

Tyre cos, suppliers under lens for GST violations

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New Delhi: Tyre suppliers and leading manufacturers — including JK Tyre, Apollo, Ceat and MRF — are under the scanner for possible misuse of provisions related to GST, with authorities also probing if there were instances of tax evasion.

Sources said authorities are examining multiple issues, which include non-payment of tax on amount recovered through debit notes, excess claim of input credit and transactions between plants and depots. There was no estimate of violations involved,

although some of the suppliers are said to have admitted to a tax liability and made some initial payments. To avoid prosecution proceedings, suppliers have the option to pay tax with interest and 15%

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penalty under the Central GST Act, a tax lawyer said.

While Ceat, Apollo and MRF did not respond to questionnaires e-mailed last week, a spokesperson for JK Tyre said: "We are in communication with the GST wing on a certain matter of interpreta-

tion that needs to be clarified for the entire tyre industry. It is work in progress and we are hopeful of arriving at a conclusion very soon.

The tyre industry has been under the lens for close to six months now as preliminary data with GST authorities showed instances of mismatch in returns. The problem lies in the replacement market, where there is a huge amount of cash payment involved, a tax consultant said.

If a detailed probe reveals industry-wide malpractices, the government may review its plan to reduce the levy from the current 28%.