which central taxes (excise, surcharges, service tax, central sale tax etc.,) and state levied tax (VAT, Octroi, luxury tax, entertainment tax, advertisement tax, cess and surcharge etc.,).

2.2.4 Taxing Mechanism:

Indirect Taxes	GST	Goods/Services Produced & Consumed in same State	Goods/Services Produced & Consumed in different States (Inter-State)	Goods & Services Exported	Goods & Services Imported				
Excise Duty	CGST	CGST rate + SGST rate Levied	Integrated GST	GST not Applicable	CGST rate + SGST rate Levied				
Service Tax									
Custom Duties									
Central Sales Tax									
State Sales Tax	SGST								
Entertainment Tax									
State VAT									
Professional Tax									
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The GST in India is divided into three types CGST, SGST, IGST. If the transaction of goods or services belongs to intra-state, then CGST and SGST are levied and equal promotional rate and, if the transaction belongs to inter-state then IGST is attracted. The consolidated rate of CGST and SGST will be equal to the rate of IGST.

CHAPTER-3: METHODOLOGY OF STUDY

3.1 Research Methodology:

In this chapter the methodology adopted for this study is outlined. The research design, tool of the study, statistical techniques and limitation of the study are discussed.

3.1.1 Research Design:

The following research techniques are used in this study:-

3.1.2 Exploratory Research:

Exploratory research has a goal of formulating problems more precisely, clarifying concepts, gathering explanations, gaining insights, eliminating impractical ideas, and forming hypothesis. It provides insights and comprehensions of the issue or situation. The initial phase of the project demanded an exploratory research to capture, understand, interpret and apply the concepts and skills relating to basics of GST and return filing process of GST and technical implications. This exploratory study helped in conducting survey in a smooth and healthy way and guided in framing the finding and suggestions besides drafting the conclusions.

3.1.3 Descriptive Research:

Descriptive research defines questions and finds answers to these questions using statistical techniques on data gathered. The following null hypothesis has been tested using collected data:

1. Traders registered under GST have no issues and problems while filing returns to the department
2. There are no difficulties to the Traders to not file returns in time

3.2 Variables used in Study:

The following are the variables used in study:

1. Experiences of the officers working near to the fields who are responsible for collecting taxes.
2. Group of target audience (Traders who are registered under GST in the selected region).

3.3 Tools of the Study:

Interviews were conducted to collect data from tax officers dealing with the responsibility of tax collection in tax department. Survey and observative interviews were conducted to collect data from registered Traders under GST. A questionnaire was framed to extract the grievances affecting the Traders to not filing of returns in time.

3.4 Interview:

Interviews was designed after studying secondary information and in consultation with experts. The following information is gathered:

1. Response to GST and the acceptance of it by the Traders
2. Opinions on GST compared to the earlier VAT
3. Technical issues with the process that are implemented
4. Problems with some of the systems
5. Officers' perceptive observation for not filing of returns by Traders
6. Opinions and suggestions from officers of the department

3.5 Questionnaire:

The questionnaire was designed for the targeted audience to extract the reasons, issues, problems which were reflecting in late filing or non-filing of returns. To begin with, the exhaustive list of questions were prepared according to expert advices and some statistical data. The segmentation of questions were made according to the targeted issues and grievances, and their similarity. These questions were divided into five groups according to their symmetrical issues starting with general and GST awareness and ends with segregating the issues into technical, administrative and monetary issues for non-filing of returns in time.

The questionnaire consists of both open-ended and close-ended questions. The open-ended questions were asked to gather the particular issues and problems faced by each trader and close-ended questions were included to gather data to find out the most commonly-faced problems and issues by Traders and finding ways to resolve them. According to experiences faced in the primary phase of the survey, there are some questions which are added and some which are modified according to the primary responses. The questionnaire also had an opinionnaire section that was used to capture the degree of agreement on the following aspects:

1. Awareness on goods and service tax
2. Filing process awareness in GST (GST-returns filing knowledge)

3.6 Sample of the Study:

The sample techniques used for this study is stratified sampling. Stratified sampling is used where population embraces a number of distinct categories and the frame can be organised by these categories into separate "strata". Each stratum is then opened as an independent sub-population, out of which, individual elements can be randomly selected.

The targeted audience or respondents, selected for this study, are the GST-registered Traders or services providers eligible to file returns but not doing so. The study is conducted on 100 registered Traders belonging to the GSTO-40 jurisdiction (Koramangala).

3.7 Collection of Research Data:

Interview questionnaire was administrated by approaching the Traders at their work place and by asking them to fill up after explaining them the objectives, purpose and scope of the survey.

In some cases, responses through digital platforms, such as e-mail, messenger, whatsapp, etc., were also used to collect the data pertaining and binding to the situations.

3.8 Statistical Techniques:

The questionnaire is designed in such a way that total questionnaire is divided and concentrated on 5 categories and most of the questions were objective type (YES/NO) and awareness on GST and awareness on GST filing is estimated for which a 3-parameter scale of options was used (3-aware; 2-partly aware; 1-not aware).

3.9 Limitations of the Study:

- The sample sizes of the targeted respondents were limited because of the time constraints. The maximum possible responses were gathered in the time available for data collection.
- Since the targeted audience was mostly uneducated or under-educated and technically poor, the questionnaire is designed as simple as possible with YES/NO type options.
- The targeted audience have fear of threat from department or government officials which made them reluctant to provide data or may have given inaccurate data.
- Data has been collected only from the region of GSTO-40. Other regions of the state/city were not covered.

“The GST is expected to be positive for India’s GDP growth and credit profile, contribute to gains in productivity and support increased government revenue through enhanced tax compliance.”

– Moody’s Global Rating Agency

CHAPTER-4: FIELD-LEVEL ANALYSIS

NOTE

Total survey is conducted on 100 GST Registered Traders/Taxpayers in which only 70 responded to the given questionnaire while the other 30 have not answered due to several reasons, such as unwillingness, , non-availability of business location while conducting survey. The analysis of the survey is made only with respect to the 70 questionnaires received while the 0 questionnaire, which were not answered, were not taken into consideration. The following analysis is based on the primary data which is collected.

4.1 Field-level Analysis:

The questionnaire was divided in to three sections. The Sections represented dimensions for the current research. The research examines the associations and inter-relations between the moderating variables defining the dimensions. The following are the different phases of questionnaire:-

4.2 Section-1:-

- Turnover information and tax liability
- Mode of Transactions

4.3 Section-2:-

- General GST awareness
- GST awareness on filing of returns

4.4 Section-3:-

- Technical issues related to GST-returns filings
- Administrative issues related to GST-returns filings
- Monetary issues related to GST-returns filings

Questionnaire used for eliciting responses was divided into three sections, where the first section involved analysing the tax eligibility and liability of respondents, mode of transaction. The second section is the key and most crucial to analyse the GST awareness among Traders and GST-filing awareness and their comparison. The third section is more productive and highlight the areas of problems and grievances faced by the respondents and also gives the necessary information about the pulse and perception towards the GST-filing system.

4.2 PHASE-I:

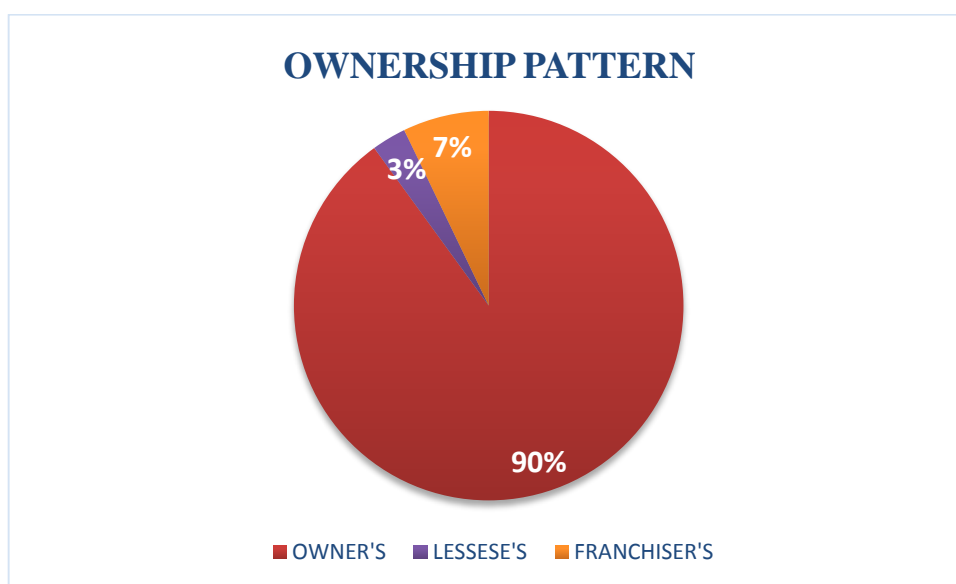
4.2.1 Ownership Style: Response to the nature of ownership

Table 1-Ownership style

OWNERSHIP STYLE	RESPONSES
OWNER'S	63
LESSESE'S	2
FRANCHISEES	5
TOTAL	70

It is evident from the above table that 90% of the non-filers of GST returns are owners of business while 7% are Franchisees and remaining 3% are lessees. This categorisation was primarily considered to examine if the antecedents influencing the non-filing of GST returns is same or different across groups.

Figure 1-Ownership style



From the above data, it may be observed that majority of the respondents are owners of business while the remaining few are either franchisees or lessees. This implies that most of the businesses filing GST returns in India may be owners who are bound by unlimited liability as evident from the response rate of 90%.

4.2.2 Duration of the Business:

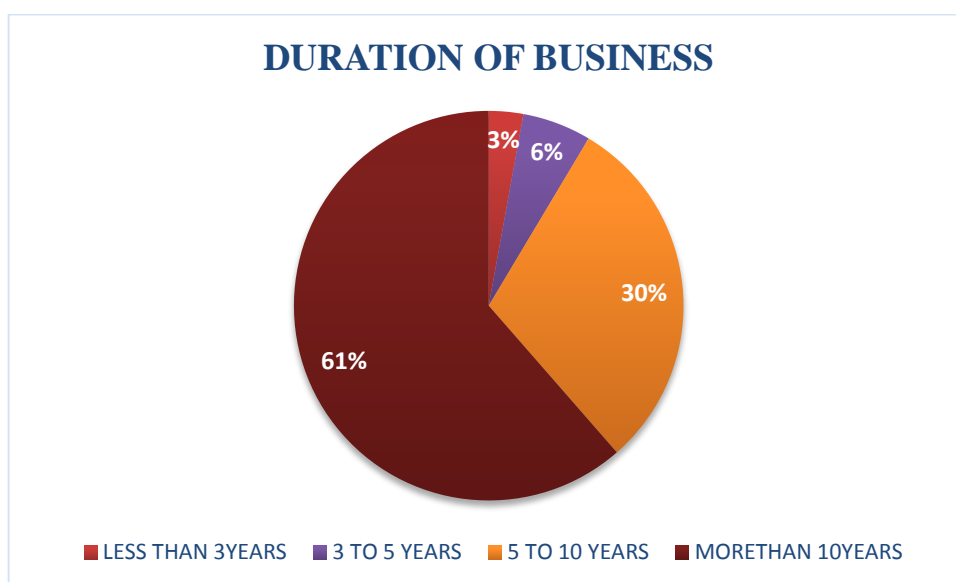
The below table shows the responses for the duration of the business (ie, the age of the business which they are running.)

Table 2-Duration of the business

DURATION OF BUSINESS	RESPONSES
LESS THAN 3 YEARS	2
3 TO 5 YEARS	4
5 TO 10 YEARS	21
MORETHAN 10 YEARS	43
TOTAL	70

The below graph shows the percentage representation of respondents' duration of business, were 61% of respondents have been running their business from more than 10 years, 30% of respondents were running their business for 5 to 10 years, 6% of them between 3 to 5 years and 3% have started business less than 3 years, after which GST came into existence.

Figure 2-Duration of the business



The above graph shows that 61% of respondents were running their business for more than 10 years, 30% of respondents business tenure is 5-10 years, 6% of respondents business is between 3-5 years and remaining 3% business were started recently after which GST regime came into being. In majority of the cases, the Traders were running their business even before GST regime, which shows that the majority registrations for GSTN is from various earlier tax regime such as service tax, VAT, entertainment tax, etc.

