

**UPSC Syllabus Topic : GS Paper 3 Indian Economy – Indian Economy and issues relating to mobilization of resources.**

**On GST Dispute Settlement – How to make GST less taxing**

**Issues Arising Regarding GST Implementation:**

1. **Increase in Show-Cause Notices:** There has been a substantial increase in the issuance of show-cause notices and other recovery proceedings due to a lack of understanding of the new GST law, procedural complexities, frequent amendments, and portal glitches.
2. **Classification Disputes:** Disputes arise from the classification of goods and services, leading to differential tax rates based on multiple notifications.
3. **Absence of GST Appellate Tribunal:** Currently, there is no GST Appellate Tribunal in place for seeking relief, and the formation of the GST Tribunal is pending.
4. **Unchanged Strength of CESTAT:** The strength of the existing Customs, Excise and Service Tax Appellate Tribunal (CESTAT) has not been increased, affecting its capacity to handle the growing number of cases.

**Recommended Solutions:**

1. **GST Settlement Scheme:**
  - Introduce a GST settlement scheme allowing assesseees to pay a percentage of the disputed tax, facilitating the resolution of numerous pending proceedings.
  - Propose a flat payment of 33% of the disputed tax amount with a complete waiver of interest and penalty.
2. **Keep Fines Low:**
  - Ensure that the percentage of taxes to be paid under the settlement scheme is reasonable and not overly burdensome.
  - Implement a complete waiver of interest and penalty to encourage assesseees to participate in the scheme.
3. **Model After Successful Schemes:**
  - Draw inspiration from successful schemes like the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019, which offered a waiver of interest and penalty upon the payment of a reasonable percentage of disputed taxes.
  - Implementing a similar scheme for GST would attract adoption, lead to dispute closures, and reduce the burden on the proposed Tribunal.

These recommended measures aim to streamline the GST resolution process, alleviate the burden on businesses, and create a more conducive environment for the successful implementation of GST.