ANSWERED ON MONDAY, AUGUST 11, 2025

"INDIRECT TAX COMPLIANCE AND REDUCTION IN TAX EVASIONS"

3545. SHRI ANOOP PRADHAN VALMIKI:

Will the Minister of FINANCE be pleased to state:-

(a) whether the Government has taken any steps to increase the indirect tax compliance and reduce tax evasion, including monitoring of GST returns filed by taxpayers;

(b) if so, the details thereof;

(c) whether any technology is being leveraged in to enhance efficiency and simplify compliances in GST;

(d) if so, the details thereof; and

(e) whether the Government is leveraging advanced technologies such as AI, ML and Data Analytics to monitor the compliance of GST and proactively detect any potential tax evasion?

ANSWER
MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (d): Yes, the Government on the basis of recommendation of GST Council has taken several measures from time to time to increase indirect tax compliance and reduce tax evasion. Some of the major policy measures taken by the Government are as under:

i. Mandatory Aadhar based authentication for new GST registrations as well as centralised suspension of registrations of registered persons who default in timely filing of returns.

ii. The filing of statement for outward supply in GSTR-1 has been made mandatory before the filing of monthly return in GSTR-3B submission for the same period since October 2022 to ensure accurate input tax credit (ITC) reporting and availment.

iii. E-Way Bill generation is blocked automatically when regular taxpayers fail to file GSTR-3B for two consecutive months.

iv. GST refund applications are assigned risk ratings through data analytics, with high-risk refund claims undergoing detailed verification.

v. E-invoicing integration is implemented to enable automatic invoice reporting, input tax credit (ITC) reconciliation, e-Way Bill generation, and real-time compliance validation.

vi. Carrying out two nationwide special drives against unscrupulous entities for availing and passing on input tax credit (ITC) fraudulently on the strength of fake/bogus invoices.

vii. Progressive reduction in threshold limit for issue of e-invoice for B2B transactions from Rs. 20 crore to Rs. 10 crore w.e.f from 01.10.2022 and further to Rs. 5 crore w.e.f from 01.08.2023.

(e):- Yes, the Government on the recommendation of GST Council, is leveraging advanced technologies such as AI, ML and Data Analytics to monitor the compliance of GST and proactively detect any potential tax evasion. The GST system uses advanced data analytics and artificial intelligence to enhance compliance monitoring and to prevent evasion of tax. Thus, based on data analysis and risk parameters various processes under GST like registration, scrutiny, and audit etc. target only high-risk taxpayers to avoid burdening compliant taxpayers. GSTN's implementation of Machine Learning and Data Analytics enables department to effectively monitor GST compliance while improving overall ease of compliance for taxpayers.

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