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CAG audit of GST data

What is the issue?

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For full implementation of the GST regime, to decide the compensation for States and to determine their revenue share, auditors of the CAG will require access to two different datasets, which are proving difficult to come by.

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What are the major issues?

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 - One of them is data pertaining to revenue that would accrue to States from alcohol and petrochemicals, both of which are outside GST for now.
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 - The second issue of where and how CAG auditors will get access to the GST data continues to vex officials.
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 - The tax data, whether it belongs to States or Centre, is already available to CAG under existing constitutional provisions.
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 - Now, the GSTN is refusing to give the CAG access to its network, saying it is only holding the data in a fiduciary capacity since the tax data originally belongs to the Centre and States.
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What is the issue with GSTN?

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 - Officials also pointed out that the **GSTN is owned by a private company, and thus cannot be audited by CAG.**

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- The GSTN claims it is a private company as 51% stake in the company is held by private companies such as HDFC and ICICI Bank.
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- The CAG has pointed out that under the new Companies Act, GSTN can be counted as government-controlled company since its strategic control will be with the government.
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- Thus, like any PSU, the CAG could audit GSTN. But that is a minor issue. The real issue is where would auditors get access to the data.
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- Accessing the data at various points i.e., point of manufacture, point of sale etc., would make the **GST audit a complicated and almost impossible task**, and will hamper other functions, which would include CAG certification about the share of GST for States.
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- There is no solutions available, other than auditors getting access to the entire **GST data in a centralised location**.
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- Meanwhile, the auditors would be using data available from individual States to assess their share of taxes earned from alcohol and petrochemicals, which would be kept out of GST.
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Source: The Hindu

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