

# Concept Note on GST

## 1. Introduction

The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014, seeks to amend the Constitution of India to facilitate the introduction of Goods and Services Tax (GST) in the country. The proposed amendments in the Constitution will confer powers both to the Parliament and the State legislatures to make laws for levying GST on the supply of goods and services on the same transaction.

## 2. Rationale behind moving towards GST:

2.1 Presently, the Constitution empowers the Central Government to levy excise duty on manufacturing and service tax on the supply of services. Further, it empowers the State Governments to levy sales tax or value added tax (VAT) on the sale of goods. This exclusive division of fiscal powers has led to a multiplicity of indirect taxes in the country. In addition, central sales tax (CST) is levied on inter-State sale of goods by the Central Government, but collected and retained by the exporting States. Further, many States levy an entry tax on the entry of goods in local areas.

2.2 This multiplicity of taxes at the State and Central levels has resulted in a complex indirect tax structure in the country that is ridden with hidden costs for the trade and industry. Firstly, there is no uniformity of tax rates and structure across States. Secondly, there is cascading of taxes due to 'tax on tax'. No credit of excise duty and service tax paid at the stage of manufacture is available to the traders while paying the State level sales tax or VAT, and vice-versa. Further, no credit of State taxes paid in one State can be availed in other States. Hence, the prices of goods and services get artificially inflated to the extent of this 'tax on tax'.

2.3 The introduction of GST would mark a clear departure from the scheme of distribution of fiscal powers envisaged in the Constitution. The proposed dual GST envisages taxation of the same taxable event, i.e., supply of goods and services, simultaneously by both the Centre and the States. Therefore, both Centre and States will be empowered to levy GST across the value chain from the stage of manufacture to consumption. The credit of GST paid on inputs at every stage of value addition would be available for the discharge of GST liability on the output, thereby ensuring GST is charged only on the component of value addition at each stage. This would ensure that there is no 'tax on tax' in the country.

2.4 GST will simplify and harmonise the indirect tax regime in the country. It is expected to reduce cost of production and inflation in the economy, thereby making the Indian trade and industry more competitive, domestically as well as internationally. It is also expected that introduction of GST will foster a common or seamless Indian market and contribute significantly to the growth of the economy.

2.5 Further, GST will broaden the tax base, and result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an in-built mechanism in the design of GST that would incentivize tax compliance by traders.

## 3. Salient features of proposed GST:

3.1 Dual GST: Both Centre and States will simultaneously levy GST across the value chain. Tax will be levied on every supply of goods and services. Centre would levy and collect Central Goods and Services Tax (CGST), and States would levy and collect the State Goods and Services Tax (SGST) on all transactions within a State. The input tax credit of CGST would be available for discharging the CGST liability on the output at each stage. Similarly, the credit of SGST paid on inputs would be allowed for paying the SGST on output. No cross utilization of credit would be permitted.

3.2 **Inter-State Transactions and the IGST Mechanism:** The Centre would levy and collect the Integrated Goods and Services Tax (IGST) on all inter-State supply of goods and services. The IGST mechanism has been designed to ensure seamless flow of input tax credit from one State to another. The inter-State seller would pay IGST on the sale of his goods to the Central Government after adjusting credit of IGST, CGST and SGST on his purchases (in that order). The exporting State will transfer to the Centre the credit of SGST used in payment of IGST. The importing dealer will claim credit of IGST while discharging his output tax liability (both CGST and SGST) in his own State. The Centre will transfer to the importing State the credit of IGST used in payment of SGST.

3.3 **Destination-Based Consumption Tax:** GST will be a destination-based tax. This implies that all SGST collected will ordinarily accrue to the State where the consumer of the goods or services sold resides.

#### 3.4 **Central Taxes to be subsumed:**

- i. Central Excise Duty
- ii. Additional Excise Duty
- iii. The Excise Duty levied under the Medicinal and Toiletries Preparation Act
- iv. Service Tax
- v. Additional Customs Duty, commonly known as Countervailing Duty (CVD)
- vi. Special Additional Duty of Customs-4% (SAD)
- vii. Cesses and surcharges in so far as they relate to supply of goods and services.

#### 3.5 **State Taxes to be subsumed:**

- i. VAT/Sales Tax
- ii. Central Sales Tax (levied by the Centre and collected by the States)
- iii. Entertainment Tax
- iv. Octroi and Entry Tax (all forms)
- v. Purchase Tax
- vi. Luxury Tax
- vii. Taxes on lottery, betting and gambling
- viii. State cesses and surcharges in so far as they relate to supply of goods and services.

3.6 All goods and services, except alcoholic liquor for human consumption, will be brought under the purview of GST.

- i. Petroleum and petroleum products have been constitutionally included as 'goods' under GST. However, it has also been provided that petroleum and petroleum products shall not be subject to the levy of GST till notified at a future date on the recommendation of the GST Council. The present taxes levied by the States and the Centre on petroleum and petroleum products, viz. Sales Tax/VAT and CST by the States, and excise duty the Centre, will continue to be levied in the interim period.
- ii. Taxes on tobacco and tobacco products imposed by the Centre shall continue to be levied over and above GST.
- iii. In case of alcoholic liquor for human consumption, States would continue to levy the taxes presently being levied, i.e., State Excise Duty and Sales Tax/VAT.

