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**SUBJECT:**

**Issues Pertaining to Special  
drive against fake  
registrations under GST**

# Bone of Conte...xt !!

## GUIDELINES FOR SPECIAL ALL-INDIA DRIVE AGAINST FAKE REGISTRATIONS

INSTRUCTION NO. 1/2023-GST [F. NO. CBIC- 20/16/05/2023-GST] , DATED 4-5-2023

- Period of this Drive-** 16th May 2023 to 15th July 2023.
- Backdrop:** Fraudulent Credit amount is doubled in the previous financial year.

# Game of 'F'

- Fake- Registration/ Fraudulent Registration; Suspicious Registration
- Fake Billers
- Fake Dealers
- Fictitious taxpayer / Non existent taxpayer
- Fraudulent ITC

# Action

- Initiate the verification drive
- Conducting remedial action to weed out from GST Eco system and safeguard government revenue
  - Section 29
  - Rule 86A
  - Demand & Recovery of ITC availed by the recipient
  - Action against the masterminds and beneficiaries
  - Recovery of government dues
  - Provisional attachment/ bank accounts etc.
- Similar action for the linked or suspicious registration

# Issue- 1

Do we have any change in the law by way of this instruction?

## **Sec 168:**

*The Board may, if it considers it necessary or expedient so to do for the purpose of uniformity in the implementation of this Act, issue such orders, instructions or directions to the central tax officers as it may deem fit, and thereupon all such officers and all other persons employed in the implementation of this Act shall observe and follow such orders, instructions or directions.*

# Issue- 2

- Verification is.....?** (Physical Verification or something else)
- Verification for whom?** (New applicant or existing registered person)
- Verification-** Should it means Inspection or Search?
- Verification of what-** Documents, Sales Ledger, Purchase Ledger, Books of Accounts etc.?

# Issue- 3

- Verification, is this backed by law? Periphery of present law: [Section 67, Section 71, Rule 25]
  - Rule 25
  - Section 67
  - Section 71
  - Reason to suspect Vs Reason to believe
  
- Can they conduct Inspection u/s 67(1) this time?
- Authorisation letter in each of the case
- Modus operandi in each of the case?
- Will they just check records?
- Can they carry the records?
- Photographs?
- Physical stock
- Mobile etc.

# Issue- 3 Contd..

**Physical verification of business premises in certain cases (Rule 25 of CGST Rules):**

**Where the proper officer is satisfied that the physical verification of the place of business of a person is required due to failure of Aadhaar authentication or due to not opting for Aadhaar authentication before the grant of registration, or due to any other reason after the grant of registration, he may get such verification of the place of business, in the presence of the said person, done and the verification report along with the other documents, including photographs, shall be uploaded in FORM GST REG-30 on the common portal within a period of fifteen working days following the date of such verification.**



# Issue- 3 Contd..

## ❑ What is the present law?

67.(1) Where the proper officer, not below the rank of Joint Commissioner, has reasons to believe that—

(a) a taxable person has suppressed any transaction relating to supply of goods or services or both or the stock of goods in hand, or has claimed input tax credit in excess of his entitlement under this Act or has indulged in contravention of any of the provisions of this Act or the rules made thereunder to evade tax under this Act; or

(b) any person engaged in the business of transporting goods or an owner or operator of a warehouse or a godown or any other place is keeping goods which have escaped payment of tax or has kept his accounts or goods in such a manner as is likely to cause evasion of tax payable under this Act,

he may authorise in writing any other officer of central tax to inspect any places of business of the taxable person or the persons engaged in the business of transporting goods or the owner or the operator of warehouse or godown or any other place.

(2) Where the proper officer, not below the rank of Joint Commissioner, either pursuant to an inspection carried out under sub-section (1) or otherwise, has reasons to believe that any goods liable to confiscation or any documents or books or things, which in his opinion shall be useful for or relevant to any proceedings under this Act, are secreted in any place, he may authorise in writing any other officer of central tax to search and seize or may himself search and seize such goods, documents or books or things:

Provided that where it is not practicable to seize any such goods, the proper officer, or any officer authorized by him, may serve on the owner or the custodian of the goods an order that he shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer:

Provided further that the documents or books or things so seized shall be retained by such officer only for so long as may be necessary for their examination and for any inquiry or proceedings under this Act.

# Issue- 3 Contd..

## ❑ What is the present law?

### Access to business premises.

Sec 71. (1) Any officer under this Act, authorised by the proper officer not below the rank of Joint Commissioner, shall have access to any place of business of a registered person to inspect books of account, documents, computers, computer programs, computer software whether installed in a computer or otherwise and such other things as he may require and which may be available at such place, for the purposes of carrying out any audit, scrutiny, verification and checks as may be necessary to safeguard the interest of revenue.

