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GST Compliance April 2025 Onwards: Critical Changes You Can’t Ignore

As of April 1, 2025,
several significant changes have been implemented in India's Goods and Services Tax (GST) framework. These updates aim to enhance compliance, security, and streamline processes for businesses.

Here's a detailed overview of the key changes:

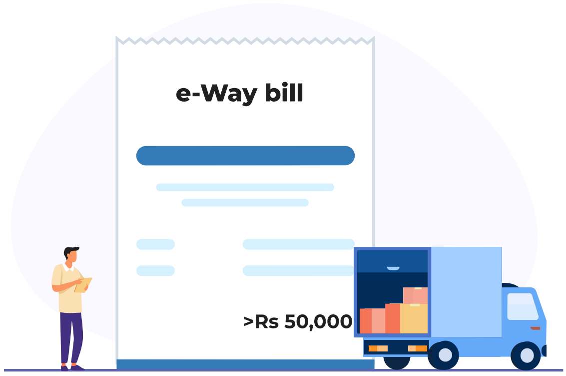
1 E-Invoice Reporting Timeframe Reduced

The deadline for reporting e-invoices has been shortened:

- Businesses with an Annual Aggregate Turnover above ₹10 crore must report B2B invoices within 30 days from the invoice date.
- Invoices not reported within this period will be rejected by the Invoice Registration Portal (IRP), potentially affecting Input Tax Credit claims.

2 New Invoice Series Required

Starting April 1, 2025,
All businesses must initiate a fresh invoice series for the new financial year.



» This applies to :

- Tax invoices
- Credit notes
- Debit notes
- Bills of supply

This change ensures systematic record-keeping and compliance with GST regulations.

3 E-Way Bill Generation and Extension Restrictions

The generation and extension of e-Way Bills are now subject to stricter limitations:

» Taxpayer has to generate Part B of E-Way Bills within 180 days of the invoice date.

» These measures aim to enhance the integrity of goods movement tracking and prevent fraudulent activities.

B

Proposed Access to Taxpayers' Digital Data under the Income Tax Act:

A Glimpse into the Evolving Landscape

With the increasing digitalisation of financial systems and governance, the tax administration in India is gradually moving toward deeper integration of taxpayers' digital footprints.
Recent developments indicate a proposal for broader access to digital data by the Income Tax Department under the Income Tax Act, 1961.

>> This note outlines the key aspects of this proposal, its legal basis, potential implications, and the direction it signals for the future of tax compliance in India.

1 Scope of Proposed Digital Access

Under the proposed framework, the Department is expected to expand its scope of data access to include a wider range of digital information.

These may include:

- Online spending patterns
- Travel history (domestic and international)
- Digital payment records (UPI, wallets, credit/debit cards)
- Utility consumption and mobile usage
- Social media signals (indirect indicators of lifestyle)
- E-commerce and high-value purchases

This data, once mapped with PAN-linked financial disclosures, can provide the authorities with a more comprehensive overview of a taxpayer's economic activity.

2 Possible Objectives

While formal policy details are awaited, the broader intent behind such access may include:

- Strengthening the accuracy of income profiling
- Improving identification of high-risk cases and non-filers
- Facilitating more accurate pre-filling of tax returns
- Supporting risk-based scrutiny and assessments
- Reducing reliance on manual verification and surveys
- Real time monitoring

This move aligns with the global trend toward data-driven tax administration aimed at ensuring a wider tax base and greater transparency.

3 Implementation Mechanism

The Income Tax Department is considering a centralized data warehouse and analytics platform under the umbrella of the Project Insight initiative.

Key features include:

- AI-driven algorithms to analyze behavioral and transactional patterns
- Integration with third-party databases (banking, GST, digital payments, foreign travel, etc.)
- Collaboration with other departments such as the Ministry of Corporate Affairs (MCA), CBIC, and UIDAI

Data will be pulled from multiple sources and matched with PAN-linked information to generate risk scores and compliance alerts.

4 Implications and Observations

From a compliance standpoint, this proposal indicates a shift toward **automated cross-verification** of declared income with observable digital behaviour. While GSTR filings, TDS statements, and AIS (Annual InformationStatement) have already enhanced reporting transparency, the proposed access would further strengthen the Department's ability to detect under-reporting and non-disclosure.

Some concerns that may arise include:

- Privacy and data security
- Taxpayer rights
- Accuracy of third-party data and its relevance for tax evaluation

Conclusion

- The proposed access to taxpayers' digital data under the Income Tax Act marks a significant evolution in India's tax administration. While it promises better compliance and more effective monitoring, it also necessitates a robust legal framework and adequate safeguards to balance efficiency with privacy and fairness.
- Taxpayers and professionals must stay informed of these changes and adapt their compliance strategies accordingly. Transparent governance, accountability, and data ethics will be key to the success of this digital transformation in tax administration.

THANK YOU

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