3.7 **GST Council:** In the GST regime, a Goods and Services Tax Council is being created under the Constitution. The GST Council will be a joint forum of the Centre and the States. This Council would function under the Chairmanship of the Union Finance Minister and will have Minister in charge of Finance/Taxation or Minister nominated by each of the States & UTs with Legislatures, as members. The Council will make recommendations to the Union and the States on important issues like tax rates, exemption list, threshold limits, etc. The recommendations made by this Council will act as benchmark or guidance to Union as well as State Governments. One-half of the total number of Members of the Council will constitute the quorum of GST council. Every decision of the Council shall be taken by a majority of not less than three-fourths of the weighted votes of the members present and voting in accordance with the following principles:-

- i. The vote of the Central Government shall have a weightage of one-third of the total votes cast, and
- ii. The votes of all the State Governments taken together shall have a weightage of two-thirds of the total votes cast in that meeting..

This is to protect the interests of each State and the Centre when the Council takes a decision and is in the spirit of co-operative federalism.

3.8 **Floor rates of GST with band:** GST rates will be uniform across the country. However, to give fiscal autonomy to the States and the Centre, there will a provision of a tax band over and above the rate of the floor rates of CGST, SGST and IGST. Initially, the rates of CGST, SGST and IGST are expected to be closely aligned to the Revenue Neutral Rates (RNR) of the Centre and the States.

3.9 **Goods and Services Tax Network (GSTN):** A not-for-profit, Non-Government Company called Goods and Services Tax Network (GSTN), jointly set up by the Central and State Governments will provide shared IT infrastructure and services to the Central and State Governments, tax payers and other stakeholders.

3.10 **GST Compensation:** Due to a shift from origin based to destination based indirect tax structure, some States might face drop in revenue in the initial years. To help the States in this transition phase, the Centre has committed to compensate all their losses for a period of 5 years. Accordingly, clause 19 has been inserted in the Constitution (122nd) Amendment Bill, 2014 to provide for compensation to States by law, on the recommendation of the Goods and Services Tax Council, for loss of revenue arising on account of implementation of the goods and services tax for a period of five years.

**4. Salient features of the Constitution (122nd) Amendment Bill, 2014:** The salient features of the GST Bill as introduced in the Lok Sabha are as follows:-

- i. subsuming of various Central indirect taxes and levies such as Central Excise Duty, Additional Excise Duties, Excise Duty levied under the Medicinal and Toilet Preparations (Excise Duties) Act, 1955, Service Tax, Additional Customs Duty commonly known as Countervailing Duty, Special Additional Duty of Customs, and Central Surcharges and Cesses so far as they relate to the supply of goods and services;
- ii. subsuming of State Value Added Tax/Sales Tax, Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States), Octroi and Entry tax, Purchase Tax, Luxury tax, Taxes on lottery, betting and gambling; and State cesses and surcharges in so far as they relate to supply of goods and services;
- iii. dispensing with the concept of 'declared goods of special importance' under the Constitution;
- iv. levy of Integrated Goods and Services Tax on inter-State transactions of goods and services;
- v. levy of an additional tax on supply of goods, not exceeding one per cent. in the course of inter-State trade or commerce to be collected by the Government of India for a period of two years, and assigned to the States from where the supply originates;
- vi. conferring simultaneous power upon Parliament and the State Legislatures to make laws governing goods and services tax;
- vii. coverage of all goods and services, except alcoholic liquor for human consumption, for the levy of goods and services tax. In case of petroleum and petroleum products, it has been provided that these goods shall not be subject to the levy of Goods and Services Tax till a date notified on the recommendation of the Goods and Services Tax Council.
- viii. compensation to the States for loss of revenue arising on account of implementation of the Goods and Services Tax for a period which may extend to five years;
- ix. creation of Goods and Services Tax Council to examine issues relating to goods and services tax and make recommendations to the Union and the States on parameters like rates, exemption list and threshold limits. The Council shall function under the Chairmanship of the Union Finance Minister and will have the Union Minister of State in charge of Revenue or Finance as member, along with the Minister in-charge of Finance or Taxation or any other Minister nominated by each State Government. It is further provided that every decision of the Council shall be taken by a majority of not less than three-fourths of the weighted votes of the members present and voting in accordance with the following principles:—
  - a. the vote of the Central Government shall have a weightage of one-third of the total votes cast, and

- b. the votes of all the State Governments taken together shall have a weightage of two-thirds of the total votes cast in that meeting.
- x. levy of an additional non-vatable tax on supply of goods of not more than 1% in the course of inter-State trade or commerce, for a period not exceeding 2 years, or such other period as the GST Council may recommend, to protect the interests of the producing/manufacturing States. This additional tax on supply of goods will be levied and collected by the Government of India, over and above the IGST levied under the proposed Article 269A (1). This tax shall be assigned to the States from where such supplies originate.

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**REPORT**

**OF**

**THE JOINT COMMITTEE ON BUSINESS PROCESSES FOR GST**

**ON**

**GST REGISTRATION**

**Empowered Committee of State Finance Ministers**

**New Delhi**

**July, 2015**

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# **Report of the Joint Committee on Business Processes for GST on Registration Processes in GST Regime**

## **1.0 Introduction**

During the Empowered Committee meeting held on 10<sup>th</sup> March, 2014, it was decided that a Joint Committee under the co-convenership of the Additional Secretary (Revenue), Government of India and the Member Secretary, Empowered Committee should be constituted to look into the Report of the Sub-Group-I on Business Processes for GST and make suitable recommendations for Registration and Return to the Empowered Committee. It was also decided that the Joint Committee should also keep in view the Registration and Return requirements necessary for IGST Model. Accordingly, a Joint Committee, in consultation with the Government of India, was constituted on 7<sup>th</sup> April, 2014 (Annexure-I).