4.2.3 Liable for paying Tax:

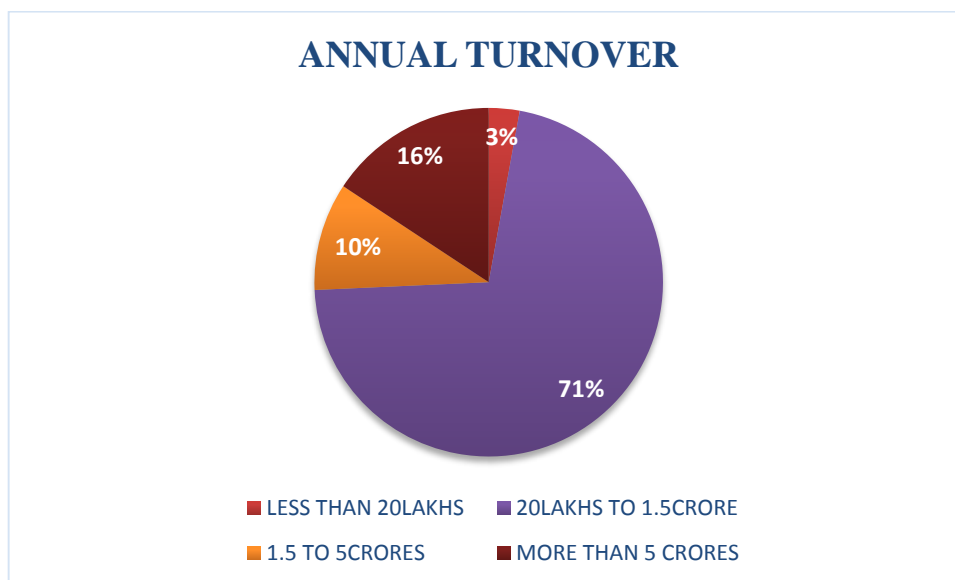
The following table shows the number of people liable for paying tax under GST which can be known by their turnover, the table shows the total number of respondents and their turnover per annum.

Table 3-Liable for paying tax

ANNUAL TURNOVER	RESPONSES
LESS THAN 20 LAKH	2
20 LAKHS TO 1.5 CRORE	50
1.5 TO 5 CRORE	7
MORE THAN 5 CRORE	11
TOTAL	70

The below graph explains the respondents eligibility to pay tax under GST on the basis of their annual turnover. As we can see, only 3% of the respondents were not eligible to pay taxes as their turnover is less than Rs 20 lakh, which is the exemption limit provided, 71% of respondents were falling under turnover of Rs 20 lakh to Rs 1.5 crore, which is generally consisting of Traders who opted for the composite scheme of filing returns paying taxes, 10% of the respondents' turnover is between Rs 1.5 crores to Rs 5 crores and 16% of the respondents have their turnat over Rs 5 crores.

Figure 3-Liable for paying tax



The above graph shows that 71% of respondents' actual turnover were between Rs 20 lakh to Rs 1.5 crore, 10% of the respondents' annual turnover is Rs 1.5 crore to Rs 5 crore, and 16% of respondents' annual turnover is more than Rs 5 crore, and 3% of respondents' turnover is less than Rs 20 lakh. By the above graph it is understood that majority of the respondents' annual turnover was between Rs 20 lakhs to 1.5 crore which represents that they may be in composition scheme of filing returns quarterly.

4.2.4 Registrations under VAT/Sservice Tax:

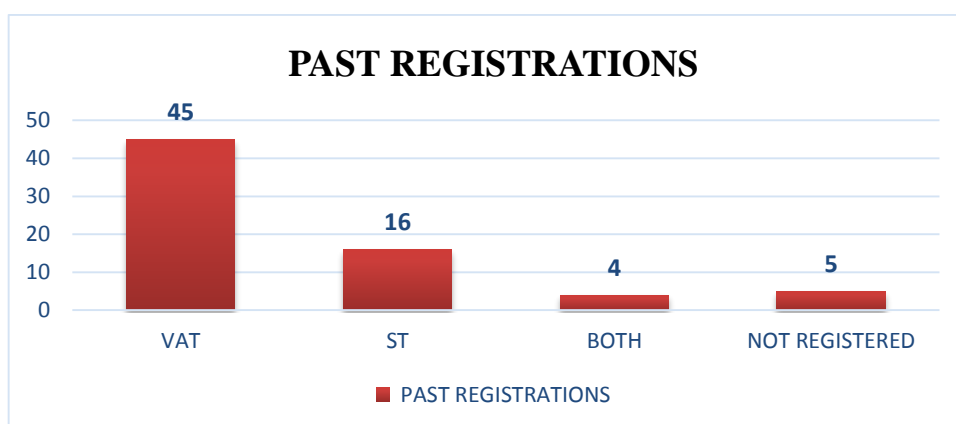
The following table shows the earlier registrations of Traders under VAT/Service Tax who were now registered under GST. It merely shows from where GST registrations were flown from.

Table 4-Registrations under VAT/SERVICE TAX

PAST REGISTRATIONS	RESPONDENTS
Value-added tax	45
Service tax	16
Both	4
Not registered	5
TOTAL	70

The following is the graphical representation of the above mentioned details of earlier registration where 45 members were registered under VAT, 16 members under ST, 4 members under both and 5 members were not registered under any of them (i.e. they are newly-added to the tax regime under GST).

Figure 4-Registrations under VAT/SERVICE TAX



The above graph shows that out of 70 respondents, who have registered for GSTN, their earlier registration under indirect tax is as follows: 16 respondents migrated from Service Tax, 45 respondents migrated from VAT, 4 respondents were registered under both VAT and Service Tax and 5 respondents were newly-registered for GSTN. By this it was understood that 90% of respondents were paying indirect taxes earlier whereas very few were recently added to GST regime (among 5 respondents all are having textile business such as garment store, readymade cloth stores etc.,)

4.2.5 Mode of Transactions:

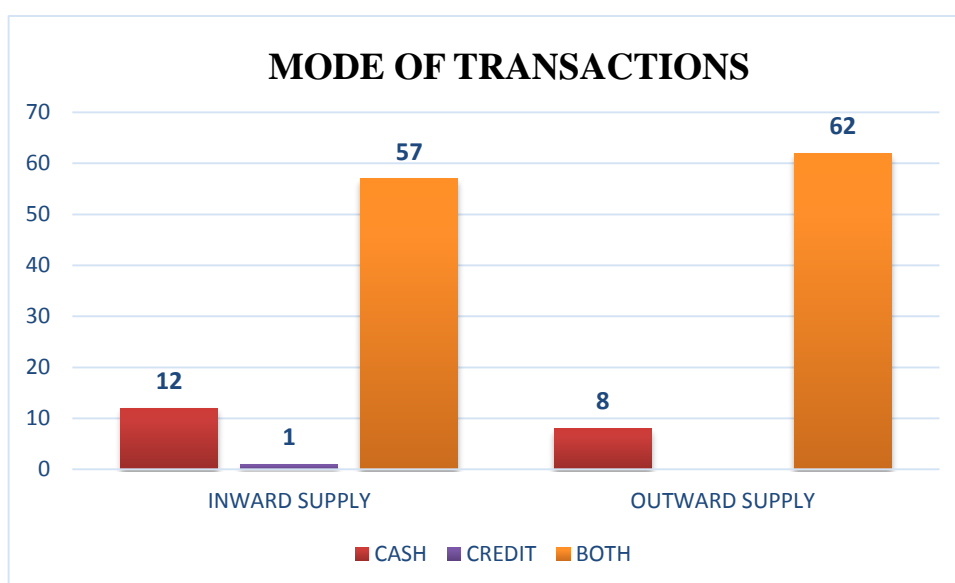
The following table shows the mode of transactions made by the Traders while conducting inward and outward supplies in their businesses.

Table 5-Mode of transactions

MODE OF TRANSACTIONS	INWARD SUPPLY	OUTWARD SUPPLY
CASH	12	8
CREDIT	1	
BOTH	57	62
TOTAL	70	70

The following is the graphical representation of above shown table. It shows that a majority of Traders was doing business both ways (i.e. cash and credit)

Figure 5-Mode of transactions

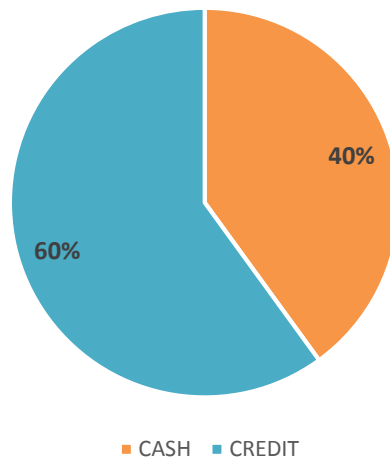


Such respondents, who were doing the transactions both ways, were further divided into cash and credit proportionately which is shown in below pie diagram that concludes that respondents were majorly depending upon credit basis of transactions

4.2.6 Cash-credit ratio:

The important issues which are resulting in non-filing of returns under GST is credit transactions. The taxpayers are highly depending upon credit mode of transaction which is adversely affecting their cash reserve. The commonly observed response for non-filing of return is lack of funds. This is because the taxpayers were depending highly on credit transactions in which they will not receive payment up to a certain period whereas they have already paid the amount for such transactions while making purchases. This results in out of funds which is common reply given when asked reasons for non-filing of GST returns. From executing the survey it is orally asked and observed that the taxpayers, who opted for both in mode of transactions 60% of which is again made under credit only 40% of them were in cash.

TYPE OF TRANSACTION IN BOTH



“The progress of the GST is like building of a flyover in a city. A lot of traffic jam when it is being built, but once built, it is as sweet as jam”

– Sashidhar Jagdishan, CFO, HDFC Bank Limited.

4.3 PHASE-II:-

4.3.1 GST Awareness:

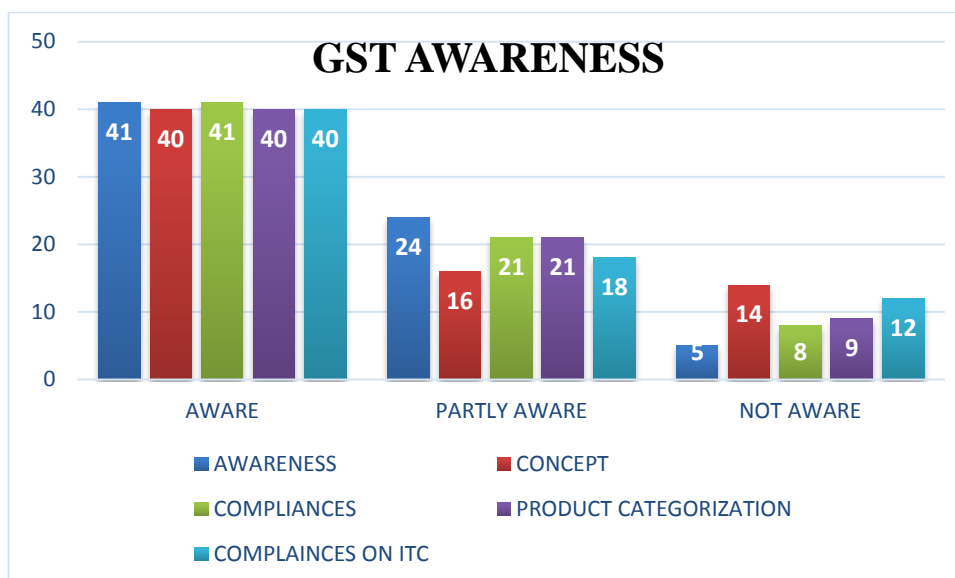
The following is the table which shows about the awareness of the respondents towards GST which is calculated on a scale of three variables 1. Aware 2. Partly aware 3. Not aware. This table is a group of five questions which shows one's knowledge about GST-namely:- 1.Awareness 2.Concept 3.Compliances 4. Product Categorisation 5. Input Tax Credit (ITC).

Table 6-GST awareness

GST AWARENESS	AWARE	PARTLY AWARE	NOT AWARE	TOTAL
AWARENESS	41	24	5	70
CONCEPT	40	16	14	70
COMPLIANCES	41	21	8	70
PRODUCT CATEGORISATION	40	21	9	70
COMPLAINTS ON ITC	40	18	12	70

The above shown table is represented graphically in the below bar chart where we can see that the majority of the responses if they were aware of GST.

Figure 6-GST awareness



The above graph shows the awareness level of basic GST among the respondents. We can see that around 40 of the respondents has answered that they were aware of the basics of GST, whereas around 21 respondents answered that they are partly aware and around 10 members answered that they are not at all aware of the basics of GST. We can conclude that the overall awareness on basics of GST is moderately high in the market.

