



All India Federation of Tax Practitioners

(An Association of Advocates, Chartered Accountants & Tax Practitioners of India)

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Bhaskar B. Patel
Vadodara

January 29, 2025

To
Shri Sanjay Kumar Aggarwal
Chairman,
Central Board of Indirect Taxes & Customs
J684+843, North Block, Central Secretariat,
New Delhi,
chmn-cbic@gov.in

Subject: **Submission of Representation for Addressing
Key Challenges in GST Framework**

Dear Sir,

On behalf of the **All India Federation of Tax Practitioners (AIFTP)**, we are pleased to submit this representation for your kind consideration. The representation highlights critical challenges faced by taxpayers under the GST framework and proposes actionable solutions to enhance fairness, efficiency, and alignment with broader legal and operational requirements.

The challenges outlined in the document are a range of operational issues. Each issue has been carefully analysed, and recommendations have been provided to address them in a manner that balances tax compliance with taxpayer convenience.

We are confident that these recommendations, if implemented, will significantly contribute to creating a more efficient and taxpayer-friendly GST regime, fostering a conducive environment for businesses to thrive.

We would be honoured to have the opportunity to discuss these recommendations further at your convenience. Please feel free to reach out to us for any clarifications or additional information.

Thank you for considering our representation. We sincerely appreciate the efforts of the CBIC in continually improving the GST framework, and we remain committed to supporting this process.

Yours sincerely,

(Samir S Jani)
National President
All India Federation of Tax Practitioners (AIFTP)



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REPRESENTATION TO THE CENTRAL BOARD OF INDIRECT TAXES & CUSTOMS

Preliminary Note

This representation addresses key challenges in the GST framework and proposes specific solutions with relevant legal references. All references to sections and rules pertain to the CGST / SGST/ UTGST Acts, 2017, and CGST/ SGST/ UTGST Rules, 2017 unless otherwise specified.

1. REGISTRATION CANCELLATION PROCESS

Current Challenges

The registration cancellation process under Section 29 presents significant operational difficulties, particularly in cases involving the death of a proprietor. Applications are frequently rejected even after valid death certificates and required documents are submitted. This adds unnecessary bureaucratic challenges for successors or family members attempting to legally close the business.

The GST inflexible 30-day deadline under Rule 20 aggravates the issue, as it disallows backdated entries, forcing applicants to input incorrect information. This not only compromises the integrity of declarations but also exposes successors to potential legal and compliance risks in the future.

Suggested Solutions

- We suggest updating the GST portal to enable the acceptance of backdated applications with valid reasons, ensuring accurate data entry.

2. APPEALS

Challenge 1: Delays in Generating FORM APL-02 Acknowledgments

Delays in generating FORM APL-02 acknowledgments often extend beyond reasonable timeframes, sometimes until after the personal hearing, creating uncertainty for taxpayers.



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Suggested Solutions

- a) We suggest issuing guidelines mandate a 7-day deadline for generating FORM APL-02 after filing an appeal, ensuring procedural efficiency and reducing uncertainty for taxpayers.

Challenge 2: Impact of Delayed Appeal Outcomes on Registration Issues

When taxpayers receive favourable orders in appeals against registration rejection, they are still required to file a fresh registration application with a new ARN. This causes significant operational delays for businesses needing immediate registration to resume operations. Moreover, under Section 18(2) of the CGST Act, taxpayers can claim ITC only for invoices issued within one year before registration. The delays caused by the appeal process and subsequent fresh applications often lead to the expiration of this timeline, resulting in financial losses on held stock.

Suggested Solutions

1. We suggest that GSTN portal be updated to allow backdated registration in case of registration granted by appeals. This would enable taxpayers to file returns for the appeal period without penalties, ensuring legitimate ITC entitlements are not forfeited due to delays beyond their control.
2. Also, update the FSTN portal for reinstatement of registrations if the appeal is decided in favour of the taxpayer, eliminating the requirement for a fresh application. This would prevent unnecessary delays and operational disruptions, allowing businesses to resume activities promptly.