1.1. The Committee held its deliberations on 28<sup>th</sup> October, 2014, 12<sup>th</sup> November, 2014, 25<sup>th</sup> November, 2014, 22<sup>nd</sup> December, 2014, 2<sup>nd</sup> and 3<sup>rd</sup> February, 2015, 19<sup>th</sup> and 20<sup>th</sup> February, 2015, 16<sup>th</sup> and 17<sup>th</sup> April, 2015 and 7<sup>th</sup> and 8<sup>th</sup> July, 2015. The Report of the Joint Committee on Business Processes on Registration was accordingly circulated to all the States. However, this Report was further discussed in the meeting of the Joint Committee on Business Processes held on 22<sup>nd</sup> and 23<sup>rd</sup> July, 2015. Some changes were made as per the discussions in the meeting of the Joint Committee on Business Processes held on 22<sup>nd</sup> and 23<sup>rd</sup> July, 2015. The report of the Joint Committee on Business Processes on Registration was accordingly finalized. The list of the participants of the meeting of the Joint Committee on Business Processes held on 22<sup>nd</sup> and 23<sup>rd</sup> July, 2015 is appended at Annexure-II.

1.2. Registration of a business with the tax authorities implies obtaining a unique identification code from the concerned tax authorities so that all the operations of and data relating to the business can be agglomerated and correlated. In any tax system this is the most fundamental requirement for identification of the business for tax purposes or for having any compliance verification program. Registration under Goods and Service Tax (GST) regime will confer following advantages to the business:



- Legally recognized as supplier of goods or services.
- Proper accounting of taxes paid on the input goods or services which can be utilized for payment of GST due on supply of goods or services or both by the business.
- Pass on the credit of the taxes paid on the goods or services supplied to purchasers or recipients.

## 2.0 Assumptions

2.1 The business process proposed in this document is based on the following assumptions:

(1) A legal person without GST registration can neither collect GST from his customers nor claim any input tax credit of GST paid by him.

(2) There will be a threshold of Gross Annual Turnover including exports and exempted supplies (to be calculated on all-India basis<sup>1</sup>) below which any person engaged in supply of Goods or Services or both will not be required to take registration. Once a dealer crosses the required threshold or he starts a new business, registration application must be filed within 30 days from the date of the dealer's liability for obtaining such registration. Effective date of registration would be the date of application in all cases i.e. whether the application has been filed within prescribed time limit of 30 days or otherwise. The taxpayer would be eligible for ITC in respect of all his purchases from the date of application in case application for registration has been filed within 30 days. The taxpayer would, however, not be eligible for ITC in respect of his purchases prior to the date of registration in case the registration application is not filed within the prescribed time limit of 30 days, although Centre is of the view that such a provision may not stand the test of judicial scrutiny. On the other hand States, based on their experience under VAT, were of the view that having relevant provision in the GST law has helped them contest cases in courts. **GST Law Drafting Committee to make provision relating to eligibility for ITC accordingly as well as for levying penalty in case of a dealer failing to register within the stipulated time period.**

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<sup>1</sup> Please refer Para 7 of the **Report of the Committee on the Problem of Dual Control, Threshold and Exemptions in GST Regime (Annexure-VIII)**

(3) However, such person with all-India gross annual turnover below the threshold turnover would be allowed to take registration, if he wants to. By taking such voluntary registration he can enter the credit chain even prior to crossing the threshold limit, provided he does not opt for the Compounding scheme (as defined below).

(4) There will be another relatively higher threshold of Gross Annual Turnover (to be calculated on all-India basis) to be called Compounding turnover up to which the registered person can opt to pay tax at a specified percentage of the turnover, without entering the credit chain. Such registered person will neither be allowed to collect tax from his customers nor claim any input tax credit. Compounding dealers shall remain under compounding scheme till their turnover crosses threshold or they opt for out of the scheme. Such dealers don't have to apply every year to remain under the compounding scheme. However, if the compounding dealer opts out of compounding in a financial year, for any reason, but eligible and wish to avail compounding in the next financial year, such dealer will have to apply afresh for compounding in the beginning of the financial year in which he wishes to claim compounding scheme.

(5) All other taxable persons will be required to take GST registration. Such persons will be able to take the credit of taxes paid on inputs / input services / capital goods and pass on the credit of GST to his customers / recipients of goods or services or both.

(6) The registered person eligible for the Compounding scheme but opting against the Compounding can pay regular taxes and file tax returns on monthly basis, and thereby make his supplies eligible for input tax credit in the hands of the purchasers/recipients.

(7) Irrespective of turnover, if a taxable person carries out any inter-state supply and / or is liable to pay GST under reverse charge, he will be compulsorily required to take registration. Such person shall neither be eligible for exemption threshold nor for Compounding scheme. **However, an individual importing services for personal consumption will not be liable to pay GST under reverse charge or register under GST if the GST law so provides.**

(8) All UN bodies seeking to claim refund of taxes paid by them would be required to

obtain a unique identification number (ID) from the GST portal. The structure of the said ID would be uniform across the States in uniformity with GSTIN structure and the same will be common for the Centre and the States. The supplier supplying to these organizations is expected to mention the UID on the invoices and treat such supplies as B2B supplies and the invoices of the same will be uploaded by the supplier.

