

**LOK SABHA
UNSTARRED QUESTION NO. 2414**

TO BE ANSWERED ON MONDAY, DECEMBER 15, 2025/AGRAHAYANA 24, 1947 (SAKA)

BENEFITS OF GST AUTOMATION IN TAX EVASION

2414. DR. D. PURANDESWARI:

Will the Minister of FINANCE be please to state:

- (a) whether the Government has assessed the benefits of GST automation, faceless income-tax assessment and e-invoicing in increasing transparency and reducing tax evasion across all sectors, if so, the details thereof;
- (b) whether these reforms have contributed to fiscal stability through improved revenue generation and supported large-scale infrastructure, welfare and capital-expenditure programmes, if so, the details thereof;
- (c) whether the Government proposes further measures, such as AI-based taxpayer risk profiling, blockchain-enabled invoice verification and widespread adoption of digital payments, to strengthen tax compliance, if so, the details thereof;
- (d) whether these reforms have been helpful in improving India's sovereign credit outlook, investor confidence and macroeconomic fundamentals, if so, the details thereof; and
- (e) whether the Government intends to further simplify the tax process for MSMEs and Startups to ease compliance and promote broader formalization of the economy, if so, the details thereof?

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

(a): The Goods and Services Tax Network (GSTN) portal and the e-invoicing system (Invoice Furnishing Facility – IFF under the GST Common Portal) have significantly enhanced transparency in tax administration. The real-time capture of invoice data reduces information mismatches between suppliers and recipients, thereby minimizing the scope for tax evasion. An automated matching of the supplier's tax liability with the recipient's input tax credit (ITC) has streamlined compliance processes. The phased implementation of e-invoicing has eliminated manual invoice preparation, reduced errors, and facilitated seamless data integration with GST return filing. Overall, automation has reduced the compliance burden on taxpayers through pre-filled returns, simplified ITC reconciliation, and real-time validation

(b) to (d): The Government's tax administration reforms—including GST automation, faceless income-tax assessments, and e-invoicing—have significantly reinforced India's macroeconomic fundamentals. These measures have enhanced revenue buoyancy, improved predictability of collections, and widened the tax base, thereby supporting medium-term fiscal discipline. They have also strengthened fiscal transparency and enabled more reliable adherence to budgeted targets, contributing to improved investor confidence and a more favourable sovereign credit outlook, resulting in sovereign rating upgrades for India from three rating agencies in the recent past. The government's sustained commitment to fiscal consolidation has been a significant factor in these rating upgrades. Sovereign rating agencies and multilateral institutions have consistently highlighted the importance of robust tax compliance, digitalized systems, and policy certainty in sustaining stable public finances and long-term economic growth. Improved mobilisation of revenue has helped in increasing the budgetary allocations for Capex from 2.5% of GDP and 15.6% of central government Expenditure in 2021-22 to 3.1% of GDP and 22.1% of central government expenditure in 2025-26.

AI is being utilized for risk verification in GST registration and processing of automated refunds to identify high-risk registrations and suspicious refund claims. E-invoice data analysis is being used to detect return mismatches between supplier outward supplies and recipient inward supplies. Data analytics is being employed to identify fraudulent practices including circular trading, fraudulent Input Tax Credit (ITC) and refund claims, thereby strengthening tax compliance and reducing tax evasion.

(e): Government of India has taken following steps to further simplify the tax process for MSMEs and Startups to ease compliance and promote broader formalization of the economy:

- i. The threshold limit of annual turnover for registration under GST for entities engaged in supply of goods has been increased to Rs. 40 lakhs (other than some special category States) effective from April 1, 2019, which was initially Rs. 20 lakhs. This ensures that no GST compliance is required by such small units below the above threshold turnover and no GST is required to be paid by such units upto the said threshold turnover.
- ii. The threshold limit of annual turnover for supply of goods under composition scheme has been increased to Rs. 1.5 crore (other than some special category States) effective from 1st April 2019, which was initially Rs. 75 lakhs. Such taxpayers under composition scheme are required to file a return on annual basis, thus reducing their compliance burden substantially.
- iii. A scheme of quarterly return filing and monthly payment (QRMP) has been introduced where small taxpayers with turnover up to Rs. 5 crores have an option to file returns on quarterly basis, instead of monthly return.
- iv. Functionality for filing of NIL GST monthly return through SMS has been created for benefit of taxpayers.
- v. To facilitate small taxpayers in making supply of goods through e-commerce operators (ECOs), the requirement of mandatory registration for intra-state supply of goods through ECOs has been waived off with effect from 01.10.2023 subject to fulfillment of certain conditions.
- vi. Section 128A has been inserted in Central Goods and Services Tax Act, 2017, leading to waiver of interest and penalties for demand notices issued under Section 73 of the CGST Act for the fiscal years 2017-18, 2018-19 and 2019-20, in cases where the taxpayer pays the full amount of tax demanded in the notice upto 31.03.2025.
- vii. Amendment has been made in Section 107 and Section 112 of Central Goods and Services Tax Act, 2017, for reducing the amount of pre-deposit required to be paid for filing of appeals under GST.
- viii. In order to simplify the registration process, an optional simplified GST registration scheme has been introduced wherein registration shall be granted on an automated basis within three working days from the date of submission of application in case of low risk applicants and applicants who based on their own assessment, determine that their output tax liability on supplies to registered persons will not exceed Rs. 2.5 lakh per month.