4.3.2 GST “E-filing-returns” Awareness:

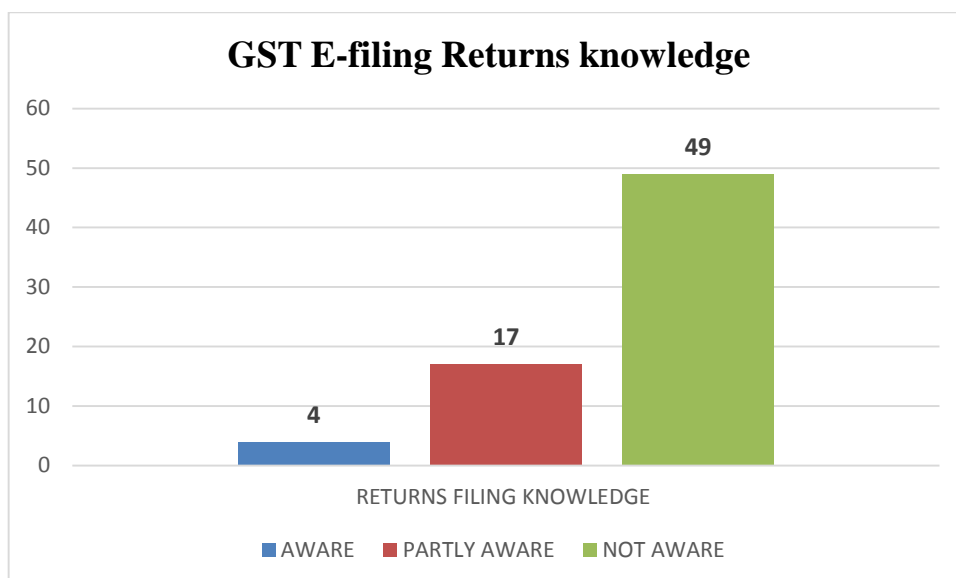
The following is the table which shows about the GST “E-filing-returns” awareness of the respondents towards GST which is calculated on a scale of three variables 1.Aware 2. Partly aware 3. Not aware. In the below graph we can see that majority (49 respondents) were not aware of GST E-filing of returns, 17 respondents were partly aware and 4 respondents were not aware. The below table shows the returns filing knowledge of the respondents:-

Table 7-GST“E-returns filing “knowledge

SCALE	GST RETURNS FILING KNOWLEDGE
AWARE	4
PARTLY AWARE	7
NOT AWARE	49
TOTAL	70

The above table was plotted graphically to observe the various levels of knowledge in returns filing by the respondents and it is shown below:-

Figure 7-GST"E-returns filing" knowledge



This is the most important aspect and this is the reason why the Non-filers were not filing the returns in time. This is about the knowledge level of filing of returns under GST. The above graph shows that 49 respondents were not aware of GST returns filing system whereas the same equivalent number of respondents answered that there are aware of GST basics in the earlier graph which evaluates that they should be different point of view in seeing the “GST awareness” and “GST returns Awareness” which has a huge variance.

4.4 PHASE-III:-

4.4.1 Technical Issues related with GST>Returns Filings:

The following tables shows the various technical issues based on the questionnaire which were the suggested/top-rated issues or problem referred from Commercial Tax Officer's and Field officers in the GST department.

Table 8-Technical issues related with GST-returns filings

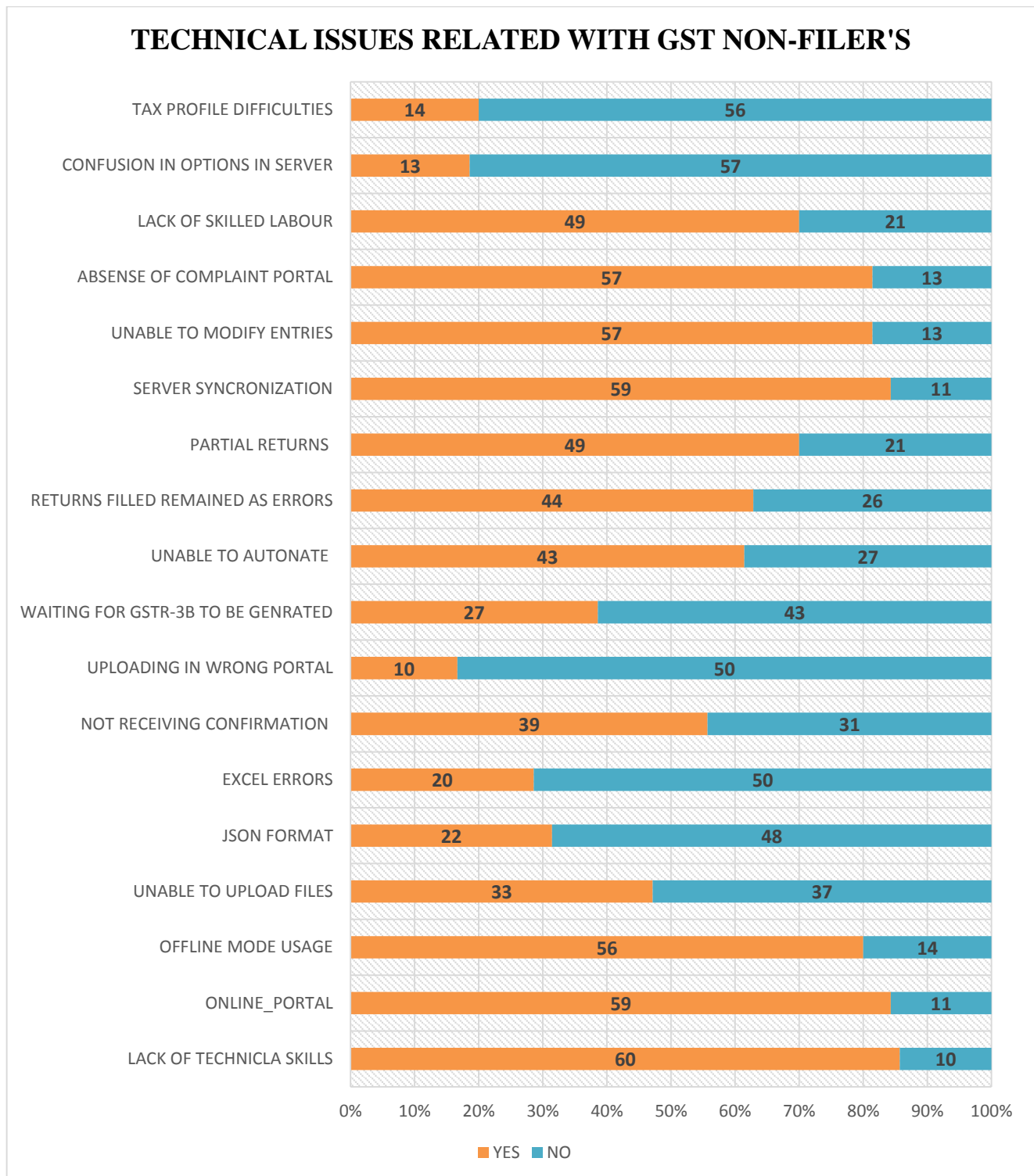
TECHNICAL ISSUES	YES	NO	TOTAL
LACK OF TECHNICAL SKILLS	60	10	70
ONLINE_PORTAL	59	11	70
OFFLINE MODE USAGE	56	14	70
UNABLE TO UPLOAD FILES	33	37	70
JSON FORMAT	22	48	70
EXCEL ERRORS	20	50	70
NOT RECEIVING CONFIRMATION	39	31	70
UPLOADING IN WRONG PORTAL	10	50	70
WAITING FOR GSTR-3B TO BE	27	43	70

GENERATED			
UNABLE TO AUTOMATE	43	27	70
RETURNS FILLED REMAINED AS ERRORS	44	26	70
PARTIAL RETURNS	49	21	70
SERVER SYNCRONISATION	59	11	70
UNABLE TO MODIFY ENTRIES	57	13	70
ABSENCE OF COMPLAINT PORTAL	57	13	70
LACK OF SKILLED LABOUR	49	21	70
CONFUSION IN OPTIONS IN SERVER	13	57	70
TAX PROFILE DIFFICULTIES	14	56	70

The above mention table consist of responses of 70 respondents when they were asked about the various technical issues faced by them while filing the return under GST and the issues were recognised by the field-level observation and suggestion given by the commercial tax department were taken into consideration. Out of 18 issues, which were taken into notice by respondents, it has been observed that a majority of the respondent raised their concern in the following issues: 1. Lack of technical skills 2. Server synchronisation 3. No option to revise entries, and other issues.

The above mentioned responses for various questions, which were related to technical issues, were shown graphically in the following bar diagram.

Figure 8-Technical issues related with GST-returns filings



In the above graph we can see that the majority of respondents were having problems in the cases of 1. Sever synchronisation 2. Modification of entries 3. Complaint portal, which shows that the maintenance and capacity of portals/servers were very poor, and this is the one of the major reasons for delay in filing returns in time.

4.4.2 Administrative Issues related with GST>Returns Filings:

The following tables shows the various Administrative issues based on the questionnaire which were the suggested/top-rated issues/problem referred from Commercial Tax Officer's and Field officers in GST the department.

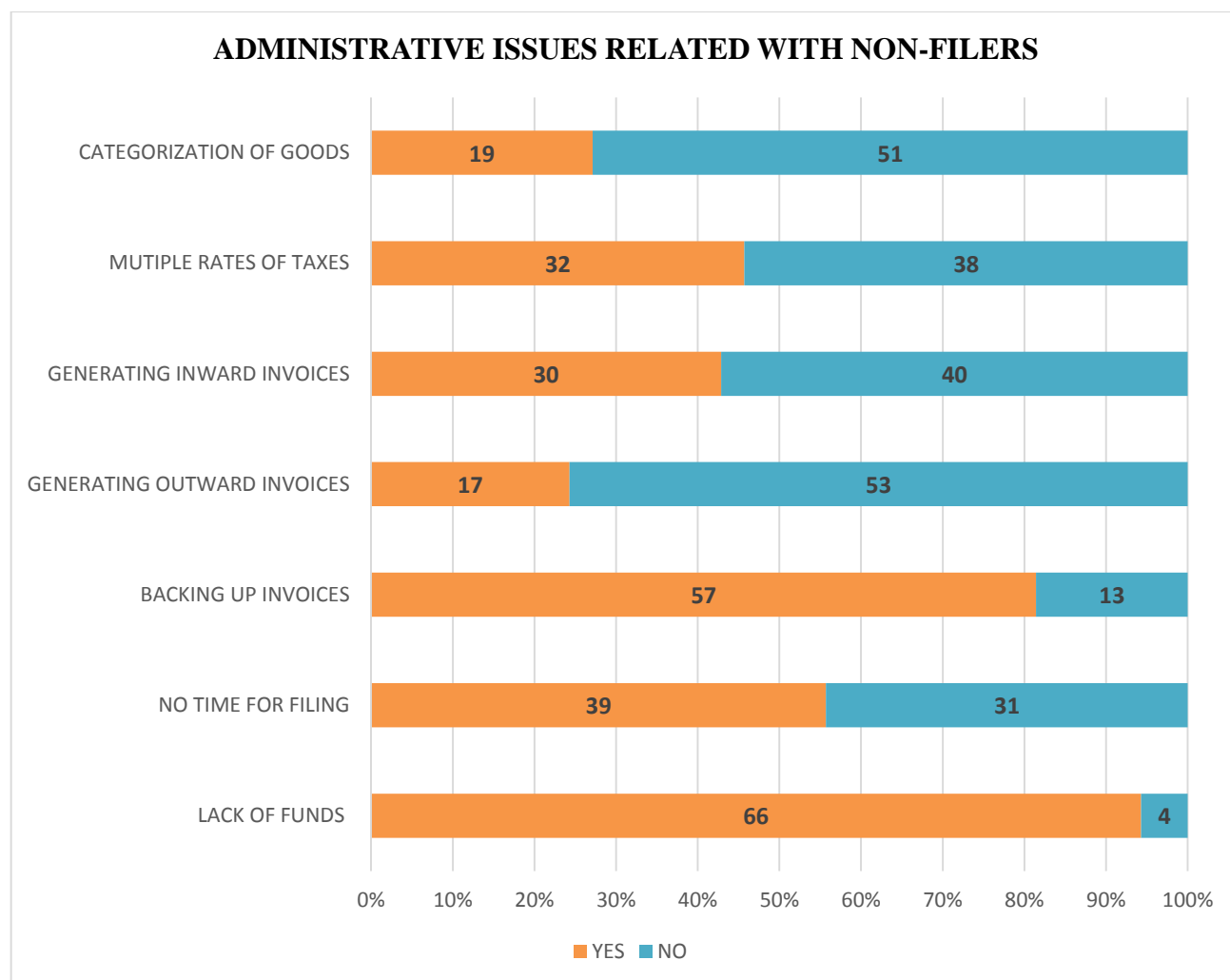
Table 9-Administrative issues related with GST-returns filings

ADMINISTRATIVE ISSUES	YES	NO	TOTAL
LACK OF FUNDS	66	4	70
NO TIME FOR FILING	39	31	70
BACKING UP INVOICES	57	13	70
GENERATING OUTWARD INVOICES	17	53	70
GENERATING INWARD INVOICES	30	40	70
MUTIPLE RATES OF TAXES	32	38	70
CATEGORISATION OF GOODS	19	51	70

From the above table it may be observed that 70 respondents questioned about the **Administrative** issues affecting them while filing the returns under GST. The issues were recognised based on the field-level observations and suggestions given by the commercial tax department. Out of 7 issues, which were taken notice by respondents, it has been observed that a majority of the them expressed concern regarding the issues shown graphically in the following bar diagram.