(9) A unique identification number (ID) would be given by the respective state tax authorities through GST portal to Government authorities / PSUs **not making outwards supplies of GST goods (and thus not liable to obtain GST registration)** but are making inter-state purchases. The structure of the said ID would be uniform across the States in uniformity with GSTIN structure. The supplier supplying to these organizations is expected to mention the UID on the invoices and treat such supplies as B2B supplies and the invoices of the same will be uploaded by the supplier.

(10) **The concept of Input Service Distributor (ISD) presently being followed in Centre's Law may continue if the GST Law so provides.** They would be required to obtain GSTIN for distributing the credit of GST paid on services proposed to be used at multiple locations which are separately registered. This would be an exception/ deviation in case of services only. **GST Law Drafting Committee to make appropriate provisions for the same.**[While, at this stage it has been decided to make exception only for services, it is worth mentioning here that the Cenvat Credit Rules provide for a mechanism to allow distribution of inputs, which is basically a mechanism to distribute credit on inputs. Such mechanism is necessary for service provider as the location of payment of GST may be distinct from the location where goods are received. Therefore, drafting Committee may look into this issue.]

(11) All existing registered persons, whether with the Centre or State under any of the tax statutes being subsumed in GST, would be allotted a GST registration number called Goods and Services Tax Identification Number (GSTIN) on voluntary basis. Dealers who are below the GST threshold will have option to remain in GST chain. **GST Law Drafting Committee to make appropriate provision.**

(12) Tax authorities, in case of enforcement cases, may grant suo-moto registration. If

such person does not have PAN, the registration would be initially temporary and later converted into a PAN based registration. [GSTN to develop temporary registration numbering system]

2.2 For each State the taxable person will have to take a separate registration, even though the taxable person may be supplying goods or services or both from more than one State as a single legal entity.

2.3 Multiple registrations within one State to business verticals [as defined in Accounting Standard (AS) 17 issued by ICAI] of a taxable person may also be permitted, subject to all the verticals being on the same scheme of tax treatment **if the GST Law so provides.**

2.4 A supplier who is not registered on regular basis, whether on mandatory or voluntary basis, in other State (s) and desires to conduct business in a particular State for a limited period, will have to obtain registration in that State for that limited period. Such suppliers are known as casual dealers and shall not be allowed to opt for composition scheme. However, the supplier would be eligible to claim ITC on purchases / inward supplies. The period of registration would be mentioned in the registration certificate also. The format of Registration Certificate for such taxpayers is different from the regular taxpayers. Even the application form for registration will have field for ascertaining estimated supplies. Return for such taxpayers would also be different. Such taxpayers would be required to self-assess their likely liability and deposit the same as an Advance Tax. Such amount would be deposited by way of two Demand Drafts (one for Centre and other for State) which would be returned to the taxpayer after he has discharged his final liability. **The GST Law Drafting Committee may provide for conditions for registration and tax payment.**

2.5 A Non-resident Supplier is a person who, in the course of business, makes an intra-state supply of goods or services or both, but is not a resident in the state in which he has applied for registration, but is already registered in any other state. Since the Non-Resident Supplier is already registered in another State, there would be an easy way of registering such entities in the State in which registration is applied as Non-Resident Supplier. The provisions applicable on casual dealers (as detailed in para

2.4 above) may apply to them except that no security deposit or advance tax collection may be made in their case.

### 3.0 Structure of registration number

3.1 Each taxpayer will be allotted a State wise PAN-based 15-digit Goods and Services Taxpayer Identification Number (GSTIN).

3.2 Various digits in GSTIN will denote the following:

State Code		PAN										Entity Code	BLANK	Check Digit
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

3.3 In the GSTIN, the State Code as defined under the Indian Census 2011 would be adopted. In terms of the Indian Census 2011, each State has been allotted a unique two digit code e.g. ‘09’ for the State of Uttar Pradesh and ‘27’ for the State of Maharashtra.

3.4 13<sup>th</sup> digit would be alpha-numeric (1-9 and then A-Z) and would be assigned depending on the number of registrations a legal entity (having the same PAN) has within one State. For example, a legal entity with single registration within a State would have ‘1’ as 13<sup>th</sup> digit of the GSTIN. If the same legal entity goes for a second registration for a second business vertical in the same State, the 13<sup>th</sup> digit of GSTIN assigned to this second entity would be ‘2’. This way 35 business verticals of the same legal entity can be registered within a State.

3.5 14<sup>th</sup> digit of GSTIN would be kept BLANK for future use.

3.6 In GST regime, multiple registrations within a State for business verticals of a taxable person would be allowed. This provision should be subject to following specific stipulations –

- (1) Input Tax Credit across the business verticals of such taxable persons shall not be allowed unless the goods or services are actually supplied across the verticals.
- (2) For the purpose of recovery of dues, all business verticals, though separately registered, will be considered as a single legal entity. **(Final view needs to be taken by the GST Law drafting committee)**

3.7 Switching over from Compounding scheme to Normal scheme and *vice-versa* would be dealt in the manner described below –

- (1) Any existing taxpayer not under Compounding scheme may opt for Compounding scheme, if eligible, only from the beginning of the next Financial Year. The application will have to be filed on or before 31<sup>st</sup> March of the previous year so that Returns can be filed accordingly.
- (2) Compounding dealer may be allowed to switch over to Normal scheme even during the year if they so want, with a condition that they cannot switch over to Compounding scheme again during the same financial year.
- (3) Any existing taxpayer under the Compounding scheme upon crossing the Compounding threshold will be switched over to the Normal scheme automatically from the day following the day of crossing the Compounding threshold. **GST Law drafting committee should provide for a suitable time-period of inputs and capital goods purchases on which ITC would be permitted at the time of switching over to Normal scheme.**
- (4) For the changes covered by (1) to (3) above, the validation in the return module should change automatically under intimation to the concerned taxpayer and both the tax authorities. A suitable validation / dependency of the return module should be established.

