

UNDERSTANDING THE MECHANISM OF GST SCRUTINY NOTICES (ASMT-10) (A STUDY AT SANJIV SHAH & ASSOCIATES LLP)

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Abstract

Goods and Services Tax scrutiny is a crucial process to ensure the correctness, transparency, and compliance of registered taxpayers. This study intends to understand the process of GST Scrutiny Notices (ASMT-10) issued under section 61 of the Central Goods and Services Tax Act, 2017. The study will focus on the significance of scrutiny notices, reasons for issuing these notices, adherence to GST filing, maintenance of accounts, input tax credit, and response to notices. Additionally, the research will explain the role of Chartered Accountancy firms in assisting taxpayers in complying with GST regulations and responding to departmental notices.

Descriptive research is conducted for this study, including primary and secondary data collection procedures. A questionnaire was designed and distributed among 50 respondents selected through a convenience sampling technique to collect primary data. Meanwhile, secondary data were gathered from the Central Goods and Services Tax Act, GST Rules and Regulations, books, journals, articles, and government publications. Besides these sources, the study includes personal observations made during the internship at Sanjiv Shah & Associates LLP. The study's findings emphasized the need for taxpayers to maintain accurate records, conduct reconciliation exercises on a frequent basis, correctly report figures, and meet GST filing deadlines to prevent discrepancies and compliance risks.

Keywords: GST, GST Scrutiny, ASMT-10, GST Compliance, CGST Act, Input Tax Credit (ITC), Taxpayer Awareness, GST Returns, Accounting Records, Tax Consultancy.

Introduction

Goods and Services Tax (GST) is an important indirect tax system in India, and proper compliance is essential for businesses. GST Scrutiny Notices (ASMT 10) are issued by tax authorities to address discrepancies in GST returns. Discrepancies may include inaccurate returns, mismatched Input Tax Credit (ITC), differing tax liability, and incorrect financial records.

This study examines the nature of GST scrutiny notices as provided under section 61 of the CGST Act, 2017. In addition, the study also throws light upon the significance of accurate filing of returns, maintenance of records, timely compliance, and the role played by tax consultants in minimizing GST discrepancies.

Review of Literature

Mehta, S. (2023) studied the impact of incorrect Input Tax Credit (ITC) claims on GST compliance. The study found that differences between ITC claimed in GST returns and the eligible ITC supported by purchase records can create compliance issues.

Verma, A. (2024) examined the challenges faced by small and medium-sized businesses in GST compliance. The study found that limited knowledge of GST provisions, difficulties in maintaining accounting records, technological challenges, and frequent changes in GST regulations create compliance difficulties for businesses.

Research Methodology

The study uses a descriptive research design to comprehend the mechanism of GST Scrutiny Notices (ASMT-10), GST compliance requirements, and professional consultancy firms. The study uses primary and secondary data.

Primary Data: Primary data were collected through a structured questionnaire from 50 respondents. The questionnaire covered GST awareness, ASMT-10 notices, GST compliance practices, maintenance of accounting records, and the role of tax consultants.

Secondary Data: Secondary information was collected from the CGST Act, GST Rules, government publications, books, journals, research articles, and the official GST portal.

The collected data were analyzed using percentage analysis and graphical representation to understand respondents' awareness and perceptions regarding GST scrutiny and compliance.

Data Analysis and Interpretation

1.GENDER AND FAMILIARITY WITH GST SCRUTINY NOTICES (ASMT-10) HYPOTHESIS

H₀ (Null Hypothesis):

There is no significant association between gender and familiarity with GST Scrutiny Notices (ASMT-10).

H₁ (Alternative Hypothesis):

There is a significant association between gender and familiarity with GST Scrutiny Notices (ASMT-10).

CROSS TABULATION

		familiar with GST Scrutiny Notices (ASMT-10)		Total
		4	5	
Gender	1	8	16	24
	2	6	20	26
Total		14	36	50

CHI SQUARE TEST

TEST	VALUE	df	SIG(P-VALUE)
Pearson chi square	0.651	1	0.420

INTERPRETATION

The Pearson Chi-Square significance value is 0.420, which is greater than 0.05. Therefore, the null hypothesis is accepted. There is no statistically significant association between gender and familiarity with GST Scrutiny Notices (ASMT-10) among the respondents.

ONE WAY ANOVA YEARS OF EXPERIENCE AND FAMILIARITY WITH GST SCRUTINY NOTICES (ASMT-10)

HYPOTHESIS

H₀ (Null hypothesis):

There is no significant difference in familiarity with GST Scrutiny Notices (ASMT-10) among respondents with

different years of experience.

H₁ (Alternative hypothesis):

There is a significant difference in familiarity with GST Scrutiny Notices (ASMT-10) among respondents with different years of experience.

Sources of variation	Sum of Squares	df	Mean Square	F	Sig.a
Between Groups	1.120	3	0.373	1.917	0.140
Within Groups	8.960	46	0.195		
Total	10.080	49			

INTERPRETATION

The one-way ANOVA results show that there is no significant difference in respondents' familiarity with GST Scrutiny Notices (ASMT-10) based on their years of experience ($F = 1.917$, $p = 0.140$).

Findings

1. GST scrutiny is important for improving tax compliance and helps in identifying discrepancies in GST returns.
2. Incorrect GST return filing is one of the major reasons that may result in scrutiny by GST authorities.
3. Incorrect or mismatched Input Tax Credit (ITC) can increase the risk of scrutiny notices.

Suggestions

1. Increase awareness of ASMT-10 notices among taxpayers, especially small and medium-sized businesses.
2. File GST returns accurately and on time to reduce errors and discrepancies that may lead to scrutiny.
3. Maintain proper accounting records and supporting documents so that transactions can be verified easily when required.

Web Links

- GST Portal – <https://www.gst.gov.in>
- Central Board of Indirect Taxes and Customs (CBIC) – <https://www.cbic.gov.in>
- Ministry of Finance, Government of India– <https://finmin.gov.in>

Conclusion

The study revealed that although awareness of GST is relatively high among respondents, detailed knowledge regarding the mechanism of ASMT-10 scrutiny notices is comparatively limited. It was observed that discrepancies in GST returns, incorrect Input Tax Credit (ITC) claims, turnover mismatches, and inadequate documentation are among the major reasons that may lead to scrutiny notices.

References

1. Central Goods and Services Tax (CGST) Act, 2017 – Government of India.
2. Central Goods and Services Tax Rules, 2017 – Government of India.
3. Goods and Services Tax (GST) Portal – Government of India.
4. Central Board of Indirect Taxes and Customs (CBIC) – Government of India.
5. Ministry of Finance, Government of India.