



Press Release

13th July 2023

BRINGING GST UNDER ED LENS BROUGHT FEAR AMONG TRADERS- CAIT TERMED FEAR AS UNFOUNDED

The recent notification of the Government empowering Enforcement Directorate to obtain data from GSTN has created a panic and fear among the trading community across the Country that now they will face one more Department ED and will be subjected to scrutiny of ED. The Confederation of All India Traders(CAIT) has termed such fears as unfounded and illogical as reading of the notification do not bring any coercive action of ED against traders.

CAIT National President Mr B C Bhartia and Secretary General Mr Praveen Khandelwal said that a careful and comprehensive study of the related notification of 7th July , it is evident that the apprehension regarding the inclusion of GST under the purview of the Enforcement Directorate (ED) is unfounded. Both Mr Bhartia & Mr Khandelwal said that as per the notification, it is the Financial Intelligence Unit (FIU) that engage with the ED like various other agencies and government departments. The FIU assumes a pivotal role in receiving, meticulously processing, astutely analyzing, and effectively disseminating information related to potentially illicit financial transactions. Consequently, both prominent and modest traders may face questioning or investigation by the ED if they are deemed culpable following scrutiny by the unwavering gaze of the FIU.

Both trade leaders said that if anyone is found guilty under the scrutiny of the Financial Intelligence Unit (FIU), the Enforcement Directorate (ED) will actively engage and take appropriate action.

Mr Bhartia & Mr Khandelwal opined that in GST, while legal disputes like the ones on taxability, exemption, classification, valuation, eligibility for ITC, eligibility for refund etc. may not be covered under PMLA, the activities of resorting to issuance of fake invoices or claim of ITC on the basis of fake invoices, with an intent to evade taxes, leading to acquisition of properties, may be covered, depending upon the facts and circumstances of each case.

Sec 66 empowers the ED to furnish any information obtained, to Any tax authorities; or Such other authorities as may be notified. Thus, GST authorities being tax authorities, are already entitled to obtain any information from the ED.

Now, through the latest notification dated 7th July, GSTN (M/s. GST Network Ltd.) are also included as another authority, making them entitled for share of any information from the ED. So, the new notification practically may not have any relevance for the taxpayers under GST.

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