The above shown table is plotted in the following manner:-

Figure 9-Administrative issues related with GST-returns filings



In the above graph we can see that the response rate for the issues in perspective is as follows: Lack of funds (95%), Backing up of invoices (82%) followed by lack of time for filing (55%), Multiple rate of taxes (45%), Generating inward invoices (42%), Outward invoices (24%), Categorisation of goods (27%) with lack of funds being the majorly reported issue.

4.4.3 Monetary Issues related with GST>Returns Filings:

The following table shows the various monetary issues affecting non-filers of GST returns. The tabulated issues were the suggested/top-rated issues/problems referred by the Commercial Tax Officers and Field officers in GST department.

Table 10-Monetary issues related with GST-returns filings

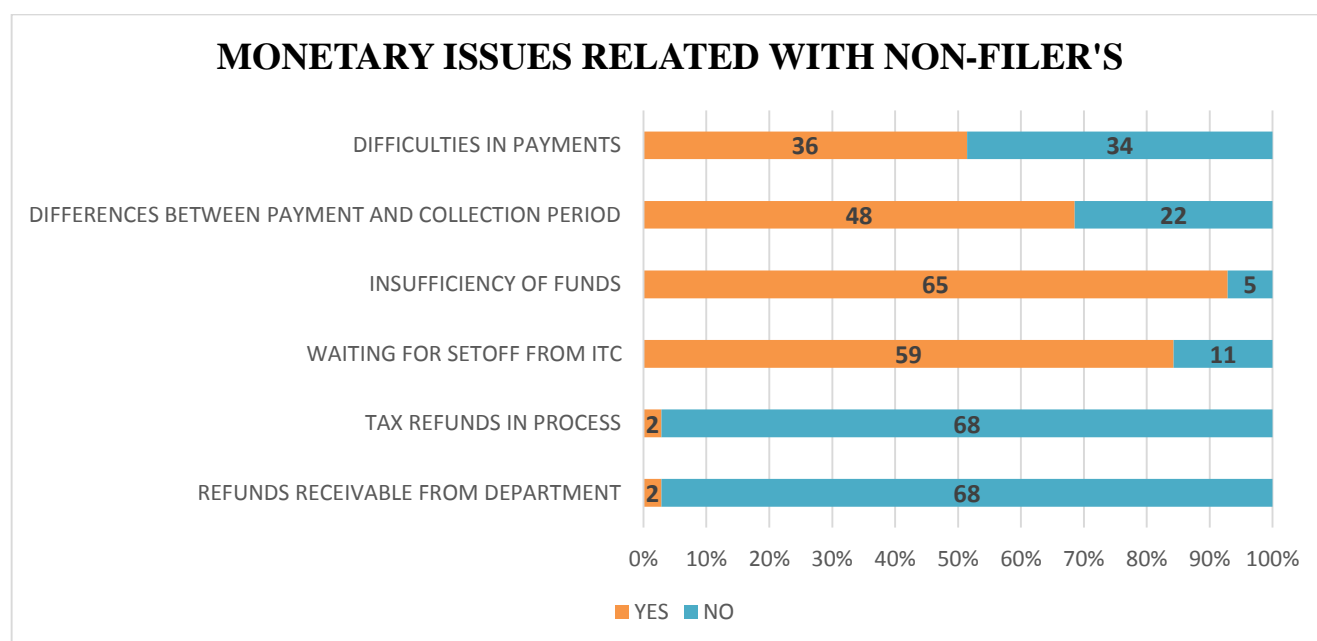
MONETARY ISSUES	YES	NO	TOTAL
REFUNDS RECEIVABLE FROM DEPARTMENT	2	68	70
TAX REFUNDS IN PROCESS	2	68	70

WAITING FOR SETOFF FROM ITC	59	11	70
INSUFFICIENCY OF FUNDS	65	5	70
DIFFERENCES BETWEEN PAYMENT AND COLLECTION PERIOD (purchases through cash and sales through credit)	48	22	70
DIFFICULTIES IN PAYMENTS	36	34	70

The above table consist of responses from 70 respondents regarding the monetary issues faced by them while filing returns under GST and the issues were recognised by the field-level observation and suggestion given by the commercial tax department. Out of 7 issues, which were taken into notice of respondents, it has been observed that a majority of the respondents indicated their concern regarding the issues demonstrated graphically below on a bar diagram.

Graphical Illustration of Monetary Issues Affecting GST Returns Of Non-Filers

Figure 10-Monetary issues related with GST-returns filings



In the above graph we can see that a majority of respondents are facing major problem in the case of Insufficiency of funds (93%). The response rate for other issues are as follows: Waiting for Input Tax Credit (84%), Time gap between GST paid and ITC received (69%), difficulties of payments (51%), tax refunds in process (2 to 3%), and refunds receivable from department (2 to 3%).

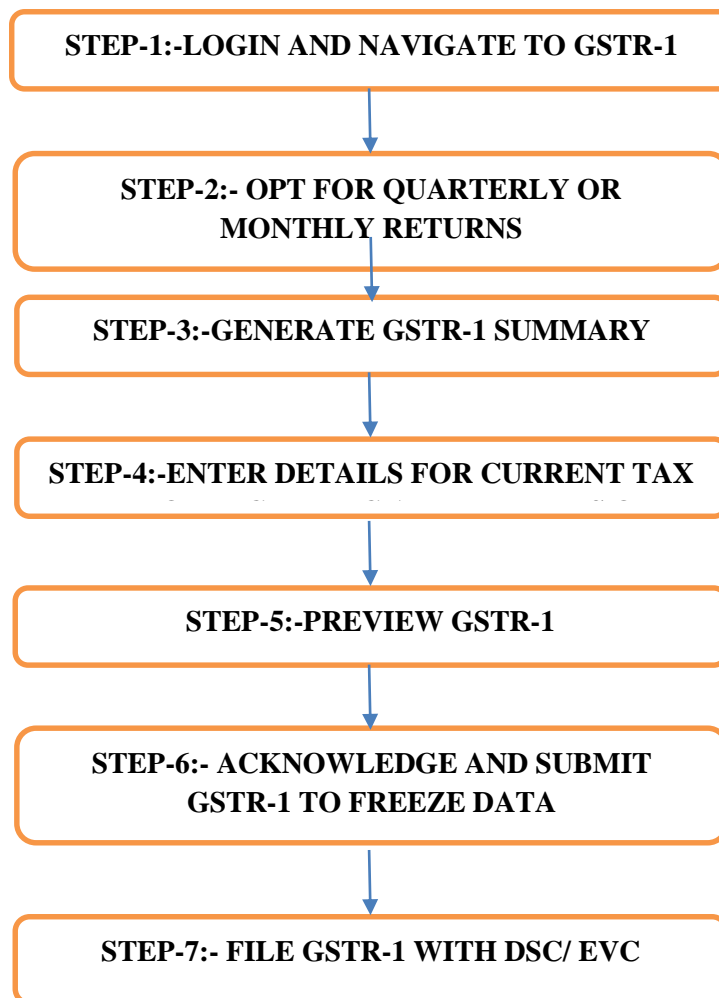
“They are either overly centralised, depriving the sub-federal levels of fiscal autonomy (Australia, Germany, and Austria); or where there is a dual structure, they are either administered independently creating too many differences in tax rates that weaken compliance and make inter-state transactions difficult to tax (Brazil, Russia and Argentina); or administered with a modicum of coordination, which minimises these disadvantages (Canada and India today) but does not do away with them.”

- Arvind Subramanian, Chief Economic Advisor

CHAPTER-5: BACKGROUND ON GST RETURNS FILING

5.1 GST E-Filing system in India:

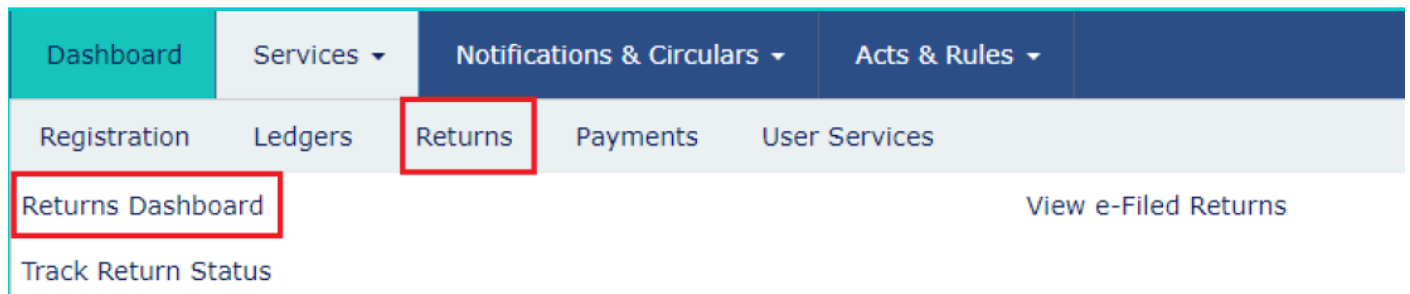
GST has been introduced in India completely in digital form registering for GST and filing of returns, paying tax liability etc., everything has been completely introduced in online digital platform which has become the big task for Traders to automate themselves to use the digital form of filing returns and paying tax. As it is compulsory that GST returns filing has to be done online, many of the Traders depend upon consultants, auditors and third parties for such filing services. This is again badly affecting on Traders' perception as it results in high expenses. The government of India has designed the GST portal in such a way that even a layman, with minimum computer knowledge, can file the returns on his own. These are the following steps which makes the filing of returns simple. The below shown steps were explained in detail along with the screen prints of respective GST portal pages for better understanding of GST e-filing of returns system:-



5.1.1 STEP-1:-LOGIN AND NAVIGATE TO GSTR-1 PAGE;

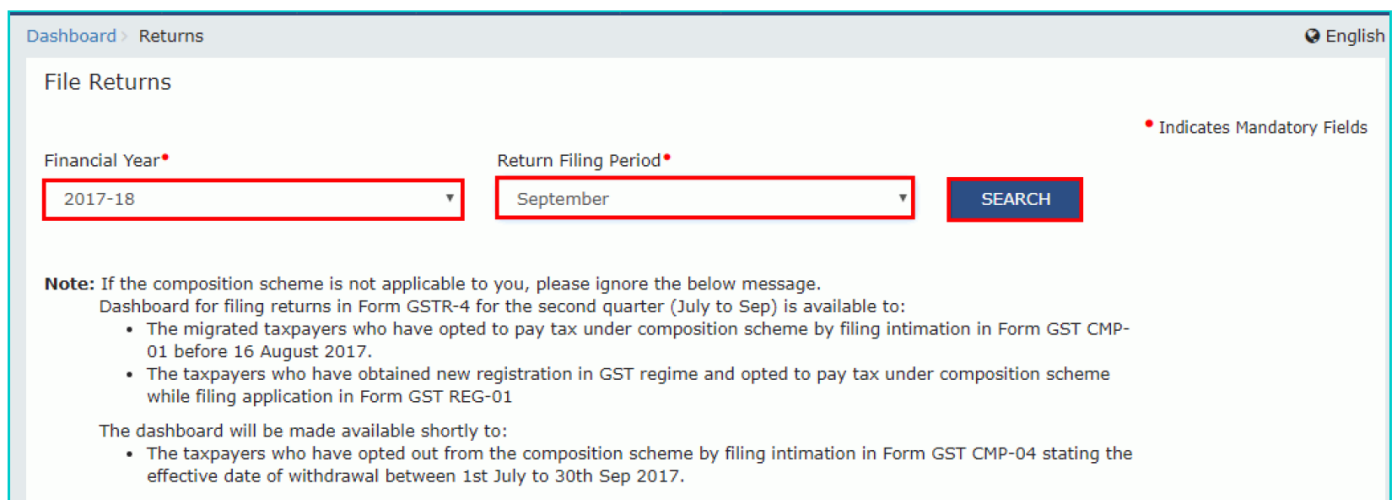
1. Access the www.gst.gov.in URL. The GST Home page is displayed.
2. Login to the GST Portal with valid credentials i.e. your USERID and PASSWORD

3. Click the Services > Returns > Returns Dashboard command.



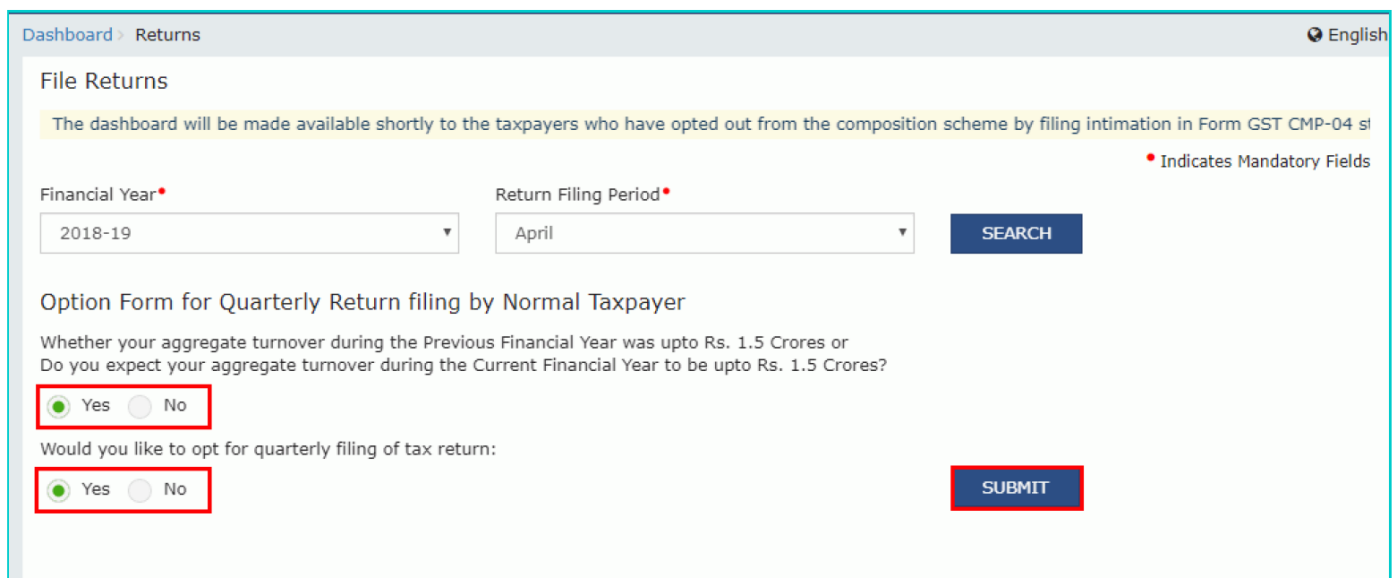
4. The File Returns page is displayed. Select the Financial Year & Return Filing Period (Month) for which you want to file the return from the drop-down list.

