

# Input tax credit error: Amazon gets show-cause

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Days after top tech companies such as Flipkart's arm Instakart, Swiggy, Uber and Ola came on the radar of the income tax (I-T) department, the Director General of Goods and Services Tax Intelligence (DGGI) has sent show-cause notice to e-commerce giant Amazon India, according to the sources. The DGGI has issued notice to the company related to tax demand which has reportedly been calculated to about ₹175 crore.

DGGI investigation has allegedly found calculation errors made by Amazon. The company paid higher goods and services tax (GST) but instead of claiming refund took wrong input tax credit (ITC). The demand is for the interest due on the wrongly claimed ITC, according to the sources. The notices have been sent to Amazon's Bengaluru office.

According to the tax officials, in this case, Amazon pays GST and should claim refund in case of any excess payment. But they instead claimed excess input tax credit for the GST paid on purchases from their vendors, said the tax officials. Technically its wrong as they can claim only the ITC as is available. Amazon has to pay the interest on the excess ITC it claimed.

Amazon did not respond to an email query till the time of going to press.

Many tech companies have under the scanner of the income tax (I-T) department. The DGGI has launched an investigation into ride-hailing firms Uber and Ola. The DGGI has issued summons to officials of the two companies related to alleged tax evasion worth hundreds of crores of rupees, according to the sources. The tax liability dues for Uber India has reportedly been calculated as about ₹800 crore, while as for Ola, it has been set at around ₹300 crore.