3. GST REFUND PROCESS

Challenge

The refund mechanism under Section 54 is fraught with operational challenges, particularly for exporters and businesses in sectors with an inverted duty structure. Documentation requirements often exceed statutory provisions, with variations across jurisdictions leading to delays and inconsistencies in processing.



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Suggested Solutions

- We propose that clarificatory instructions be issued to standardize refund processes across states and establish uniform documentation requirements to eliminate jurisdictional discrepancies.

4. NOTICE PERIOD AND PROCEDURAL TIMELINES

Challenge 1: Short Notice periods

Short notice periods often result in missed deadlines, especially when taxpayers are unaware of issued notices. In some cases, appellate notices and summons provide only a 2-day notice period, requiring taxpayers to attend offices located in other cities, often more than 100 kilometres away. This creates significant logistical and compliance challenges, particularly for smaller businesses.

Suggested Solutions

- We suggest issuing of instructions to ensure a minimum notice period of 3 weeks for all hearings. This would provide taxpayers with adequate time to prepare and ensure compliance with procedural fairness.

Challenge 2: Communication System Enhancements

Reliance solely on the GST portal for issuing notices often results in taxpayers missing critical communications. Notices are frequently overlooked, especially when registered mobile numbers or email IDs belong to directors or proprietors who do not regularly check the portal. This creates a significant risk of ex-parte orders being issued.

Suggested Solutions

- We recommend expanding the communication system to include WhatsApp messages, SMS notifications and email alerts for all critical notices.

5. ISSUE: FILE SIZE LIMIT FOR UPLOADING DOCUMENTS

Challenge

The GST portal imposes unreasonably low file size limits (e.g., 100 KB for consent letters), making it impractical to upload required documents. This often results in



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avoidable show-cause notices (SCNs) and additional compliance burdens for taxpayers.

Suggested Solutions

- a) We suggest modifying the GST portal to increase file size limits for document uploads to realistic thresholds (e.g., 5 MB for consent letters etc and 10Mb for other critical documents like contracts, agreements etc.). This enhancement would ensure smoother compliance and reduce unnecessary procedural delays.

6. ISSUE: RESTRICTION ON MULTIPLE AMENDMENT APPLICATIONS

Challenge

The GST portal restricts taxpayers from filing multiple amendment applications for core fields if a previous application is pending. This restriction causes unnecessary delays in compliance and impacts business operations.

Suggested Solutions

- a) We propose modifying the GST portal to allow simultaneous amendment applications for core fields, ensuring smooth and efficient compliance.

7. ISSUE: SUO MOTU RETROSPECTIVE CANCELLATION OF REGISTRATION

Challenge

Registrations are often cancelled Suo motu with retrospective effect, usually from the date of registration. Such extreme measures are being taken routinely instead of in exceptional circumstances, leading to significant challenges for taxpayers.

Suggested Solutions

- a) We recommend to issue directions to ensure that retrospective cancellations are limited to exceptional cases where reasons are explicitly recorded by the authorities. Clear guidelines and checks should be implemented to prevent routine use of such extreme measures.



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8. FIELD VERIFICATION OF PLACE OF BUSINESS

Challenge

The field verification process for the place of business lacks standardization and often leads to arbitrary outcomes. Inspections are sometimes conducted during inappropriate times, such as lunch hours or non-business hours, leading to incorrect conclusions about business operations. Additionally, prior intimation for inspections is rarely provided, leaving businesses unprepared to address queries from officials.

Suggested Solutions

- We suggest introducing standardized procedures to ensure fairness in field verification. This includes mandatory prior intimation to taxpayers, avoiding inspections during lunch hours, and requiring multiple visits before rejecting applications to prevent unjustified outcomes.

In conclusion, the challenges outlined above underscore the need to address procedural inefficiencies and align with the broader legal and operational realities faced by taxpayers and businesses.