

Cos may have to deal with fewer GST accounts

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New Delhi: The government is looking at further simplification of processes for GST payers, after reducing the number of ledgers or accounts that they have to maintain from nearly 20 to four. “We will look at moving to fewer ledgers in the coming months,” said a senior government official.

The move to reduce number of ledgers follows repeated complaints from trade and industry, especially the smaller businesses, which were seeing it as rigid. “It is a very good move as it shows that the government is really working towards simplification of the regime. Procedural changes finalised on Saturday are more useful for businesses than rate changes,” said M S Mani, partner at Deloitte India.

For every levy within GST — central GST, state GST, integrated GST and items that face compensation cess — each business had to maintain



DRIVE FOR SIMPLIFICATION

separate accounts. This was further split into tax, penalty, cess and interest and did not allow for transfer from one head to another. What made matters worse was that businesses that operated across states had to maintain four registers for SGST for each state. So, a company with operations in 29 states and the two Union territories had to maintain four accounts for each state, taking the number under this

head to 124. A tax consultant said separate accounts have to be maintained for restaurants and bars, which further complicates that matter. “If you deposit Rs 100 tax in the Delhi ledger instead of Maharashtra, you cannot transfer it as there is no provision for an adjustment. The system is very rigid,” said a tax practitioner. As a result, businesses had to wait for a future liability to arise under the head to make an adjustment.

“This has been a concern since GST was introduced. Now, the new system will be like operating a single bank account, and allow you to allocate funds the way you want to,” said Pratik Jain, partner for indirect tax and GST at PwC India.

Officials said more procedural changes are in the offing as the idea is to simplify the regime as far as possible. They said the move to simplify refunds through a system-driven process was also a step in that direction.