

GST PENALTIES & APPEALS

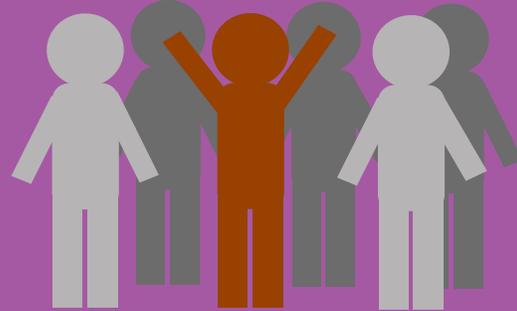


GST Penalties

To prevent tax evasion and corruption, GST has brought in strict provisions for offenders regarding penalties, prosecution, and arrest. The GST law has clearly defined descriptions of offenses and the penalties levied in each scenario. This is important information for all businesses, CAs and Tax Professionals as an inadvertent mistake can cause severe consequences.



Types of Breaches Under GST



Minor Breaches: These are the breaches in which the tax amount involved is less than ₹5,000. These breaches include minor mistakes in filing returns such as documentation errors and omissions. In most cases, no penalty shall be imposed for such breaches.

Major Breaches: These breaches involve a tax amount of ₹5,000 or above. In case of such breaches, a penalty shall be imposed on the taxpayer - either monetary or corporal punishment (jail term), depending upon the amount of tax involved.

1. Monetary Penalties Under GST

Offence Type	Penalty Amount
Delay in filing GSTR	A late fee of ₹100 per day on both CGST and SGST, subject to a maximum of ₹5,000. No late fee applicable for IGST
Not filing the GSTR	10% of the tax due, subject to a minimum of ₹10,000
Fraud	100% of the tax due, subject to a minimum of ₹10,000 (jail term in case of a high-value fraud)
Helping someone commit fraud	Up to ₹25,000
Opting for the GST composition scheme without being eligible	Demand and recovery provisions of Sections 73 & 74 applicable: (i) Fraud cases: 100% of the tax due, subject to a minimum of ₹10,000 (ii) Non-fraud cases: 10% of the tax due, subject to a minimum of ₹10,000
Incorrect GST rate charged- charging a higher rate	100% of the tax due, subject to a minimum of ₹10,000
Not issuing invoice	100% of the tax due, subject to a minimum of ₹10,000
Not getting registered under GST	100% of the tax due, subject to a minimum of ₹10,000
Incorrect invoicing	₹25,000

2. Non-Monetary Penalties Under GST

Type of offence	Action
Incorrect type of GST charged (e.g. IGST instead of CGST/SGST)	No penalty applicable. The correct GST amount is to be paid and the amount paid earlier is reversed.
Incorrect filing of GST returns	No penalty. An interest of 18% p.a. applicable on the shortfall amount
Delayed payment of the invoice.	No penalty. ITC is reversed if invoice not paid within 6 months
Incorrect GST rate charged— charging a lower rate	No penalty. An interest of 18% p.a. applicable on the remainder amount

GST Appeal

If you are found guilty of committing any of the 21 offences under the GST law by a concerned GST officer, appropriate action will be taken as prescribed in the law. In case you are not satisfied with the decision of the GST officer, the law gives you the right to raise your grievance against the decision taken. In the following section, we will understand the procedure for filing an appeal against a decision taken by a GST officer.

Instances where you can apply for GST Appeals

- Against order of refund
- Cancellation of registration
- Imposition of penalty
- Best judgment assessment
- Also, against any other decision or decision pass as per the GST Act.



Thank
you

