THE GOODS AND SERVICES TAX PRACTITIONERS' ASSOCIATION OF MAHARASHTRA

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Ref. No. 25-26/1035 Date: 12th January, 2026

To,

Office of The Principal Director of Audit (Central), Mumbai,
C-25, Audit Bhavan, Bandra Kurla Complex,
Mumbai- 400 051,

Sub: Stakeholder's meeting for Audit Report on 'Enhancing Ease of Doing Business for Indirect Taxpayers in India' by Comptroller and Auditor General of India - GST

Respected Sir,

1. At the outset, we thank the Office of the Comptroller and Auditor General of India for inviting GSTPAM to participate in the stakeholder consultation on "Enhancing Ease of Doing Business for Direct / Indirect Taxpayers in India". We appreciate the opportunity to share practical, field-level inputs from the perspective of GST practitioners and taxpayers.

2. The Goods and Service Tax Practitioner's Association of Maharashtra (GSTPAM) is a State-level body of Sales Tax Practitioners' established in the year 1951. GSTPAM has 75 years of experience in representing the various issues faced by the tax payers and its members before the Tax Authorities. GSTPAM has acted as a conduit for implementation of new laws such as MVAT Act in 2005 and GST laws in 2017. GSTPAM has been the pioneer association in the State of Maharashtra carrying out regular educational events and programmes for imparting knowledge amongst its members and tax payers in general thereby helping in implementation of the Indirect Tax laws across the State.

3. GSTPAM has been the torchbearer for tax payers to take forward its issues and represent before the tax authorities and also helped the Tax Authorities to reach out to tax payers in general by carrying out various public events. GSTPAM has its membership spread all over the State of Maharashtra comprising of more than 3000 Tax Practitioners and other professionals such as Chartered Accountants, Cost Accountants, Company Secretaries and Advocates practicing in GST, VAT, Service tax and allied laws. The

Association has Regional Centres at district places to cater to the needs of members practicing in various districts of Maharashtra.

4. The Goods and Services Tax has been a transformative reform which has significantly contributed to the creation of a common national market, formalisation of the economy, digitalisation of compliance, and widening of the tax base. At the same time, based on our interaction with taxpayers across sectors, particularly MSMEs, we wish to highlight certain implementation gaps and compliance challenges which, if addressed, can further enhance ease of doing business without compromising revenue.

I. Input Tax Credit (ITC)

While ITC is the backbone of GST, its current framework has become increasingly complex and punitive for bona fide taxpayers. Litigation currently is mostly on denial of ITC.

Issues observed:

1. Rigid time limits under section 16(4) result in permanent denial of credit due to procedural lapses.
2. Monthly matching of ITC creates continuous reconciliation pressure and litigation.
3. ITC is often denied due to supplier default, despite tax being eventually paid.
4. Rule 37A provides limited relief and does not cover cases where tax is paid in cash.
5. Taxpayers are sometimes blocked from filing returns unless disallowed ITC is paid, impacting business continuity.
6. Denial of Credit on non-payment to supplier within 180 days where payment schedules are longer as per the contract.

Suggestions:

1. Remove or substantially relax the time limit prescribed under section 16(4).
2. Shift ITC matching from monthly to quarterly or annual basis to make it simpler.
3. Ensure supplier is first pursued for recovery before disallowing ITC to the recipient and provide for *suo moto* restoration/refund of ITC once supplier discharges tax liability.
4. Show percentage of tax paid in comparison with GSTR1 made by supplier.
5. Extend relief under Rule 37A even where tax was paid in cash.
6. ITC reversal on account of 180 days should be amended to later of 180 days or as per contract.

II. Returns, Portal Functionality & Procedural Flexibility

Issues observed:

1. Limited scope for correcting genuine errors in returns.
2. No separate mechanism for adjusting prior-period transactions.
3. Delay in refunds, particularly from the cash ledger, affecting liquidity.
4. Difficulty in intimation of notices issued on the portal
5. Blocking of ITC should not result in denial of return filing.

Suggestions:

1. Allow amendment facility in returns for correcting genuine mistakes.
2. Introduce separate columns in returns for prior-period adjustments.
3. Expedite refunds, especially from the electronic cash ledger.
4. Pop-up on Portal intimating issuance of Notice or ensure service of physical notice.
5. Taxpayers must be allowed to file returns by paying tax in cash, without utilising the blocked ITC, until the issue is finally resolved.
6. GSTR9 Annual Return be redesigned to allow showing of correct supplies with respect to outward, inward, RCM and tax liabilities as per books of accounts state-wise.

III. E-Way Bill and E-Invoice Rationalisation

Issue observed:

1. Limited scope for correcting genuine errors in e-invoices & E-way bills.
2. Clerical deficiencies in E-way bill.
3. Duplication of compliance where the same transaction is reported through e-invoice as well as e-way bill.