The above changes should also be published on the common portal in addition to being

intimated to other taxpayers who have identified such taxpayer as their counter-party taxpayer.

#### **4.0 Procedure for obtaining Registration**

4.1 For obtaining registration, all the taxable persons shall interact with tax authorities through a common portal called GST Common Portal<sup>2</sup> that would be set up by Goods and Services Tax Network (GSTN). The portal will have backend integration with the respective IT systems of the Centre and States.

4.2 The procedure prescribed in para 6.0 below is meant for new applicants. The procedure for migration of existing registrants either with the Centre or State or both is dealt in para 7.0 below.

4.3 A new applicant would be allowed to apply for registration without prior enrollment. Once a complete application is submitted online, a message asking for confirmation will be sent through e-mail and SMS to the authorized signatory of the applicant. On receipt of such confirmation from the authorized signatory, Acknowledgement Number would be generated and intimated to the applicant. Once the application is approved and GSTIN is generated, the same along with Log-in ID and temporary Password will be sent to the authorized signatory. This credential will be permanently used to access the GST Common Portal subsequently. Provision for capturing e-mail and Mobile Number of authorized representative of the taxpayer has also been incorporated in the proposed GST Registration Form. It would be the responsibility of the taxpayer to keep this information updated.

4.4 Online verification of PAN of the Business / Sole Proprietor/ Partner/Karta/**Managing Director and whole time directors**/Member of Managing Committee of Association, Managing trustee/authorized signatory etc. of the business would be mandatory and without such verification, registration application will **not be allowed to be submitted**.

#### **5.0 Facilitation Center and Tax Return Preparer Scheme**

5.1 In order to cater to the needs of taxpayers who are not IT savvy, following facilities shall be

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<sup>2</sup> Refinement to the process for States opting for two-way API based integration and flexibility (decision dated 18.4.2012 of EC) will be formulated separately(**Annexure-IX**).

made available:-

**5.2 Tax Return Preparer (TRP):** A taxable person may prepare his registration application / returns himself or can approach the TRP for assistance. TRP will prepare the said registration document / return in prescribed format on the basis of the information furnished to him by the taxable person. The legal responsibility of the correctness of information contained in the forms prepared by the TRP will rest with the taxable person only and the TRP shall not be liable for any errors or incorrect information. **If so provided in the GST law, TRPs would be approved by the tax administration of the Centre and the States and will also be provided appropriate training by them, as per common curriculum to be devised by EC/ GST Council.**

**5.3 Facilitation Centre (FC)** shall be responsible for the digitization and / or uploading of the forms and documents including summary sheet duly signed by the Authorized Signatory and given to it by the taxable person. After uploading the data on common portal using the ID and Password of FC, a print-out of acknowledgement will be taken and signed by the FC and handed over to the taxable person for his records. The FC will scan and upload the summary sheet duly signed by the Authorized Signatory. This is the system in vogue for submitting TDS returns by more than 2 million tax deductors to the Income Tax Department.

**5.4 Registration of TRP/FC is recommended. Final view may be taken by the GST Law drafting committee on the same.**

## **6.0 New Applicants**

6.1 The process highlighted in the paragraphs below is applicable for new applicants for registration, both mandatory and voluntary.

6.2 New applicant can apply for registration:

(1) at the GST Common Portal directly<sup>3</sup>; or

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<sup>3</sup> Refinement to the process for states opting for two-way API based integration and flexibility (decision dated 18.4.2012 of EC) will be formulated separately(**Annexure-IX**).



(2) at the GST Common Portal through the Facilitation Center (FC)

Multiple applications can be filed at one go where a taxable person seeks registration in more than one State or for more than one business vertical located in a single / multiple State(s).

6.3 Following scanned documents are required to be filed along with the application for Registration –

<b>Relevant Box No. in the Registration Form</b>	<b>Document required to be uploaded</b>	<b>Reason for requirement</b>
2. Constitution of Business	<ul style="list-style-type: none"> <li>• Partnership Deed in case of Partnership Firm ;</li> <li>• Registration Certificate in case of other businesses like Society, Trust etc. which are not captured in PAN.</li> </ul>	<p>In case of Companies, GSTN would strive for online verification of Company Identification Number (CIN) from MCA21.</p> <p>Constitution of business / applicant as per PAN would be taken except for businesses such as Society, Trust etc. which are not captured in PAN.</p> <p>Partnership Deed would be required to be submitted in case of Partnership Firms.</p>
11. Details of the Principal Place of business	<ul style="list-style-type: none"> <li>• In case of Own premises – any document in support of the ownership of the premises like Latest Tax Paid Receipt or Municipal Khata copy or Electricity Bill copy</li> <li>• In case of Rented or Leased premises – a copy of the valid Rent / Lease Agreement with any</li> </ul>	<p>This is required as an evidence to show possession of business premises. If the documentary evidence in Rent Agreement or Consent letter shows that the Lessor is different from that shown in the document produced in support of the ownership of the property, then the case must be flagged as a “Risk</p>

