GST, GAAR reporting delayed till March ’21

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The income tax (I-T) department on Monday deferred, for the third time, the requirement for firms to include details of Goods and Services Tax (GST) and GAAR in their tax audit report, in view of the pandemic.

The reporting requirement of these details in the I-T audit form has been kept in abeyance till March 31, 2021, suggesting that audit reports need not include details on GST and General Anti-Avoidance Rules (GAAR) till then.

Business entities with turnover of over ₹1 crore and pros with gross receipts of more than ₹50 lakh, have to comply with the audit requirements, for which the due date is Sept 30.

It is November 30 in case of the taxpayer being covered by transfer pricing provisions. The Central Board of Direct Taxes (CBDT), in an order, said: “Several representations were received by the Board with regards to the difficulty in implementation of reporting requirements under clause 30C (pertaining to GAAR) and clause 44 (pertaining to GST compliance) of the Form No 3CD... in view of the global pandemic, and requested for deferment.”

The I-T Department had, in 2018, changed the tax audit form 3CD, seeking details under GST as well as GAAR, which seeks to prevent firms from routing transactions through other countries to avoid taxes. The changes were to come into effect from August 20, 2018.

Assessee’s had been complaining that the change was onerous and a burden on companies, which led to its deferment till March 2019, and then till March 2020.

Sandeep Jhunjhunwala, director at Nangia Andersen, said that in the midst of the pandemic, tax authorities had been proactively announcing relaxation in compliance and reporting obligations for businesses. “A detailed guidance on ‘no GAAR’ certification is expected, as this is an area devoid of precedence and largely characterised by interpretational issues, before the reporting requirement is made operative after March 31, 2021,” he said.