5. Click the SEARCH button.



5.1.2 STEP-2:- OPT FOR QUARTERLY OR MONTHLY RETURNS:

The "Option Form for Quarterly Return filing by Normal Taxpayer" page is displayed. (A) Select Yes or No for "Whether your aggregate turnover during the Previous Financial Year was up to Rs.1.5 Crores or Do you expect your aggregate turnover during the Current Financial Year to be



up to Rs. 1.5 Crores?”

1. Select **Yes or No** for would you like to opt for quarterly filing of tax return:

2. Click the **SUBMIT** button

File Returns

The dashboard will be made available shortly to the taxpayer

Indicates Mandatory Fields

Financial Year* 2018-19 Return Filing Period* April SEARCH

You have opted for GSTR1 Quarterly Filing, please select the last month of the Quarter for example - September month for Quarter 2, December for Quarter 3 and March for Quarter 4.

EDIT Please click here to edit your preference for Return Filing

Option Form - To edit the preference of "Quarterly filing of return" already opted by a normal taxpayer

Is your turnover during the preceding financial year exceeded Rs.1.5 Crores or expected to exceed Rs. 1.5 Crores during current financial year (in case of new registration)

☒ Yes ☐ No

SUBMIT

3. In case you want to change the preference for Return filing:

a. Click the **EDIT** button.

b. Edit the preference and click the **SUBMIT** button and a success message is displayed.

Click the **CLOSE** button.

(B) In the GSTR-1 tile, click the **PREPARE ONLINE** button if you want to prepare the return by making entries on the GST Portal.

Dashboard > Returns English

File Returns

Indicates Mandatory Fields

Financial Year* 2017-18 Return Filing Period* April SEARCH

Outward supplies made by the taxpayer
GSTR1
Due Date - 10/05/2017
PREPARE ONLINE PREPARE OFFLINE

Creation and Submission of Addendum to GSTR1
GSTR1A
Due Date - 17/05/2017
PREPARE ONLINE PREPARE OFFLINE

Inward supplies received by taxpayer (For taking action)
GSTR2
Due Date - 15/05/2017
PREPARE ONLINE PREPARE OFFLINE

(C) The GSTR-1 – Details of outward supplies of goods or services page is displayed. In first month, Turnover of ‘Aggregate Turnover - April to June, 2017’ will be there for Taxpayer to fill

along with 'Aggregate Turnover in the preceding financial year' and then click on the SAVE button. This field is mandatory. You can proceed to furnish other details only after furnishing this information. From the next month, 'Aggregate Turnover in the preceding financial year' will be auto-populated based on previous tax period return.

GSTR-1 - Details of outward supplies of goods or services

Indicates Mandatory Fields

GSTIN - 23ALYPD6528P1ZD Legal Name - Gyanendra Prakash Dwivedi Trade Name -

FY - 2017-18 Return Period - July Status - Not Filed Due Date - 05/09/2017

Aggregate Turnover in the preceeding financial year • Aggregate Turnover - April to June, 2017 •

Enter Gross Turnover Enter Gross Turnover

5.1.3 STEP-3:-GENERATE GSTR-1 SUMMARY

1. Scroll down to the bottom of the **GSTR-1 – Details of outward supplies of goods or services** page and click the **GENERATE GSTR1 SUMMARY** button to include the auto drafted details pending for action from recipients. The invoices that were missed to be included by you may have been added in the **Uploaded by Receiver** while filing his GSTR-2.

GENERATE GSTR1 SUMMARY

☐ I acknowledge that I have reviewed the details of the preview and the information is correct and would like to submit the details. I am aware that no changes can be made after submit.

BACK SUBMIT FILE RETURN

2. After the summary generation is initiated, you will notice the message to check after one minute.

GSTR-1 - Details of outward supplies of goods or services

Indicates Mandatory Fields

GSTIN - 23ALYPD6528P1ZD Legal Name - Gyanendra Prakash Dwivedi Trade Name -

FY - 2017-18 Return Period - July Status - Not Filed Due Date - 05/09/2017

Aggregate Turnover in the preceeding financial year • Aggregate Turnover - April to June, 2017 •

Enter Gross Turnover Enter Gross Turnover

Generate GSTR1 Summary process is initiated, Please recheck after one minute

GSTR-1 - Invoice Details *** Important Notice: If the invoices are more than 500 . Please check [here](#)

3. After the summary is generated, you will notice a success message on top of the page.

• Indicates Mandatory Fields

GSTIN - 23ALYPD6528P1ZD	Legal Name - Gyanendra Prakash Dwivedi	Trade Name -
FY - 2017-18	Return Period - July	Status - Not Filed
Aggregate Turnover in the preceeding financial year *		Aggregate Turnover - April to June, 2017 *
<input type="text"/> Enter Gross Turnover		<input type="text"/> Enter Gross Turnover

GSTR-1 - Invoice Details ** Important Notice: If the invoices are more than 500 . Please check [here](#)

☑ The summary displayed as on 21/09/2017 12:47:12. For update click on Generate GSTR1 summary

4. The summary is generated by the GST Portal automatically at an interval of every <30 minutes>.

5. In case you want to see the summary instantly, after you have added the invoices, you can also generate the summary by clicking the GENERATE GSTR1 SUMMARY button. However, summary can be generated only at an interval of 10 minutes.

6. In case you attempt to generate summary, earlier than 10 minutes, you will notice an error message on top of the page.

5.1.4 STEP-4:-ENTER DETAILS FOR CURRENT TAX PERIOD, INCLUDING AMENDMENTS OF PREVIOUS

1. There are a number of tiles representing Tables to enter relevant details. Click on the tile names to know and enter related details:

2. GSTR-1 – Invoice Details

- i. 4A, 4B, 4C, 6B, 6C - B2B Invoices:
 - To add an invoice for taxable outwards supplies to a registered person
- ii. 5A, 5B - B2C (Large) Invoices:
 - To add an invoice for taxable outwards supplies to a consumer, where place of supply is other than the State where supplier is located (Inter-state supplies) and invoice value is more than Rs. 2.5 lakhs.
- iii. 9B –Credit / Debit Notes (Registered):
 - To add details of credit or debit notes issued to the registered recipients
 - To add details of credit, debit notes or refund voucher issued to the unregistered recipients
- iv. 6A –Exports Invoices:
 - To add an invoice for supplies exported
- v. 9A – Amended Invoice:

- Amended B2B Invoice: To make amendments to details of outward supplies to a registered person of earlier tax periods
- Amended B2C (Large) Invoice: To make amendments to taxable outward supplies to an unregistered person of earlier tax periods
- Amended Exports Invoices: To make amendments to supplies exported

vi. 9C – Amended Credit/ Debit Notes:

- Registered: To make amendments to details of credit or debit notes issued to the registered recipients of earlier tax periods
- Unregistered: To make amendments to details of credit or debit notes issued to the unregistered recipients of earlier tax periods

3. GSTR-1 – Other Details

i. 7- B2C Others:

- To add consolidated details of taxable outwards supplies to a customer where invoice value is less than Rs. 2.5 lakh and all intra-state supplies to unregistered customers

ii. 8A, 8B, 8C, 8D - Nil Rated Supplies:

- Nil Rated Supplies: To add consolidated details of nil rated, exempted and non-GST Outward supplies

iii. 11A (1), 11A (2) - Tax Liability (Advances Received):

- Tax Liability (Advances Received): To add details of transactions attracting tax liability arising on account of Time of Supply (like receipt of advances)

iv. 11B (1), 11B (2) - Adjustment of Advances:

- To add the advance amount received in earlier tax period and adjusted against the supplies being shown in this tax period

v. 12 - HSN-wise-summary of outward supplies:

- To furnish the summarised details of all outward supplies HSN and rate-wise along with quantitative details.
- vi. 13 - Documents Issued:
- To add the details of documents issued during the tax period
- vii. 11A - Amended Tax Liability (Advance Received):
- Consolidated statement for amendments of information furnished in earlier tax period
- viii. 11B - Amended of Adjustment of Advances:
- Consolidated statement for amendments of information furnished in earlier tax period
- ix. 10 - Amended B2C (Others):
- To make amendments to details of B2C of earlier tax periods

GSTR-1 - Other Details

7 - B2C (Others)

8A, 8B, 8C, 8D - Nil Rated Supplies

11A(1), 11A(2) - Tax Liability (Advances Received)

11B(1), 11B(2) - Adjustment of Advances

12 - HSN / SAC summary of outward supplies

13 - Documents Issued

Total Invoice Value
₹-

Total Taxable Value
₹-

Total Tax Liability
₹-

Invoice Value
₹-

Gross Advance Received (₹)
₹-

Total Tax Liability
₹-

Gross Advance Adjusted (₹)
₹-

Total Tax Liability
₹-

Total Invoice Value
₹-

Total Taxable Value
₹-

Total Tax Liability
₹-

Total Docs
₹-

Cancelled Docs
₹-

Net Issued Docs
₹-

☐ I/We hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

BACK

SUBMIT

FILE GSTR-1 WITH DSC

Activate Windows
Go to Settings to activate Windows

FILE GSTR-1 WITH EV

Top

4. Select the respective portal, whichever is applicable, to you and you will be directed to the page where the entry of invoices has to be made as shown below.

Goods and Services Tax

Dashboard Services GST Law Search Taxpayer Help e-Way Bill System

Dashboard > Returns > GSTR-1 > B2B

B2B- Add Invoice

• Indicates Mandatory Fields

☐ Deemed Exports ☐ SEZ Supplies with payment ☐ SEZ Supplies without payment

☐ Sale from Bonded Warehouse

Receiver GSTIN/UIN* Receiver Name* Invoice No.*

Invoice Date* POS* Total Invoice Value (₹)*

DD/MM/YYYY 35-Andaman and Nicobar Islands

Supply Type: Inter-State ☐ Supply attract Reverse Charge

☐ Is the supply eligible to be taxed at a differential percentage (%) of the existing rate of tax, as notified by the Government?

Item Details

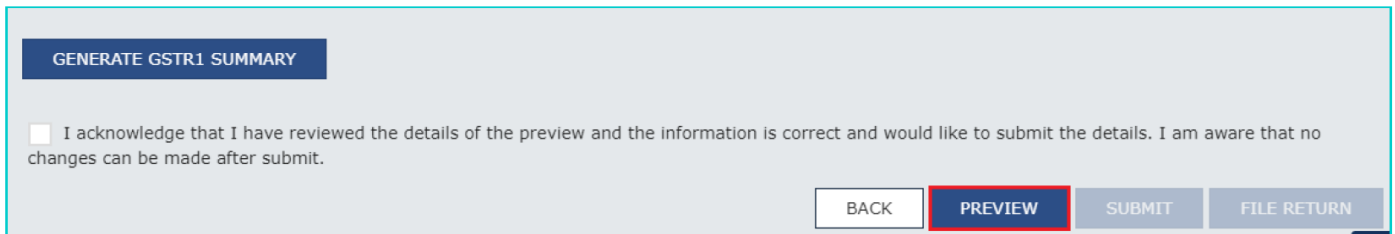
Rate (%)	Taxable Value (₹)*	Amount of Tax	
		Integrated Tax (₹)*	CESS (₹)
0%			
0.1%			
0.25%			
3%			
5%			
12%			
18%			
28%			

BACK SAVE

5. After entering all the invoices in respective portals according to the tax rate applicable to it as shown above CLICK the SAVE option in the bottom.