	<p>document in support of the ownership of the premises of the Lessor like Latest Tax Paid Receipt or Municipal Khata copy or Electricity Bill copy</p> <ul style="list-style-type: none"> <li>• In case of premises obtained from others, other than by way of Lease or Rent – a copy of the Consent Letter with any document in support of the ownership of the premises of the Consenter like Municipal Khata copy or Electricity Bill copy</li> <li>• Customer ID or account ID of the owner of the property in the record of electricity providing company, wherever available should be sought for address verification.</li> </ul>	Case”, warranting a post registration visit for verification. GST Law Drafting Committee may add penalty provision for providing wrong lease details.
12. Details of Bank Account (s)	Opening page of the Bank Passbook held in the name of the Proprietor / Business Concern – containing the Account No., Name of the Account Holder, MICR and IFS Codes and Branch details	This is required for all the bank accounts through which the taxpayer would be conducting business.
17. Details of Authorised Signatory	<p>For each Authorised Signatory</p> <ul style="list-style-type: none"> <li>• Letter of Authorisation or copy of Resolution of the Managing Committee or Board of Directors to that effect</li> </ul>	This is required to verify whether the person signing as Authorised Signatory is duly empowered to do so.
Photograph	<ul style="list-style-type: none"> <li>• Proprietary Concern – Proprietor</li> <li>• Partnership Firm / LLP – Managing/ Authorized</li> </ul>	

	<p>Partners (personal details of all partners is to be submitted but photos of only ten partners including that of Managing Partner is to be submitted)</p> <ul style="list-style-type: none"> <li>• HUF – Karta</li> <li>• Company – Managing Director or the Authorised Person</li> <li>• Trust – Managing Trustee</li> <li>• Association of Person or Body of Individual –Members of Managing Committee (personal details of all members is to be submitted but photos of only ten members including that of Chairman is to be submitted)</li> <li>• Local Body – CEO or his equivalent</li> <li>• Statutory Body – CEO or his equivalent</li> <li>• Others – Person in Charge</li> </ul>
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6.3.1 For Field No 16 (i.e. Details of Proprietor / all partners / Karta / Managing Director and whole-time Director / Members of the Managing Committee of Association of Persons / Board of Trustees etc.) and Field No 17 (i.e. Details of the Authorized Signatory), verification of PAN with CBDT database and GSTN database will be carried out online before the submitted application is sent to the State/ Centre. In case of mismatch the applicant will be given an opportunity to correct the same.

6.4A registration form has been designed and is annexed as Annexure-III. This form should be developed by GSTN as per the standard practices / protocols on IT notified by the Govt. of India e.g. for digitally capturing a postal address, name etc. *In case there is no standard practice for any of the field, the same should be developed by the GSTN and form designed accordingly.* Fields marked by asterisk in the form are mandatory fields and must be filled by the applicant.

Separate application forms are to be designed for:

- (1) Multiple registration for business verticals of same legal entity (it must be registered already) within a State;
- (2) Application for registration in more than one State (that can be filed at one go);
- (3) Amendments to existing Registration(s);
- (4) Cancellation of Registration(s);

- (5) Option to avail / withdraw from the Compounding scheme;
- (6) Enrolment of Tax Practitioner or Facilitation Centre if provided for in the GST Law;
- (7) Assignment of Role (by a dealer) to TP/FC, as agent of the dealer if so provided for in the GST Law;
- (8) Application for new registration on account of Succession / Amalgamation / De-merger etc. of existing GST registrants;
- (9) Application by UN bodies for getting a Unique Identification Number (ID).

6.5 In some North-eastern States, individuals (Proprietorship firms) are exempt from Income Tax. However, to obtain GSTIN they will have to obtain a PAN before they can apply for registration under GST. Further Government departments will also be required to obtain PAN if they are required to obtain registration under GST. Under *GST regime, registration will not be allowed without a valid PAN.*

6.6 If applicant files application through the Facilitation Center, then the above procedure shall be followed by him through the FC by making available the requisite documents to the FC. The User ID and Password of taxable person will however be forwarded by portal to the e-mail furnished by the taxable person (that of primary authorized signatory) and by SMS to the mobile number furnished by taxable person or by post, if the taxable person so desires. It will not be sent to FC.

6.7 The GST common portal shall carry out preliminary verification / validation, including real-time PAN validation with CBDT portal, Adhaar No validation with UIDAI, CIN (Company Identification) with MCA and other numbers issued by other Departments through inter-portal connectivity before submission of the application form. Taxpayers would have the option to sign the submitted application using valid digital signatures (if the applicant is required to obtain DSC under any other prevalent law then he will have to submit his registration application using the same). In the absence of digital signature, taxpayers would have to send a signed copy of the summary extract of the submitted application form printed from the portal to a central processing center to be operated by GSTN. The location details of this central processing center would be intimated to the applicant along with the application acknowledgement number. The application will be processed even without waiting for receipt of the signed copy of the summary extract. If the signed copy is not received within

30 days, a reminder will be sent through e-mail and SMS to the authorized signatory through the portal. If the copy is not received within 30 days after such reminder being sent, the system will prompt the concerned tax authority to initiate the action for cancellation of the registration. Such cancellation will have prospective effect i.e. from the date of cancellation. GST portal would acknowledge the receipt of application for registration and issue an Acknowledgement Number which could be used by the applicant for tracking his application. Such Acknowledgement Number would not contain the details of jurisdictional officers.

