

## PRESS NOTE

### Commercial Tax Department acts on Tax Deduction at Source audit trail under GST

From 1<sup>st</sup> October 2018, Tax Deduction at Source (TDS) has become mandatory under GST. TDS under GST provides an effective audit trail of the taxes due to the Government and can be effectively used to monitor timely payment of tax. The Commercial Taxes Department (CTD), Government of Karnataka with the help of data analytic software (GST-Pro) developed by National Informatics Centre has been able to detect non-filing of 3B returns and non-payment of taxes in cases where tax had been deducted at source and payments have been made by the Government departments to the dealers.

For the month of October 2018, 958 TDS returns (GSTR-7) have been filed by Government departments/authorities. Tax at 1% CGST / 1% SGST and/or 2% IGST has been deducted by the tax deducting authorities. The remaining amount along with tax has been paid to the registered dealers. By the use of data analytics, it has been found that more than 800 such registered dealers have not filed their monthly GSTR-3B and paid tax for the corresponding month of October-2018.

The CTD has initiated surprise inspections of 102 such non-filers across the State and has detected tax liability of Rs.10.07 crore. Investigations are continuing and steps to ensure timely payment of tax is being undertaken.

With improved data analytics, it is expected that greater vigilance would be undertaken in such cases and it is informed that registered dealers liable to pay tax and file returns may do so within the time frame mandated to avoid punitive action under the Law.



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