Suggestion:

1. Allow amendment facility in e-invoices & E-way bills for correcting genuine mistakes.
2. Provide for a mechanism for amendment of clerical errors in E-way bills which is causing litigation.
3. Faster disposal of appeals with respect to E-way bill Orders passed by Checkpost Officer especially for States where the RP does not have Registration. Facility of online hearings should also be provided to the taxpayer.
4. Consider dispensing with the requirement of e-way bill where e-invoice has been generated, to reduce duplication and compliance burden.

IV. Registration and Place of Supply – Structural Ease of Doing Business

Issues observed:

1. Requirement for multiple State registrations for exhibitions, temporary storage, and site execution increases compliance without revenue benefit.
2. GST being "One Nation One Tax", such requirements defeat the objective of simplification.
3. Orders for cancellation of registration severely delayed.
4. Rejection of Cancellation applications made by taxpayers is severely delayed.

Suggestions:

1. Reduce the requirement of additional registrations for exhibitions, temporary storage, and site-based execution.
2. Revisit place of supply provisions, particularly for works contracts, to consider location of supplier/contractor.
3. Facilitate single or simplified registration mechanisms wherever feasible.

4. Introduce fast-track or facilitated registration for entities with substantial capital investment.
5. Orders for cancellation of registration should be passed in a timely manner.
6. Delayed rejection of Cancellation applications made by taxpayers are resulting in unnecessary burden of late fees on taxpayer. Standard operating procedures (SOP) should be published in case of verification required prior to issuance of Cancellation Orders.

V. Investigation, Audit and Enforcement Practices

Issues observed:

1. Provisional attachment of bank accounts severely hampers business operations.
2. Vague and general summons are frequently used even for routine information gathering.
3. Parallel proceedings by State and Central authorities cause duplication and hardship.
4. Investigation wings often pass high-handed adjudication orders, affecting neutrality.

Suggestions:

1. Exclude bank accounts from provisional attachment; if invoked, SCN should be issued within a fixed short timeframe.
2. Prescribe a simple statutory form for calling information; summons to be used only where proceedings are initiated.
3. There should not be any parallel investigations by State and Centre on the same issue.
4. Ensure adjudication is conducted by an authority independent of investigation.
5. Arrest provisions to be used only in exceptional cases; prosecution thresholds may be revisited.
6. Provide clear year-wise framework for audits.
7. Investigation Proceedings must be video recorded.

VI. Litigation, Appeals and Dispute Resolution

Issues observed:

1. Procedural delays result in loss of appellate remedies.
2. Repetitive litigation on identical issues increases compliance cost.
3. Functioning of GSTAT – yet to commence.

Suggestions:

1. Provisions similar to Sec 128A for cases under Sec 74 be introduced, especially since majority of orders passed by Centre are under Sec 74 for the financial years 2017-18 to 2022-23.
2. Provide for condonation of delay in filing of appeals in genuine cases as was allowed in erstwhile laws. The present restrictions have mainly affected MSME sector.
3. Monetary limits be introduced for 1st Appeals being filed by Department.
4. Keep recovery proceedings in abeyance where the department itself has filed an appeal.
5. Expedite the process of setting up GSTAT and ease the procedures to enable timely resolution of appeals.

VII. Rate Structure, Refunds and Valuation (Policy-Level Suggestions)

Suggestions:

1. Rationalise inverted duty structures to reduce working capital blockage (arising on account of GST 2.0 Reforms) – wherein rate of tax on several goods were significantly reduced but ancillary input services continue to be taxed at 18%.
2. Rate of tax on services to be rationalized.
3. Allow refund of GST paid on input services in inverted duty cases.
4. Instead of making ISD mandatory, taxpayer be given an option to follow ISD or cross charge mechanism to reduce significant compliance burden on MSME.
5. RCM liability in case of common services which are to be distributed vide ISD mechanism to be syncronised with the available ISD Framework and corresponding return formats.
6. Consider bringing Government services (non-sovereign) under forward charge to reduce disputes.

Sir, we trust you will consider these representation and suggestions favourably. GST has immense potential to further improve ease of doing business in India. Most challenges arise not from policy intent but from implementation rigidity, procedural complexity, and enforcement practices. Addressing these expectation gaps through trust-based administration, simplification of ITC provisions, rationalisation of procedures, and consistent enforcement will significantly enhance taxpayer confidence and voluntary compliance.

We thank the CAG for providing this platform for stakeholder engagement and would be pleased to provide any further inputs or clarifications.

Thanking you,

Yours faithfully,

For The Goods & Services Tax Practitioners' Association of Maharashtra

	Sd/-	**Sd/-**
Adv. Parth Badheka	**CA Pranav Kapadia**	**CA Umang Talati**
President	**Chairman**	**Convenor**

Law and Representation Committee