

## Tax Alert | Delivering clarity

3 May 2019

### **CBDT order on furnishing ITR data to the GSTN**

CBDT has issued an order to notify the specified Income tax authority and directed it to share certain ITR and other information with the GSTN

#### **Background:**

- The Central Board of Direct Taxes (CBDT) has the power under section 138 of the Income-tax Act, 1961 (Act) to furnish information (received or obtained by income tax authorities) to any officer, authority or body performing any functions under any law relating to the imposition of any tax, duty or cess.
- In exercise of these powers, the CBDT has released an order dated April 30, 2019 notifying the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), New Delhi as the specified Income tax authority and to furnish certain Income tax return forms (ITR) and other information to the Nodal Officer, Goods And Service Tax Network (GSTN).
- The data/information to be furnished by the specified income-tax authority is as follows:
  - Request based exchange of data, of important financial fields which are captured in the ITR, such as:
    - status of filing of ITR;
    - turnover;
    - gross total income,
    - turnover ratio;
    - GTI range;
    - turnover range and
    - any other field,the modalities of which will be decided by the concerned specified authorities.
  - Spontaneous exchange of data, the modalities of which will be decided by the concerned specified authorities.
  - Automatic exchange of data, the modalities of which will be decided by the concerned specified authorities.
- While furnishing the information, the specified income-tax authority is required to form an opinion that sharing of such information is necessary for the purposes of enabling the specified authority in GSTN, to perform its functions under the Goods and Services Tax law.
- To facilitate the furnishing of the specified information, the specified income tax authority would enter into a Memorandum of Understanding (MoU) with GSTN, which inter-alia would include:
  - modalities of exchange of data,
  - maintenance of confidentiality,
  - mechanism for safe preservation of data,
  - weeding out after usage,

- timeline for furnishing information.

### **Comments:**

The order formalises the procedure for sharing of certain income tax related information with the GST authority. Consequently, the GST authority will have more filing information available with it for cross verifying the reporting made for the purposes of GST. The sharing of information can be made as a request-based, spontaneous and automatic action. Modalities around some of these are yet to be developed. Clearly this is a step in the direction to make data in filings aligned. Following points are noteworthy:

- It would be advisable for taxpayers to be consistent in their filings and compliances including GST returns, ITR forms, Form 3CD etc. While these should reconcile inter se, reasons for any variations should be adequately collated;
- It is highly likely that GST authorities will also get the information shared (available through GST returns, GST audit etc.) with the income tax department;
- Clause 44 of Form 3CD (deferred till April 1, 2019), which requires information in relation to GST to be compiled, must tally with the GST returns. Again, reasons for any variations should be adequately collated.



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