

**Shri M Ajit Kumar**

Chairman  
Central Board of Indirect Taxes & Customs,  
Government of India  
North Block,  
New Delhi – 110001

Dear Sir,

**Subject:** Concern over increasing the threshold limit from Rs. 2 Crore to Rs. 5 Crore for filing Reconciliation Statement in form GSTR-9C

It has been brought to our notice through reports in print and electronic media that Government is proposing to increase the threshold limit of Rs. 2 Crore to Rs. 5 Crore for filing Reconciliation Statement in form GSTR-9C i.e GST Audit certified by Chartered Accountant.

In this regard, we wish to submit that Chartered Accountant has played and continue to play pivotal role in the implementation of GST the biggest tax reform since independence. The role of professionals in assisting the registered persons in filing monthly returns, Annual Return in GSTR-9 and thereafter its reconciliation statement in form GSTR 9C is immense.

The Reconciliation Statement in GSTR-9C cannot be filed unless the GST Annual Return in Form GSTR-9 is filed. The additional revenue to the Government through GSTR-9 is a result of GSTR-9C audited by Chartered Accountants. We submit that the filing of annual return in GSTR-9 and the revenue so generated can also be attributed to the skillful service rendered by Chartered Accountants to the respective clients and hence our role in filing the same cannot be undermined.

Accordingly, the Chartered Accountants supported the registered persons in filing GST Annual Return in GSTR-9 and errors were corrected. This resulted in increase in revenue for the Government which was paid through DRC-03. The reconciliation statement in GSTR-9C was filed after making necessary correction in the Annual Return in GSTR-9.

Therefore, it is submitted that the increase in revenue should not be attributed only to GST Annual Return, but is the coordination of both i.e. Annual Return and Reconciliation Statement. This can be verified if data collection is analysed properly as we are sure that collection through DRC-03 in Form 9 would be more wherein taxpayers turnover are more than Rs. 2 crore and they are subject to GST audit. Whereas collection through Form DRC-03 in Form - 9 would have been less in case of registered person having turnover upto Rs. 2 crore wherein some of them may have chosen not to file the said form resulting into low collection.

As per the data available 7% of registered taxpayers fall in the category of turnover above Rs. 5 Crores and hence a large number of assessee base will be left out of any basic verification or scrutiny which may result in avoidable tax evasion.

We would like to apprise you that registered persons are more inclined to correct errors, if any, in Form -9 rather than in Form 9C i.e GST Audit which leads to higher collection in DRC-03 - Form 9. Therefore taking a decision on the basis of Form-9 collection, may result in revenue

loss. We suggest that certification cum reconciliation statement be incorporated in Form-9 itself instead of a separate Form 9C and ease the compliance while maintaining revenue collection.

It may not be out of place to mention here that Finance Bill 2020 has proposed to amend section 44AB of the Income-tax Act, 1961 to increase the threshold limit for income-tax audit for a person carrying on business from one crore rupees to five crore rupees in cases where,- (i) aggregate of all receipts in cash during the previous year does not exceed five per cent of such receipt; and (ii) aggregate of all payments in cash during the previous year does not exceed five per cent of such payment. We suggest that if at all, the Government is considering the increase in the threshold limit for GST audit, the same may be increased in line with the principles adopted under income-tax i.e., the increased turnover limit of 5 crore for GST audit should be made applicable for a supplier whose (i) aggregate of all receipts in cash during the previous year does not exceed 5% of such receipt; and (ii) aggregate of all payments in cash during the previous year does not exceed 5% of such payment.

ICAI has conducted numerous training programmes for officials of Central & State Governments, members of general public, our own members and as per statistics 2210 training programmes, workshops, seminars or conferences on GST have been conducted and benefited lakhs of participants. In addition, 119 batches of Certificate Courses have been organized across the country which has been attended by 8411 participants. We have also published 21 Technical publications on GST and our BGM on GST serves as an immediate study for all the officials involved in implementation of GST.

In conclusion we most humbly submit that the increase in turnover from Rs. 2 Crore to Rs. 5 Crore please be reconsidered. ICAI wishes to reiterate its resolve to work with the Government and take forward all the policy initiatives aimed at National Building.

Hoping that our suggestions would be addressed positively. We shall be glad to provide any further input as may be required and your office may reach us at [gst@icai.in](mailto:gst@icai.in) or 0120-3045954 / 9301542608.

Thanking you.

Yours faithfully,

**CA. Rajendra Kumar P**

Chairman

GST & Indirect Taxes Committee