6.8 The application form will be passed on by GST portal to the IT system of the concerned State/ Central tax authorities for onward submission to appropriate jurisdictional officer (based on the location of the principal place of business) along with the following information –

- (1) Uploaded scanned documents;
- (2) State specific data and documents;
- (3) Details if the business entity is already having registration in other States. This should also include GST compliance rating<sup>4</sup>;
- (4) Details of the PAN(s) of individuals mentioned in the application which are part of the other GST registrations;
- (5) Acknowledgment number stated in para 6.7 above;
- (6) Details of any record of black-listing or earlier rejection of application for common PAN(s).
- (7) Last day for response as per the 3 common working day limit for both tax authorities as set out through Holiday Master.

On receipt of application in their respective system, the Centre / State authorities would forward the application to jurisdictional officers who shall examine whether the uploaded documents (as detailed in para 6.3 above) are in order and respond back to the common portal within 3 common working days, excluding the day of submission of the application on the portal, using

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<sup>4</sup> Please refer para 23 IX. of the report of the Committee on IGST and GST on imports (**Annexure-X**).

the Digital Signature Certificates.

An indicative process for processing of the application by the concerned tax authorities will be drafted and shared separately. Submission of latitude and longitude data in respect of principal place of business will be of help in automatic identification of jurisdictional officer in case of geographically distributed officials mapped on a digital map. However, submission of latitude and longitude would be optional.

6.9 After verification, the following situations are possible:

- (1) If the information and the uploaded documents are found in order, the State and the Central authorities shall approve the application and communicate the approval to the common portal within 3 common working days. The portal will then automatically generate the Registration Certificate.
- (2) If during the process of verification, one of the authorities raises some query or notices some error, the same shall be communicated to the applicant either by the Tax Authority directly or through the GST Common Portal and also simultaneously to the other authority and to the GST Common Portal within 3 common working days. The applicant will reply to the query / rectify the error / answer the query within a period informed by the concerned tax authorities (Normally this period would be seven days). A separate sub-process and interactive form for this purpose will have to be designed. On receipt of additional document or clarification, the relevant tax authority will respond within 7 common working days. **(time-period that would be allowed to the applicant for rectification of any error will be decided by the GST Law drafting committee)**
- (3) Thereafter the processing of registration application will commence resulting in either grant of registration or refusal to grant registration. If either of the two authorities (Centre or State) refuses to grant registration, the registration will not be granted.
- (4) In case registration is refused, the applicant will be informed about the reasons for such refusal through a speaking order. The applicant shall have the right to appeal

against the decision of the Authority. **A deeming provision to the effect that rejection of the registration application by one authority amounts to rejection by both Centre and State will need to be incorporated in the GST law.**

- (5) The tax authorities in the Centre and State would have a period of 3 common working days to respond to the application, either conveying approval or raising a query. In case any of the authority neither reject the application nor raise a query within 3 common working days, then the registration would be deemed to have been approved by both the authorities and the GST Common Portal will automatically generate the registration certificate. In case either authority raises a query within 3 common working days, applicant will have to respond to the same within next 7 common working days failing which the application will be rejected. After the applicant has responded to the query raised by any authority, a period of another 7 common working days will be given to the authorities to respond to the application. In case any of the authority neither rejects the application nor raises a query during this period, then the registration would be deemed to have been approved by both the authorities and the GST Common Portal will automatically generate the registration certificate. (**GST law to have provision for the same**)

6.10 The applicant shall be informed of the fact of grant or rejection of his registration application through an e-mail and SMS by the GST common portal. Jurisdictional details would be intimated to the applicant at this stage.

6.11 In case registration is granted, applicant can download the Registration Certificate from the GST common portal. **GST law may provide that GST Registration certificate shall be displayed at the principal place of business of the taxpayer.**

6.12 The GST common portal will provide a risk profile to the tax authorities based on the risk parameters made available by the tax authorities. The Central/State tax authorities will also have their own risk profile based on their own risk parameters. It was noted that submission of Adhaar No. cannot be made compulsory. Non –submission of Adhaar No. could be one of the risk parameters for deciding about the post registration physical verification. **On the basis of both risk profiles, the**

**jurisdictional officer of tax authorities will take a decision about post registration verification of the application if so provided in the GST Law.**

**6.13 GST Law Drafting Committee may provide for appropriate provision for imposition of substantial penalty in cases of fraudulent registrations.**

## **7.0 Migration of existing registrants**

7.1 Existing registrants are those who are either registered with States or with the Centre or with both.

7.2 In case of such registrants, the system shall be designed to migrate cleaned and verified data from the existing database to the GST Common Portal and a GSTIN shall be generated. With regard to the migration of data of the existing registrants, following steps are necessary:

- (1) The process of migration of data must be started sufficiently in advance so that the business of existing registrants does not suffer and transition from the present system to GST is smooth.
- (2) At present, tax payers are separately registered with State and/ or with Central tax administrations or with both based on their business activity. In the GST regime, a taxpayer will have to obtain State wise registration. Even within a State, the taxpayer may either opt for a single registration or multiple registrations for different business verticals.
- (3) Analysis of registration data available with States and Centre conducted by NSDL and GSTN reveals the following:
  - a) The number of fields in the registration database of various State VAT and CBEC system are different than that finalized for GST. The number of fields varies from 50 to 107 in case of States/Centre whereas GST Registration Form has 120 fields. Thus there is a gap of 13 to 70 fields, meaning that data will have to be collected from the taxpayers.
  - b) As per report of NSDL, which conducted as is study of State Systems as well as that of CBEC, in majority of cases, the available data does not comply with Metadata and Data Standards (MDDS) of Government of India. This is also confirmed by the feedback



received from States in May 2015. Importing such data, which is not MDDS compliant, will lead to wrong or incomplete results on query.

