

GST officials use RFID to detect tax evasion

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NEW DELHI: Goods and services tax (GST) authorities have started detecting instances of tax evasion by identifying mismatches between electronic permits issued for transporting goods and the data from radio frequency tags that commercial vehicles use to pass through toll plazas.

GST officials are now identifying vehicles that pose a risk of revenue leakage by comparing details furnished at the time of generating e-way bills for goods movement with the actual movement of vehicles captured at toll plazas. E-way bills are needed for transportation of goods worth more than ₹50,000 by a GST-registered person within and across states.

Officials have unearthed a racket of existing unregistered firms transporting iron scraps under invoices of bogus and non-existing firms, the Central Board of Indirect Taxes and Customs (CBIC) said in a communication to field officers on Monday. Officials also recovered fake invoices transferring bogus tax credits of around ₹14.5 crore, the tax authority said. This was based on an analysis of risky vehicles identified by the Directorate General of GST Intelligence (DGGI). Mint has reviewed a copy of the communication.

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with the radio frequency identification (RFID) tags in January this year. This means details of proposed goods transportation, including classification of the item, destination and vehicle details furnished at the time of e-way bill generation, is fed into these radio frequency tags of commercial vehicles. This helps in cross-verifying the details of vehicle movement specified in the e-way bill with their physical movement.

“Data analytics helps authorities identify instances of e-way bills that do not result in goods transportation as well as goods movement without e-way bills. This significantly improves the administration’s ability to focus on non-compliant behaviour while not causing inconvenience to honest taxpayers,” said Abhishek Jain, tax partner, EY.

The development is a major milestone in tax administration as it gives greater precision to

government efforts to check evasion, although border check posts have been dismantled across states with the introduction of GST. It also helps genuine goods transporters as officials tend to focus on cases flagged in their IT system rather than suspecting all taxpayers.

Technology and data analytics have been playing a greater role in tax administration lately, one of the factors that helped in greater GST revenue collections in recent months. CBIC has been on a drive against tax evasion, which has led to detection of fake input tax credit and tax evasion of over ₹29,000 crore since November, minister of state for finance and corporate affairs Anurag Thakur said on July 1. Another key recent measure aimed at improving tax compliance is e-invoicing or real-time reporting of business-to-business transactions in a designated portal.