(2) Every person in charge of place referred to in sub-section (1) shall, on demand, make available to the officer authorised under sub-section (1) or the audit party deputed by the proper officer or a cost accountant or chartered accountant nominated under section 66—

(i) such records as prepared or maintained by the registered person and declared to the proper officer in such manner as may be prescribed;

(ii) trial balance or its equivalent;

(iii) statements of annual financial accounts, duly audited, wherever required;

(iv) cost audit report, if any, under section 148 of the Companies Act, 2013 (18 of 2013);

(v) the income-tax audit report, if any, under section 44AB of the Income-tax Act, 1961 (43 of 1961)41; and

(vi) any other relevant record,

for the scrutiny by the officer or audit party or the chartered accountant or cost accountant within a period not exceeding fifteen working days from the day when such demand is made, or such further period as may be allowed by the said officer or the audit party or the chartered accountant or cost accountant

# Issue- 4

- Period of this Drive-** 16th May 2023 to 15th July 2023.
- Could not they visit earlier?
- Can not they verify after this period?

# Issue- 5

- ❑ Is there any need to apply rule of interpretation for reading the instruction?
  - Usage of the word 'Verification' solely : 6 times
  - Usage of the word 'verification and investigation' : 2 times

**Instance:**

*Further, during the **investigation/verification**, if any linked suspicious GSTIN is detected, similar action may be taken/initiated in respect of the same.*

**Instance:**

*If any novel modus operandi is detected during the **verification/investigation**, the same may also be indicated in the said action taken report.*

**Instance:**

*If, after **detailed verification**, it is found that the taxpayer is non-existent and fictitious, then the tax officer may immediately initiate action for suspension and cancellation of the registration of the said taxpayer in accordance with the provisions of section 29 of CGST Act, read with the rules thereof.*

# Issue- 6

Day and Time of verification?

# Issue- 7

**Who is the proper officer?**

Jurisdictional Officer/ DGGST/Anti Evasion  
Form- Not Prescribed

**Can any of CGST officer/ SGST officer conduct the verification?**

# Issue- 8

❑ Possible grounds based on which the field officers of this drive may visit your premise ?

- Tools and data available

**Like:**

- Multiple GSTIN at a place
- GST Period
- Common Ownership
- Surge/ declination of turnover/ tax
- EWB
- GSTR 1 – EWB- 2B- 2A
- Filing of returns- periodicity

# Issue- 9

## ❑ Display of GSTIN and GST- RC

### **Section 18: Display of registration certificate and Goods and Services Tax Identification Number on the name board**

*(1) Every registered person shall display his certificate of registration in a prominent location at his principal place of business and at every additional place or places of business.*

*(2) Every registered person shall display his Goods and Services Tax Identification Number on the name board exhibited at the entry of his principal place of business and at every additional place or places of business.*

## ❑ Penalty

### **Section 125: General Penalty**

*Any person, who contravenes any of the provisions of this Act or any rules made thereunder for which no penalty is separately provided for in this Act, shall be liable to a penalty which may extend to twenty five thousand rupees.*



# Issue- 10

- ❑ **Documents to be kept? (Not a full list)**
  - Rent Agreement/ Owned – Registration Certificate
  - Electricity Bill
  - KYC of Authorised Signatory/ Directors etc.
  - Access on the Books of Accounts etc.

# Issue- 11

**❑ Multiple Place of Business at a single place?**

Spacelance Office Solutions Private Limited (GST AAR Tamilnadu)

# Issue- 12

- ❑ What if, the document/ information etc. are not provided/ provides false information?
- ❑ If the RP does not co-operate with officer?

## Sec 122:

Where a taxable person who—

(xii) furnishes any false information with regard to registration particulars, either at the time of applying for registration, or subsequently;

(xiii) obstructs or prevents any officer in discharge of his duties under this Act;

(xvii) fails to furnish information or documents called for by an officer in accordance with the provisions of this Act or the rules made thereunder or furnishes false information or documents during any proceedings under this Act.

shall be liable to pay a penalty of ten thousand rupees or an amount equivalent to the tax evaded or the tax not deducted under section 51 or short deducted or deducted but not paid to the Government or tax not collected under section 52 or short collected or collected but not paid to the Government or input tax credit availed of or passed on or distributed irregularly, or the refund claimed fraudulently, whichever is higher

# Issue- 13

- Multiple Bank Account**

# Sum-up

- Do's
- Don'ts

# Your queries

???

**Thank You.**