5.1.5 STEP-5:-PREVIEW GSTR-1

1. Once you have generated the GSTR-1 Summary to added invoices, click the **PREVIEW** button. This button will download the draft Summary page of your GSTR-1 for your review. It is recommended that you download this Summary page and review the summary of entries made in different sections with patience before submitting the GSTR-1. The PDF file generated would bear watermark of draft as the details are yet to be submitted.



GENERATE GSTR1 SUMMARY

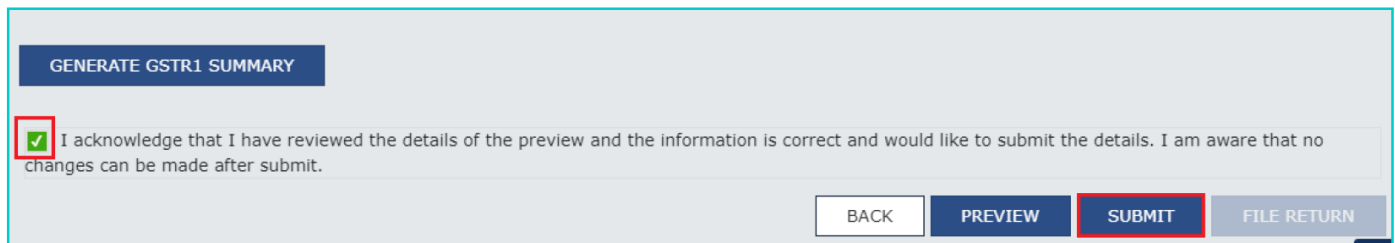
☐ I acknowledge that I have reviewed the details of the preview and the information is correct and would like to submit the details. I am aware that no changes can be made after submit.

BACK PREVIEW SUBMIT FILE RETURN

5.1.6 STEP-6:- ACKNOWLEDGE AND SUBMIT GSTR-1 TO FREEZE DATA

1. Select the acknowledgement checkbox stating that you have reviewed the details of preview and the information furnished is correct and are aware that no changes can be made after submission. Once you click the acknowledgement, the **SUBMIT** button will be enabled.

2. Click the **SUBMIT** button in the landing page to submit GSTR-1.



GENERATE GSTR1 SUMMARY

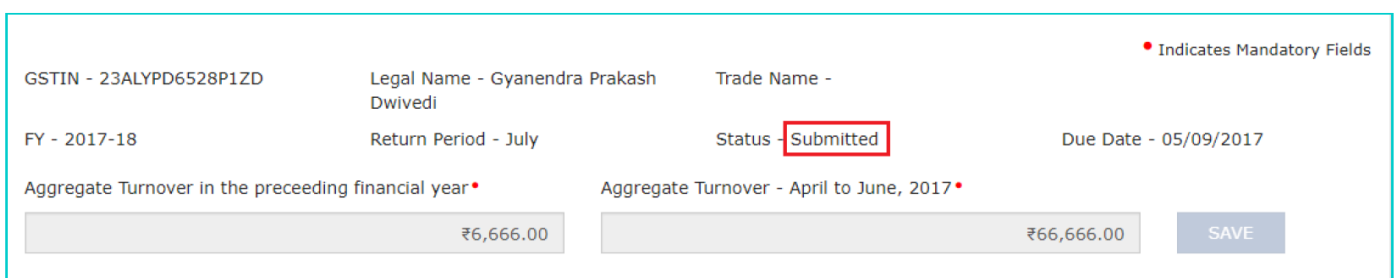
☒ I acknowledge that I have reviewed the details of the preview and the information is correct and would like to submit the details. I am aware that no changes can be made after submit.

BACK PREVIEW SUBMIT FILE RETURN

4. Refresh the page and the status of GSTR-1 changes to Submitted after the submission of GSTR-

1.

5. Click the **PREVIEW** button again at the bottom of the page, to download the submitted GSTR-1 in PDF format. The PDF file generated would now bear watermark of final.



Indicates Mandatory Fields

GSTIN - 23ALYPD6528P1ZD Legal Name - Gyanendra Prakash Trade Name -
Dwivedi

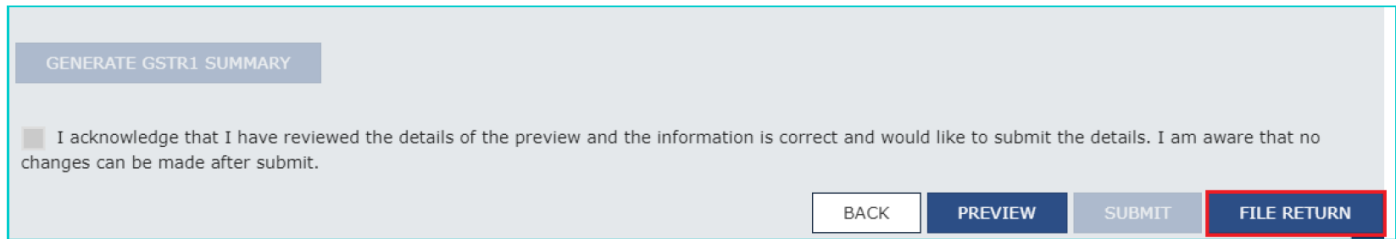
FY - 2017-18 Return Period - July Status - Submitted Due Date - 05/09/2017

Aggregate Turnover in the preceeding financial year • Aggregate Turnover - April to June, 2017 •

₹6,666.00 ₹66,666.00 SAVE

5.1.7 STEP-7:- FILE GSTR-1 WITH DSC/ EVC:

1. Click the **FILE RETURN** button.



GENERATE GSTR1 SUMMARY

☐ I acknowledge that I have reviewed the details of the preview and the information is correct and would like to submit the details. I am aware that no changes can be made after submit.

BACK PREVIEW SUBMIT **FILE RETURN**

2. The Returns Filing for GSTR1 page is displayed. Select the Declaration checkbox.

3. In the Authorised Signatory drop-down list, select the authorised signatory. This will enable the two buttons – FILE WITH DSC or FILE WITH EVC.

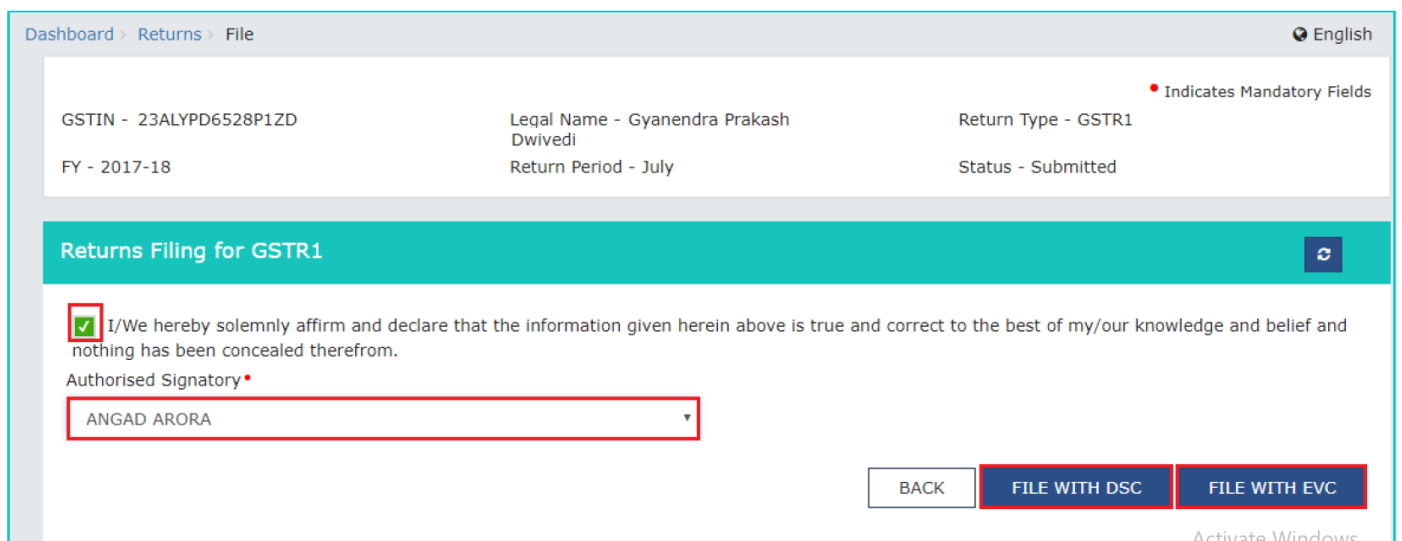
4. Click the FILE WITH DSC or FILE WITH EVC button to file GSTR-1.

FILE WITH DSC:

- Click the PROCEED button.
- Select the certificate and click the SIGN button.

FILE WITH EVC:

- Enter the OTP sent on email and mobile number of the Authorised Signatory registered at the GST Portal and click the VERIFY button.



Dashboard > Returns > File English

GSTIN - 23ALYPD6528P1ZD Legal Name - Gyanendra Prakash Dwivedi Return Type - GSTR1
FY - 2017-18 Return Period - July Status - Submitted

Indicates Mandatory Fields

Returns Filing for GSTR1

☒ I/We hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

Authorised Signatory *

ANGAD ARORA

BACK FILE WITH DSC FILE WITH EVC

Activate Windows

5. The success message is shown and ARN is displayed...

6. Click the BACK button.

7. Status of the GSTR-1 return changes to "Filed".

GSTR-1 - Details of outward supplies of goods or services

GSTIN - 07GEOPS0823BBZ8

FY - 2017-18

Aggregate Turnover in the preceeding financial year *

Legal Name - Gyanendra Prakash Dwivedi

Return Period - July

Aggregate Turnover - April to June, 2017 *

Trade Name -

Status - Filed

Enter Gross Turnover

Due Date - 05/09/2017

Enter Gross Turnover

Indicates Mandatory Fields

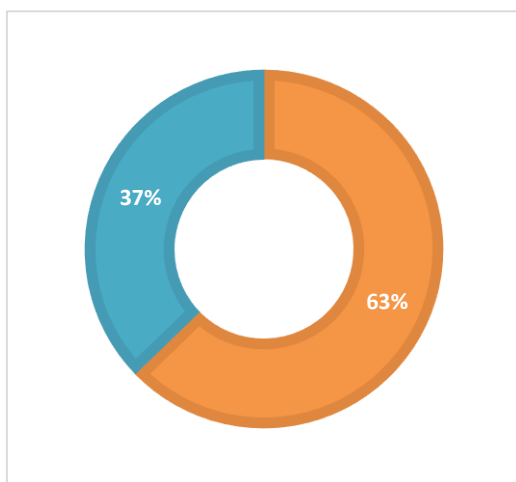
5.2 Statistics of GST Returns filing in India:

5.2.1 GST Registration and Scheme of Registration:

The number of registrations under GST has crossed one crore in March 2018. As on March 2, a total of 1,03,99,305 taxpayers are registered under GST, which include 64.42 lakh taxpayers who have migrated from the erstwhile tax regimes and 39.56 lakh who have taken new registration. Among them 18 lakh registrations were under composite scheme and remaining in regular scheme. According to the statistics, the registrations under GST were increasing but whereas the returns filing numbers were not increasing up to the mark.

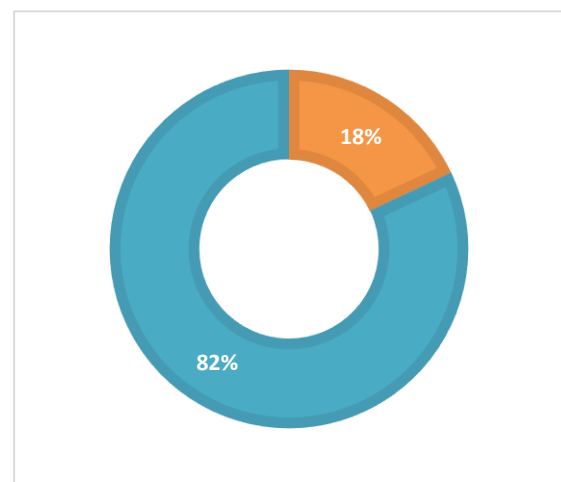
GSTN-REGISTRATIONS GST-REGISTRATION SCHEME

Figure 11-Flow of GST registrations



63%-MIGRATED REGISTRATIONS 37%-NEW

Figure 12-scheme of GST registrations



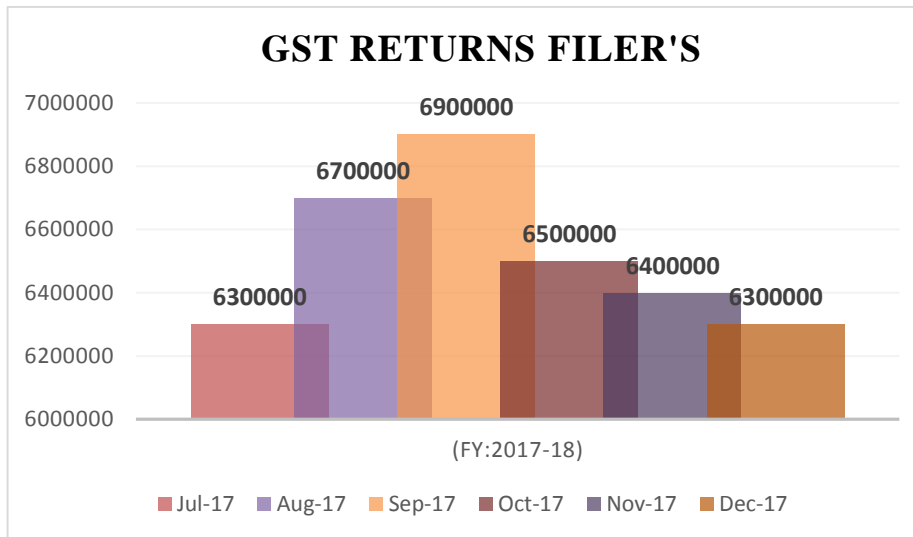
82%-REGULAR SCHEME 18%-COMPOSITE SCHEME

The above pie diagram shows that 63% of GSTN registrations were migrated from past indirect taxpayers and 37% were newly-registered under GST. This classification was considered to decipher the percentage of new entrants into the GSTN registration system. It also helps to check contribution of increased registrations to the public revenue. This also helps in cracking down on tax defaulters and in tracking the monetary flow in the economy.

