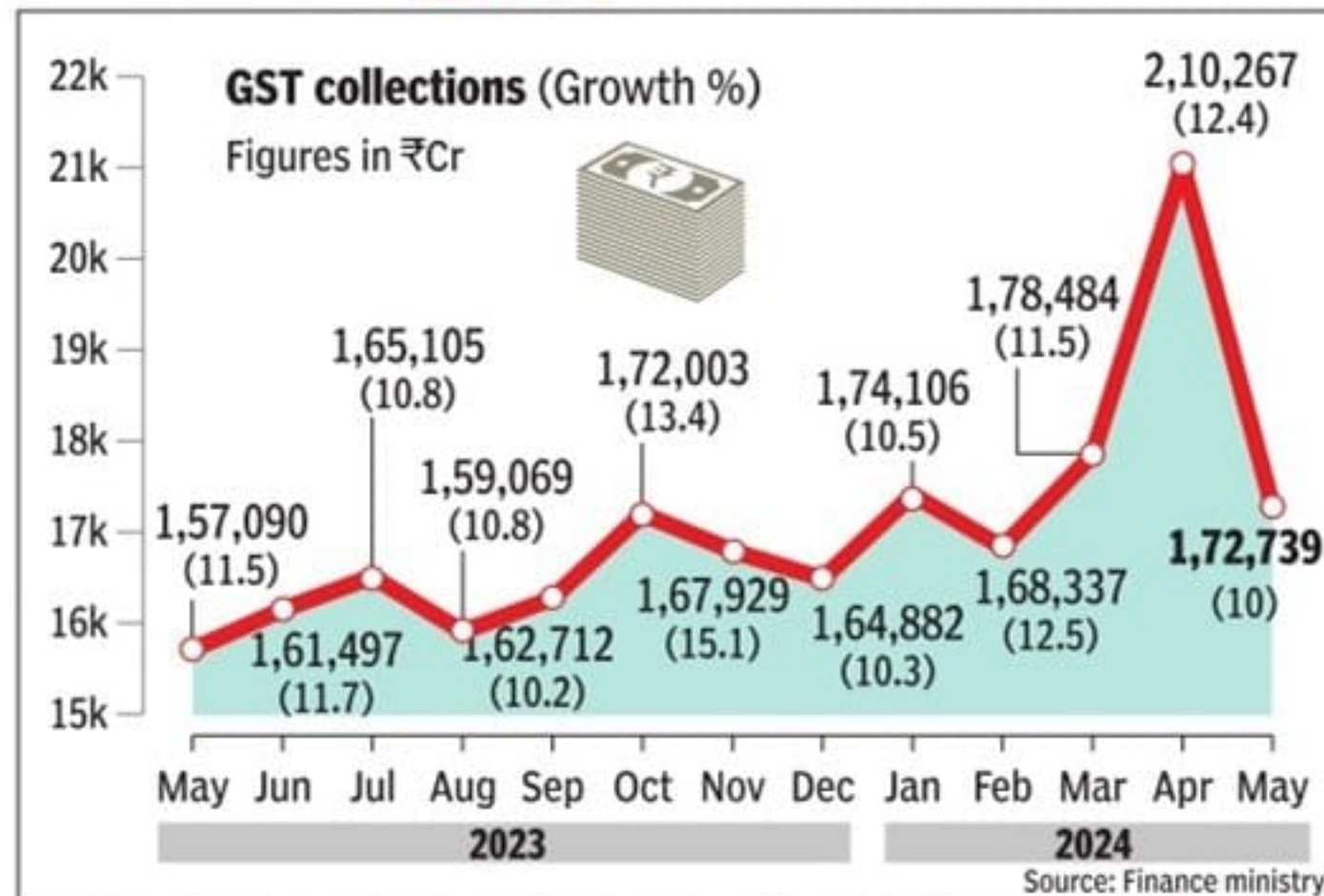


# GST collections rise 10% to ₹1.7L cr in May; domestic up 15.3%, but imports drop 4.5 %

TIMES NEWS NETWORK

## SWELLING KITTY



## Initiate quicker GST recovery in special cases: Dept tells officers

**New Delhi:** In a bid to check unnecessary pressure on GST payers against early recovery of dues, the Central Board of Indirect Taxes and Customs (CBIC) has put in place guidelines mandating senior officers to initiate recovery action quickly only in rare cases and that too after clearly stating the reasons.

The law allows central GST authorities to initiate recovery after three months in case the dues remain unpaid after an order is passed. Only in exceptional circumstances can recovery be initiated earlier. But with “early action” becoming a norm or sorts, leading to pressure on taxpayers, CBIC has now said that if recovery has to be initiated before three months, a principal commissioner- or commissioner-rank officer will have to order action and state specific reasons. “Such reasons could include high risk to revenue involved in waiting till the completion of the three-month period due to apprehension that the concerned taxable person may close the business operations in near future, or due to possibility of default by the taxable person due to his declining financial conditions or impending insolvency, or likely initiation of proceedings under Insolvency and Bankruptcy Act,” the instructions issued on Thursday said, while stating mechanical issuing of demand should be avoided. The order must be based on credible evidence and should be issued after considering the financial health, status of business, credibility of the taxpayer, infrastructure and should strike a balance between the interests of tax authorities and ease of doing business, it said. “Such explicit instructions from govt are quite welcome and will help minimise any unnecessary hassles that businesses have been facing regarding tax recovery. I hope these guidelines are implemented and followed in letter and spirit by jurisdiction officials,” said Abhishek Jain, indirect tax head and partner at KPMG.

In May, Manipur SGST collections were 48% higher, which may also be a pointer to a return to normalcy in the state. Next up was Delhi which saw a 46% jump. Among the laggards were Meghalaya (20% fall), Arunachal Pradesh (18% decline), Nagaland (14% fall) and Himachal (1% rise)

dia. Within domestic sources, central GST saw a 14.1% higher collection at Rs 32,409 crore, while state GST kitty swelled Rs 40,265 crore.

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“A rise in GST collections from Jammu and Kashmir, Manipur, Puducherry and Arunachal Pradesh suggests growing consumption in these developing regions, indicating broader economic progress. Additionally, increased GST in northern states like Delhi, Uttar Pradesh etc might be due to election spending and a surge in purchases of fans, coolers and ACs caused by higher temperatures compared to last year,” said Saurabh Agarwal, tax partner at EY India.

**New Delhi:** Goods and services tax collections went up 10% to Rs 1,72,739 crore in May as the growth in collection from domestic sources made up for the shortfall in the imports kitty.

Based on collections in May for transactions in April, latest data released by the finance ministry on Saturday estimated collections from domestic sources to be 15.3% higher, while those from imports were 4.5% lower, indicating a slowdown in the value of shipments into the country, which may partly be due to a fall in commodity prices.

For the last two years, higher than budgeted GST kitty have helped the Centre shore up its overall collections, and lower fiscal deficit.

“These collections indicate the beginning of a new normal in excess of Rs 1.7 lakh crore in FY25 compared to Rs 1.6 lakh crore during FY24. This is in line with the recent GDP estimates which indicate a robust economy, which does not appear to have been impacted much either by the election season or the heat wave across the country. The resilience shown by the GST collections, without significant seasonal or event-based variations across recent months, indicates the maturity of the GST system. There will now be renewed confidence in moving ahead with the next stage of reforms in the coming months, without significant concerns on the revenue impact that such reforms could elicit,” said M S Mani, partner at Deloitte In-