

GST enforcement action may fetch ₹50K cr in FY24

Could be highest recovery ever in a year

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This financial year the Centre is expecting to recover evaded goods and services tax (GST) of over ₹50,000 crore, more than double compared to FY23, officials have told *Business Standard*.

This could be the highest ever annual tax recovery, they said. So far during FY24, the GST authorities have found ₹1.36 trillion has been evaded. Of this, ₹14,108 crore has been recovered. During 2022-23, an evasion of ₹1.01 trillion was detected and ₹21,000 crore was recovered.

A significant amount is expected to be recovered from wrongful input tax credit claims by insurance companies, GST payment on expat services under the reverse charge mechanism, clandestine clearances of tobacco products, and deals in immovable properties.

“In the previous years, fraudsters used several strategies such as undervaluing taxable goods and services to short-pay taxes, obtaining exemption notifications incorrectly, obtaining incorrect input tax credit, etc. However, this year’s detection of frauds and probable recovery will be mainly driven by several compliance measures put in place, and amendments made to the GST regime to plug revenue leakages particularly in new-age sectors,” an official said.

He pointed out measures such as taxing crypto transactions, imposing a flat 28 per cent on online gaming, expanding the scope of OIDAR (Online Information Database Access and Retrieval) service providers includ-



REVENUE BOOST

Tax recovery track

Total GST evasion detected between Jul 2017 and Feb 2023

₹3.08 trillion

Amount recovered **₹1.03 trillion**

Recoveries in recent years

Period	GST evasion detected	Amount recovered
FY22	₹54,000 crore	₹21,000 crore
FY23	₹1.01 trillion	₹21,000 crore
H1FY24	₹1.36 trillion	₹14,108 crore

Sources: Officials, parliament answers

Key levers

- ▶ E-gaming tax dues
- ▶ Wrongly claimed credit by insurance firms
- ▶ Taxing expats deputed by foreign parent firms in India
- ▶ Blocked credit in immovable properties

ing over the top platforms, and taxing expats working in India deputed by parent firms overseas. Special drives by both the Centre and states have helped uncover a tax evasion of around ₹20,000 crore, which will also lead to good recovery, he said.

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far, East India had seen a good pick-up due to puja, and the North was witnessing demand for winter wear as the temperature had started to drop and the South was slowly witnessing a demand pick-up.

Fashion chain Lifestyle is also witnessing good demand since the weekend and the overall growth has been in the early double digits. "On a like-for-like (same store sales) basis, we have seen low single-digit sales which will improve as we move towards diwali," said Devarajan Iyer, chief executive officer, Lifestyle.

GST ...

"The amount could be much higher if the Supreme Court upholds the plea of the GST authorities in online gaming matters," another official said.

Tax demands of about ₹1 trillion were raised against egaming firms in the past few months. The authorities are of the view that the service provided by egaming is on a par with betting and gambling and hence should be taxed at 28 per cent. Online gaming firms such as Dream 11 and GamesKraft have moved court on this because they say those are games of skill and hence should be taxed at 18 per cent. Besides, the GST authorities are anticipating a significant amount from blocked tax credit, a matter involving the construction of immovable properties. The apex court has concluded the case and reserved the order.

Recovery track

According to the official data, the tax evaded between July 2017 and February 2023 is close to ₹3.08 trillion, of which over ₹1.03 trillion has been recovered. The GST authorities had arrested 1,402 persons for evading taxes in the five and a half years till February 2023.

Between April 2020 and September 2023, more than 6,000 fake cases of input tax credit, involving more than ₹57,000 crore, were detected and 500 persons were arrested.

About 14,000 cases were detected in 2022-23, up from

12,574 cases in 2021-22 and 12,596 cases in 2020-21.

Economy ...

By then, India's economy would be \$5.43 trillion against Germany's \$5.33 trillion. Japan would be the fifth-economy by that time at \$4.57 trillion.

India would become larger than Japan by 2026. India's economy would be \$4.95 trillion that year against Japan's at \$4.71 trillion, according to the IMF. Unlike the IMF, the S&P Global Market Intelligence has shown Japan as a bigger economy than Germany currently as well as in 2030.

At home, Prime Minister Narendra Modi has often reiterated India's growth story to the electorate. Earlier this year, he had expressed confidence that India would be among the top three economies in the world during his "third term".

S&P Global said after two years of rapid economic growth in 2021 and 2022, the Indian economy continued to show sustained strong growth in 2023. The near-term economic outlook is for continued rapid expansion during the rest of 2023 and 2024, underpinned by strong growth in domestic demand. In real and rupee terms, India's economy grew 6.1 per cent and 7.8 per cent in the first and the second quarters of 2023, and that was the fastest among the large economies.

However, the size of the economy is measured in terms of nominal or current prices.

Pointing out that foreign direct investment in India has been strong despite moderation in 2022-23, S&P Global said the acceleration of such inflows over the past decade reflected the favourable long-term growth outlook for the Indian economy.

India Inc...

The automobile sector and the fast-moving consumer goods sector lag behind, with only 10 per cent female representation among employees and slightly higher among workers.