5.2.2 GST Return filings of India:

For the financial year 2017-18, 63 lakhs returns were filed in July, 67 lakhs in August, 69 lakhs in September, 65 lakhs in October, 64 lakh in November, 63 lakh in December. The number of returns filing every month is declining consistently in the last three months of 2017.

Figure 13-GST returns filer's



*Source: Business Today magazine, 28th March 2018.

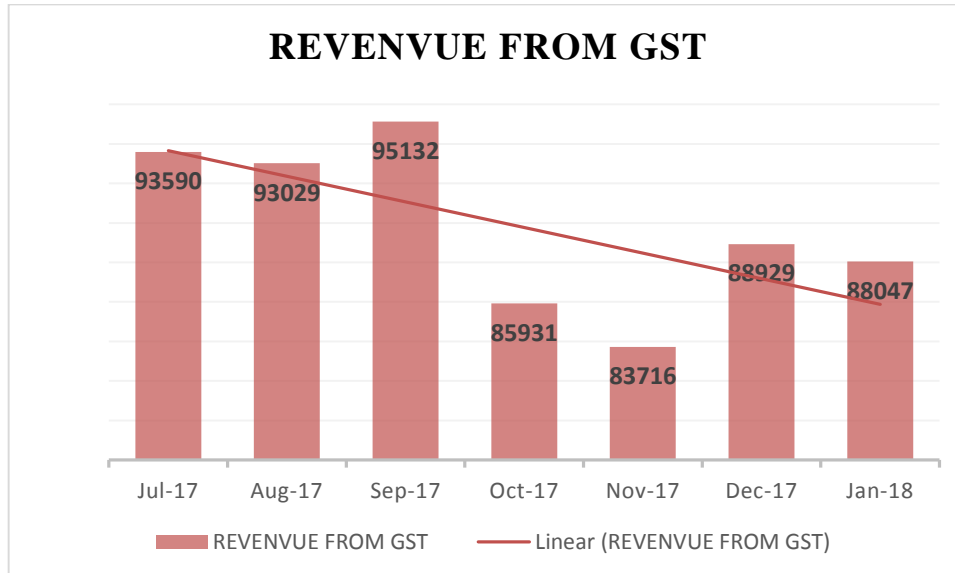
The GST return filings increased in the second quarter of the FY 2017-18 as evident is the graphical representation above but for the next quarter it consistently decreased and stood at 63 lakh returns in the month of December which shows that filing returns under GST is on a declining trend. *According to the recent information for **Jan-18 the returns filed was 50 lakhs which again indicates a declining trend (Recent update).**

The returns filing for GST is consistently decreasing because of misperception of registrants that they are not liable to pay tax for such respective month and lack of awareness in the concept called Zero>Returns.

5.2.3 Revenue collection from GST in India:

The revenue collections from Central GST, State GST, Integrated GST and compensation cess was Rs 93,590 crores for July, Rs 93,029 crores for August, Rs 95,132 crores for September and Rs 85,931 crores for October. The mop-up for November stood at Rs 83,716 crores, December (Rs 88,929 crores) and January (Rs 88,047 crores).

Figure 14-revenue from GST



**Source: Business Today magazine, 28th March 2018.*

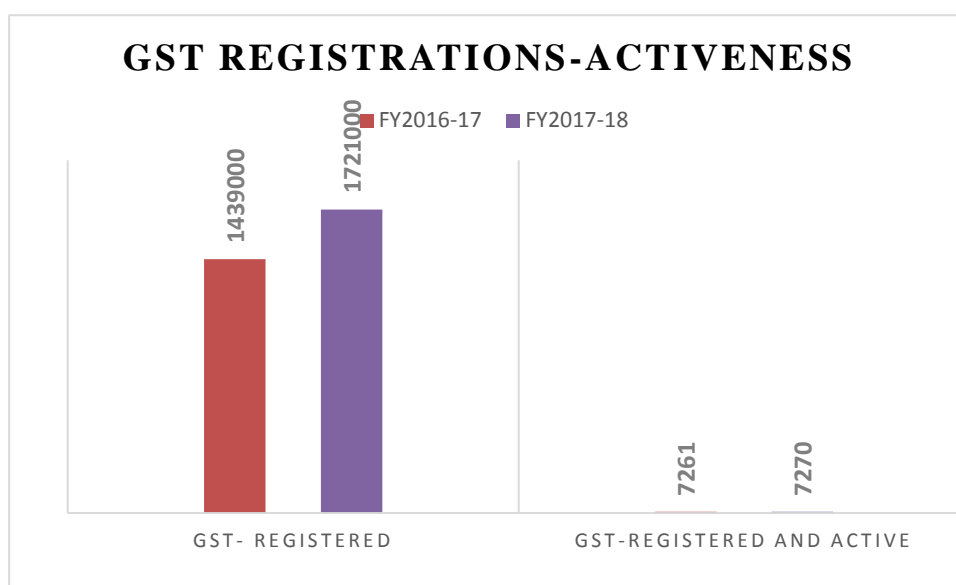
The above graph depicts that the revenue from GST (including CGST, SGST, and IGST) is on an increasing trend till September '17. However, from the month of October the revenue drastically decreased corresponding to the decrease in returns filed during that month.

The decrease in the revenue is noticed because the non-filing of returns in the corresponding period as shown in the previous graph.

5.2.4 Companies Registered and Complying in Filing of GST Returns in India:

The total number of companies registered during the period from July 2017 to February 2018 (post GST) is 68,299. In comparison, the number of such entities was 63,106 between July 2016 and February 2017. Thus, increasing trend in the number of companies' registrations has been maintained post-GST. Over 17 lakh companies had been registered in India till last year, out of which only 7,270 entities were active. There were only 7,270 active listed companies out of 17.21 lakh registered companies as on December 2017 whereas, in December 2014 there were 7,261 active listed companies out of 14.39 lakh registered companies in India.

Figure 15-GST REGISTRATIONS-ACTIVENESS



*Source: Business Today magazine, 28th March 2018.

The above graph shows comparison of GST registrations and the associated responsiveness to filing compliance and regulatory norms, the comparison is done within the previous year's registrations and activeness respectively and inter-comparison between registrations and responsiveness between financial years 2016-17 & 2017-18. It reveals that when compared to FY2016-17 the GST registrations in FY2017-18 has increased by around 19.60%; whereas the actively participating companies increased only by 0.13%.

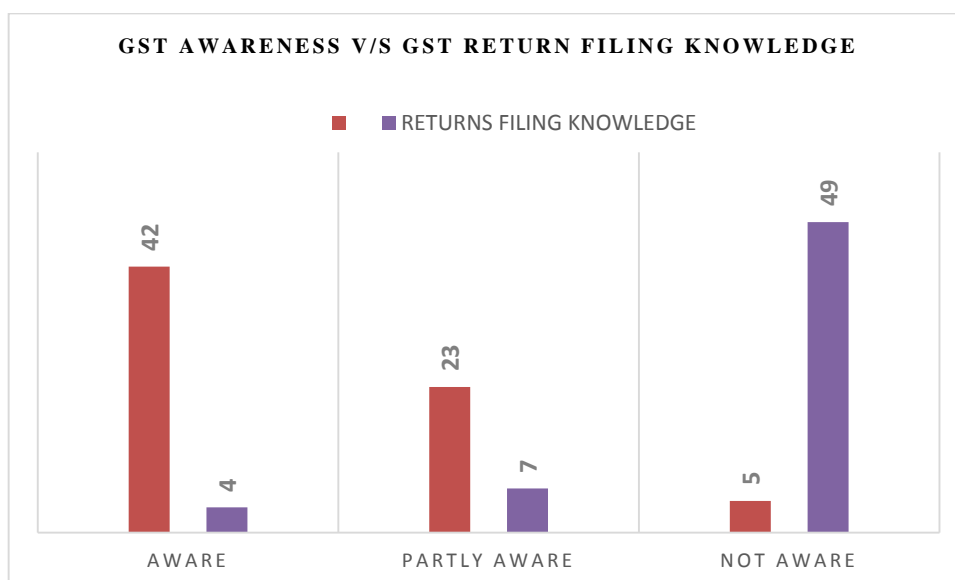
5.2.5 Comparison of GST Awareness and E-returns Filing Awareness in India:

The following is the comparison made between two variables, namely, GST-awareness and filing of GST returns awareness, which shows that respondents were well aware of GST but their awareness and knowledge related to returns filing is significantly poor. The graph below shows the variance.

Table 11-GST awareness v/s GST return filing knowledge

SCALE	GST AWARENESS	GST RETURNS FILING KNOWLEDGE
AWARE	42	4
PARTLY AWARE	23	7
NOT AWARE	5	49

Figure 16-GST awareness v/s GST return filing knowledge



In the above graph the GST awareness among the respondents is very high whereas the returns filing knowledge is very poor. Out of 70 respondents who replied for questionnaire 42 indicated that they were aware of GST but at the same time 49 respondents also said that they are not having any knowledge about returns filing in GST which is the key and main reason for the non-filing of GST returns in time.

As we can observe that there is a drastic fall in the GST returns filing knowledge when compared to basic GST awareness. This shows that the department should concentrate more on the filing knowledge of GST while doing promotion activities rather than spreading GST awareness.

CHAPTER-6: FINDINGS, OBSERVATIONS AND SUGGESTIONS

6.1 Findings:-

1. No option for changing Profiles:

The most important issue with the Traders, as well as department, is that there is no option provided in the GST portal to edit the taxpayers' profile details such as change in address of the business etc.,

2. Poor capacity of Server:

The major and common problem noticed in every non-filer of returns under GST is server hanging and poorly-maintained server. The server is not maintained as per the online traffic to the site. There are no detailed guidelines given to circumvent various technical errors faced while filing the returns, further slowing down the process.

3. Time difference between GST-paid and GST-collected:

The main problem with GST returns non-filer's is insufficiency of funds to pay tax liability which is reflecting on not filing of returns, this is because of the difference or lapse of time for GST amount collected whereas, the Traders usually will pay the amount earlier while making purchases or inward supplies.

There is huge challenge in setting off liability. If there is any mismatch in the amount of set-off or even punctuation errors, the system shows an error. This delays the process of input credit set-offs.

4. Credit transactions affecting badly on not filing of Returns:

The main problem with Traders leading to non-filing of returns in time is due to inadequacy of funds to pay tax liability which is adversely affected by the credit sales.

5. Heavy files uploading:

It is difficult to upload heavy files on the GSTN portal. For instance, the system is not accepting JSON file with more than 5 MB; and an aggregate turnover involving more than 11 digits.

6. Software cost and others:

The survey respondents have highlighted that cost of compliance under GST has increased in terms of increase in number of registrations, number and types of returns, and maintenance of state-wise books. They also emphasised that in comparison with the previous tax

regime, additional compliance costs have been incurred under GST regime for software upgradation and engaging professionals from the fields of accounting, tax and software.

7. Product Categorisation:

In certain cases, there are multiple rates of tax for a single HSN / SAC code and the process of determining correct classification becomes very time-consuming and difficult. Often, different HSN codes are being used by different suppliers for the same goods and also there is a mismatch between buyers and dealers. This often leads to conflict on applicable rate and also loss in sales.

6.2 Observations:-

1. Confusion in treating Sales returns Invoices:

The important problem faced by the Traders is “confusion in sales returns invoices treatment”. Traders have no idea on how to treat the invoices of sales returns and they are confused in effecting back such entries in GST-returns filing procedure.

