

KYS – KNOW YOUR SUPPLIER

INTRODUCTION

In this article we will study about we should Know Our Supplier details about his filing status of returns, is he depositing the tax to the Government, will I get the benefit and many more, whether our PAN is not being misused.

TOPICS COVERED

- What is Know Your Supplier
- Uses of Know Your Supplier
- Steps for Check the Information
- How to check Bogus Supplier
- Check whether your PAN is not misused

- Purchase v/s GSTR 2B

What is Know Your Supplier?

The new facility called 'Know Your Supplier' was introduced to enable every Registered Person to be Tax Compliant and also to obtain some basic information about their suppliers. The suppliers can be either with whom they conduct or propose to do business in future.

Uses of Know Your Supplier

- This facility might work as an **information exchange** module **between the recipient and supplier**.
- This facility will help in **reducing the non – compliance by the suppliers**.
- Once this facility is made available the taxpayers can get some basic information about the existing suppliers with whom they are doing business.

- Also, the taxpayer can get to know about a new supplier, once he goes through the supplier's history regarding compliance with the law.

Steps for Check the Information

Step 1: - Login to GST common Portal and Navigate Search Taxpayer using Search by PAN

Step 2: - Enter the PAN details and click on search

Step 3: - List of all the GSTIN obtained using that PAN will be displayed. Click on the GSTIN for particular GSTIN you want to check.

Step 4: - Click on search. You will get all the details except Place of business, filing details.

Step 5: - To get the GST Return Details click on "Show Filing Table" and to get the place of business details, click on "Place of Business Details", click on "E – Way Bill History" to get E – Way Bill Details.

How to check Bogus Supplier

- Taxpayer not filing his GSTR 1
- Always delaying while filing GSTR 1
- Incorrect outward supplies details produced in the Supplier's GSTR 1

There is penalty for not filing GSTR 1 & GSTR 3B under Section 47 of CGST Act which states “any registered person who fails to furnish the details of outward or 1 supplies required under section 37 (GSTR 1) or returns required under section 39 (GSTR 3B) or section 45 (GSTR 10) or section 52 (TCS Return) by the due date shall pay a late fee of one hundred rupees for every day during which such failure continues subject to a maximum amount of five thousand rupees”.

But the person who is Bogus or Fraud is least bothered about the penalty as he is willing to do tax evasion or claiming of erroneous refund.

Check whether your PAN is not misused

Step 1: - Go to www.gst.gov.in there is Search Tab is given. After that click on Search Taxpayer then Search By PAN. Enter PAN details then enter Captcha then click on Search.

Step 2: - All the details will displayed of all the GSTIN having on that PAN.

Step 3: - If find that a particular GSTIN is misused on your PAN or that registration is done by you. Then you can Report while clicking on the Report option, then the portal will ask you some details while registering the complaint like DOB, address, e-mail, Phone No.

For entity other than proprietor, complaints have to enter the personal details that shall be followed by authentication of aadhaar.

Step 4: - After submitting the request ARN shall be generated. The complaint so registered shall be made available to the competent authority at this dashboard under the heading "Application for reporting Fake GSTIN's for further necessary action".

Purchase v/s GSTR 2B

To identify irregular suppliers you need to reconcile the Data of your books with GSTR 2B.

For claiming Input Tax Credit your Purchase invoice should be reflected in GSTR 2B (Section 16(2)(aa) of CGST Act)

GSTR 2B is generated on 14th of the succeeding month when the Supplier files his GSTR 1 it will be reflected in Recipient GSTR 2B through which he can claim Input Tax Credit.

This shall help in two ways: -

First Identify irregular Supplier's

Second it will update you that which ITC you want to claim and which not.

If any Supplier has missed to file his GSTR 1 you can make a note or can convey to his GSTR 1 to make you eligible to claim ITC.

Note: - For claiming ITC all the 5 conditions of Section 16(2) needs to be satisfied.

- 1 – Recipient should have tax Invoice.
- 2 – Recipient must have received the goods or services.
- 3 – The Invoice should be reflecting in GSTR 2B
- 4 – The Supplier should have paid the taxes to the Government.
- 5 – Recipient must be filing his returns regularly.

AUTHOR VIEW

This is similar to Know Your Customer (KYC) which is collected by banks to collect proofs to identify the existence and genuineness of the customers. Same is followed under GST, It is very important now a days that we should make a practice of knowing our supplier on regular basis, as if our supplier is not filing his GSTR 1 on time we will not be able to get our ITC due to which we need to pay tax for that particular month which ultimately block our capital. So to avoid such we should check this on regular basis in our benefit.

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