2. No Revision/Edit option for GST-3B, GSTR-1:

There is an absence of revision or editing option once the returns are filed successfully. If there are any mistakes done by the filers, which will not be recognised by the servers, such as wrong amount, wrong invoice number, last month's invoices etc., there is no revision option in such cases which is creating losses to Traders in some cases.

There is no provision in the portal to rectify or revise errors that occur during the course of filing returns. Deletion or modifying any record is very cumbersome process on the portal.

3. Interest or Penalty issues:

In some cases it has come to notice that interest or penalty is levied even after the GST returns are filed (i.e. problem in synchronisation of entries), and another important problem is that the penalty amount of Rs. 50 (Rs. 20 in case of zero return) is an affordable amount which traders were ready to pay. This may be leading to delay of returns filings.

4. Bills exceeding 500 is not supported:

The GST portal is supporting only uploading of 500 invoices. If the invoices count is more than 500 the server does not respond which leads to the late filing of returns by many Traders.

5. Problems in producing E-way bill to unregistered dealer:

There is a provision in E-way bill system that these bills can be raised even for unregistered dealers, in addition to registered taxpayers, for which the server is not responding.

6. Poor knowledge in E-filing of returns process:

The small and medium Traders, registered under GST, have poor knowledge of the returns filing process as the entire process is made online. Therefore, the Traders have to completely depend on consultants, auditors and third parties which results in high expenditure.

7. Past perception:

A proportionate number of Traders is still in the hangover of earlier VAT/service tax regime as their psychological fear of threats from concerned department, income tax issues, officer's exploitation were making them to be silent and evade tax filing.

8. No cancellation option for wrongly generated E-way bill:

There is no cancellation option for E-way bills once raised.

9. Can't process multiple booking in e-way bill:

The server is not capable to process multiple type of booking of a customer at a time.

10. Extending the Time:

As the department is extending the deadlines frequently Traders were developing a careless attitude towards filing of returns.

6.3 Suggestions and Recommendations:-

1. Empowering Traders:

The main and foremost problem with traders is their perception of GST as a costly affair. This is because of charges collected by the service providers, such as, consultancies, auditors and third parties, who are filing returns on behalf of registered Traders. This can be solved by empowering Traders with the skills of filing returns by conducting training sessions to them or to any of his family members who is educated or having basic knowledge.

2. Boosting Digital Transactions:

Boosting digital transaction will reduce the problems of time gap between tax paid and collected, for this, eradication of charges levied on POS machines and online transfer is to be made. This will not only help the Traders but also digitalisation through increased digital transactions.

3. GST Application Software:

Introducing GST application software, where the GST registrants can file their returns through mobile, will help the Traders to self-assess and self-file their returns, which indirectly reduces their cost and increases faith on GST system.

4. Increasing the Cloud and Server Maintenance:

As the GST is applicable to almost all type of business transactions, including government and non-government, the inflow to the website will be very high and there should be an equivalent cloud capacity and server maintenance.

5. On-field assistance to problematic Traders at the time filing returns:

On the crucial dates of filing of returns under GST, physical assistance is to be given to small and medium Traders for the initial period of time.

6. Increasing the penalty charges:

As the penalty charges levied are lesser amounts, which is influencing the delay in returns filing, the law has to be made strict and the penalty and counter charges should be increased to greater extent.

7. Binding the dates and taking necessary actions:

The practice of extending dates for filing returns is to be stopped and serious actions taken for not filing returns in time.

8. Lower number of filings

Due to the issues being faced with monthly filing of GST returns, respondents have suggested that returns need to be filed on quarterly /half yearly basis. The number of returns in a year should be reduced to a consolidated lower number.

6.4 Conclusion:-

Indian businesses have to comply with multiple taxations systems at the intra-state, inter-state and central level like excise, sales tax, service tax, entertainment tax, VAT etc. These clusters of taxes have significant cascading effect and are complex to decipher for both. From a

businessman's perspective he/she is not confident to commit deliveries and prices because of uncertainties. From a consumer perspective, it is difficult to fathom the impact of the same and always suspect dubious manipulations. Introduction of GST aims to alleviate, though not all, many of the problems leading to efficiency in operations for individuals leading to economic growth of the country. It also enables businesses to improve their international competitiveness.

GST Act came into existence, leading to the realisation of "One country, one tax". It is a centralised tax-paying network which simplifies payment of tax by the citizens as well as revenue collection by the government. It widens the tax base.

However the success of the GST system mainly depends on its effective implementation by the Traders and Taxpayers who register under GST and file returns. Ground realities are different and during implementation lot of glitches are observed during the survey

This survey observed that a majority of the taxpayers was not able to migrate from their manual system of filing returns to E-filing system. Important factors attributable are their educational knowledge, lack of computer skills, and inadequate support at the grass roots levels in the government. These have been raised and discussed in this report earlier.

It was also observed, during my personal interaction with Traders/taxpayers, during the survey, that they are very much influenced by

- Past perceptions (treatment by tax officers)
- Illusions of complexity
- Wrong belief of threats

However, they are not observed in the new tax system.

By this I would like to conclude that it's time for the tax department to change their focus from 'Spreading awareness on GST' to 'Gaining trust of Traders/taxpayers' by empowering and educating them by showing "How simple GST is?". GST implementation can be made successful only by citizen's trust. The trust has to be gained by action.

The flip side of the survey revelations. (Initial costs of equipment and consultancy fee.)

In the process of conducting the survey and collecting data, it has been observed that the main reason for the lag in implementation is the cost/expenses that were incurred by them additionally, such as computer, equipment, consultancy fees, etc. On an average, the minimum amount charged by a consultant for filing GST returns to the traders is Rs 4,000, which is substantial for many. The Auditors, Consultants, Third parties were exploiting the opportunity by

confusing the traders and charging them huge amount. However, it can be seen that the government has designed GST filing system in such a way that a person with minimum computer knowledge can file the returns without any problem. This fact has to be promoted and the traders educated on filing returns so that the middle men between government and taxpayers are eliminated and the tax returns filing process is transparent and easy.

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QUESTIONNAIRE

FISCAL POLICY INSTITUTE

(Government of Karnataka)

“Antecedents and Implications of Non-Filing of GST Returns”

Date:-

Place:-

Hi,

I am Ananta Vihari Gupta,

Pursuing MBA at Dayananda Sagar Academy of Technology and Management, doing a study on **“NON-FILER’S REASONS FOR NOT FILING RETURNS IN TIME”** at Fiscal Policy Institute, Govt. of Karnataka, Bangalore. This is a survey conducted to assess the current status of GST registration in Bangalore shopping malls. Please kindly fill the form.

Declaration:-

- 1. I assure you that the information collected is only for the research/academic purpose**
- 2. I declare you that the information collected will not be shared/revealed anywhere or used other than the specified purpose**

1. Name of the company/firm/proprietary ship:- _____

2. Name of the owner/franchisee/lessee:- _____

3. Name of the outlet/shop/showroom/establishment:- _____

4. Address of the business:- _____

5. Nature of business:- _____

6. Types of products/goods/service dealing with:- _____

7. Duration of the business?

☐ Less than 3years

☐ 3 to 5 years

☐ 5 to 10 years

☐ More than 10 years

8. Eligible for paying tax:-

☐ Yes

☐ No

9. What is the annual turnover of the business?

☐ Less than 20lakhs

☐ 20 lakhs – 1.5crore

☐ 1.5 to 5crores

☐ More than 5crores

10(a) Are you registered under GST?

☐ Yes

☐ No

10(b) If registered Mention GSTIN:- _____

10(c) Did/Do you face any issues/problems while registering the GST?

☐ Yes

☐ No

10(d) Were you a registered dealer for FY16-17 or FY17-18 under ST/CST/VAT?

☐ Yes

☐ No

10(e) Is your firm/ shop/establishment subject to Audit u/s:-44 of GST Act?

☐ Yes

☐ No

10(f) If, No for the above question specify the reason:- _____

Awareness of GST:-

11(a) Awareness on goods and service tax (GST)?

☐ Aware

☐ Partly aware

☐ Not aware

11(b) Have you understood the basic concept of GST?

☐ Yes

☐ No

11(c) Are you aware of the compliance requirements of goods and service tax (GST) in terms of Supply turnover? (interstate/intra state/pan India, goods+sevice)

☐ Aware

☐ Partly aware

☐ Not aware

11(d) Are you aware of the compliance requirements of goods and service tax (GST) in terms of product categories?

☐ Aware ☐ Partly aware ☐ Not aware

11(e) Are you aware of the compliance requirements of goods and service tax (GST) in terms of availing input tax credit set off?

☐ Aware ☐ Partly aware ☐ Not aware

12. Mode of Outward supply made:-

☐ Cash ☐ Credit ☐ Both

13. Mode of Inward supply made:-

☐ Cash ☐ Credit ☐ Both

The following questions are only for TRADERS Not filing returns under GST:-

TECHNICAL ISSUES

Answer the following with YES/NO	YES	NO
1. Lack of skill required for filing returns under GST	<input type="checkbox"/>	<input type="checkbox"/>
2. Entering invoice detail in online portal	<input type="checkbox"/>	<input type="checkbox"/>
3. Using the offline mode for uploading GST returns	<input type="checkbox"/>	<input type="checkbox"/>
4. Non-acceptance of files while trying to upload	<input type="checkbox"/>	<input type="checkbox"/>
5. JSON file format which is recommended by the server	<input type="checkbox"/>	<input type="checkbox"/>
6. Errors in excel calculation leading to Non-filing of returns to server	<input type="checkbox"/>	<input type="checkbox"/>
7. Filed but not received response /confirmation from server	<input type="checkbox"/>	<input type="checkbox"/>
8. Filed returns but through wrong portal	<input type="checkbox"/>	<input type="checkbox"/>
9. Filed but waiting for the system to consolidated GSTR-3B	<input type="checkbox"/>	<input type="checkbox"/>
10. Unable to automate to online procedures	<input type="checkbox"/>	<input type="checkbox"/>
11. Returns remaining as errors in system	<input type="checkbox"/>	<input type="checkbox"/>
12. Filed partially(GSTR-1 and GSTR-2) GSTR-3 is not generated	<input type="checkbox"/>	<input type="checkbox"/>
13. Amendments and notifications are not updated/synchronised regularly	<input type="checkbox"/>	<input type="checkbox"/>
14. Not able to alter/edit/modify entries	<input type="checkbox"/>	<input type="checkbox"/>

1(a) **Are you facing/coming across any issues/difficulties/confusions in the following situation:-**

Any other TECHNICAL ISSUES that you are facing:-_____

1(b) Lack of skilled labour in your business who can do such filing under GST? ☐Yes
☐No

1(c) Do you have any confusion between the portals applicable to you to file

Returns? ☐Yes
☐No

1(d) Are you facing any difficulties regarding your taxpayer's profile? ☐Yes
☐No

1(e) If YES kindly mention the reasons for respective questions:-

ADMINISTRATIVE ISSUES

2(a) **Are you facing/coming across any issues/difficulties/confusions in the following situation:-**

Answer the following with YES/NO	YES	NO
1) Lack of sources of funds for system/assistant/consultant to file returns	<input type="checkbox"/>	<input type="checkbox"/>
2) Not able to allot time for filing returns	<input type="checkbox"/>	<input type="checkbox"/>
3) Facing problems in backing-up Tax invoices	<input type="checkbox"/>	<input type="checkbox"/>
4) Facing problem in generating outward supply invoices	<input type="checkbox"/>	<input type="checkbox"/>
5) Facing any problems in collecting inward supply invoices	<input type="checkbox"/>	<input type="checkbox"/>

Any other ADMINISTRATIVE ISSUES that you are facing:-_____

2(b) Are you facing any issues regarding multi-applicable tax rates? ☐Yes
☐No

2(c) Are you facing any issues such as different rate of tax in different locations

That you are operating? ☐Yes
☐No

2(d) Are you facing any issue regarding categorisation of goods/services that
you are operating? ☐Yes
☐No

2(e). If YES, please mention the reasons for respective questions:-

MONETARY ISSUES

3(a) Are you waiting for refunds from department? ☐Yes
☐No

3(b) Is there any earlier tax refunds which are still in process? ☐Yes
☐No

3(c) Are you waiting for setoff of liability from the ITC/TRANS1/ISD? ☐Yes
☐No

3(d) Are you out of funds to pay tax liability? ☐Yes
☐No

3(e) Is there any time problem regarding GST paid and GST collected? ☐Yes
☐No

3(f) Is there any issues in receiving the payments for the Tax invoices raised? ☐Yes
☐No

Any other MONEYTARY ISSUES that you are facing:-

3(g) If YES, please mention the reasons for respective questions:-

4. Any suggestions to make:-

Name of the person:-

Designation:-

Signature

(Optional)

GST returns filing knowledge:-

1. Do you know how to file returns in GST?

☐Aware ☐Partly aware ☐Not aware

2. Are you aware of e-filing process in GST returns filing?

☐Aware ☐Partly aware ☐Not aware

3. Mode of filing returns?

☐Self-assessment ☐Consultant
☐GST-Office ☐Others