- c) The data from States also shows that they do not have scanned copies of supporting documents for mandatory fields like principle place of business, photos of MD or Karta etc. in their database. This again will have to be collected from them.

Since, lots of reports will be using registration database, purity of registration data will be of paramount importance. Migrating half-complete and incorrect data from existing registration databases to GST database will adversely impact the reports and intelligence derived out of it. Thus data will have to be collected afresh from the existing taxpayers. GSTIN can be issued based on State and validated PAN. In case of taxpayers under Excise and VAT, source of data for issuing GSTIN should be VAT data as in most cases Excise assessee will also be registered under VAT. For taxpayers under Service Tax the source of data for issuing GSTIN should be Service Tax.

Out of six mandatory data fields in the GST Registration field, three can be filled up from validated PAN data, namely PAN, name of business, constitution of business. The name of State is known in case of VAT data. The remaining two mandatory data fields namely 'Principal Place of Business' and 'details of promoters' will have to be collected from taxpayers along with non-mandatory items. In case of Service Tax, State will have to be collected before generating GSTIN. With this the following process has been suggested:

(4) For Taxpayers Registered under State VAT/Excise

- i. GSTIN will be generated by NSDL in case of all VAT TINs where PAN has been validated. Along with a password the GSTIN will be sent to respective State Tax Authorities.
- ii. State tax authorities will communicate the GSTIN/password to taxpayers, with instruction to log on the GST portal and fill up the remaining data. State specific data over and above what is contained in the GST Registration Form can be collected after GST registration becomes operational.

- iii. The data so collected by GSTN/NSDL will be provided to States so that they can undertake the verification exercise as per their convenience after 1/4/2016 in a staggered manner spread over a period of one to two quarters so that it does not affect the working of the tax authorities. This is being suggested as the dealer is already registered with VAT department.
  - iv. In case, PAN has been validated but the email or mobile numbers of dealers are not available, such dealers may be advised through newspaper advertisement to visit the GST portal and use the following data for user authentication:
    - 1. VAT-TIN
    - 2. PAN
    - 3. Date of Birth/Date of Incorporation in DDMMYYYY format. (This data is available with PAN Database)
      - i. Date of birth of proprietor in case of Proprietorship firm.
      - ii. Date of incorporation in case of all other types of dealers.
  - v. In those cases where PAN has not been validated, State VAT department will have to collect the taxpayers.
- (5) In case of Service Tax, the taxpayers are not registered under a State, a different approach will have to be adopted.
- I. Since all Service Taxpayers have user ID and password and Service Tax has their email IDs, they may advise the taxpayers to intimate State(s) where they would like to get themselves registered in.
  - II. Service Tax portal will check from GST portal whether GSTIN has been generated for combination of State and PAN of the taxpayer. If not generated, request GST portal to generate the same.
  - III. GST portal will generate the GSTIN and communicate to Service Tax, which will be communicated to the taxpayer asking him/her to provide remaining data at GST Portal.
- (6) Any verification / updation of the information as outlined above would have to be

done by the taxable person within a specified period.

(7) If the verification/update is not done within the stipulated period, the GSTIN will be suspended till the taxable person does the needful.

(8) Any verification by State / Central authorities can be done after GSTIN is issued.

## **8.0 Registration of Compounding Dealers**

8.1 Dealers below the Compounding ceiling will be provided with an option of availing the Compounding scheme i.e. they can pay the tax at Compounding rate (to be specified) without entering the credit chain.

8.2 Although the Compounding scheme is only a temporary phase before the taxable person starts functioning as a normal taxable person, separate format annexed as Annexure-V has been prescribed for enabling such taxable persons to opt for Compounding scheme. When the taxable person opts for Compounding scheme he should indicate so in the registration form and GST Common Portal would internally flag him as a Compounding dealer. Later on when he goes out of the Compounding scheme due to his turnover crossing the Compounding ceiling (change will be triggered by the tax return values) or he opts out of the scheme (through an amendment application annexed as Annexure-VI), the said flag will be removed and he would continue operating with the same registration number, without undertaking any fresh registration.

## **9.0 Amendments in the Registration Form**

9.1 Capturing registration information is not a one-time activity and any change in critical information should be entered at the common portal within a stipulated time period. Except the fields mentioned in Para 7.2 (7) above, changes to other registration data can be done on self-service basis. The changes to fields mentioned in Para 7.2 (7) above and a change to Compounding scheme will require submission of reasons and prescribed relevant documents, and will be subject to approval by the concerned tax authorities. All amendments in the details in registration application form will be

retained in the database of the GSTN and will be made visible to the tax authorities.

## **10.0 Cancellation/Surrender of registration**

10.1 In the following cases, the registration can be either surrendered by the registrant or cancelled by the tax authorities:

- (1) Closure of business of tax payer;
- (2) Gross Annual Turnover including exports and exempted supplies (to be calculated on all-India basis) falling below threshold for registration;
- (3) Transfer of business for any reason including due to death of the proprietor of a proprietorship firm;
- (4) Amalgamation of taxable person with other legal entities or de-merger;
- (5) Non commencement of business by the tax payer within the stipulated time period prescribed under the GST laws (**Suitable provision to be made in the GST law**).

10.2 In case of surrender, the system will send an acknowledgment by SMS and e-Mail to the applicant regarding his surrender of registration and he will be deemed to be unregistered from the date of such acknowledgement. There will be a provision in the system to prompt such surrendered registrants to update their address and mobile number at a prescribed periodicity till all dues are cleared/refunds made. Application form for Surrender / Cancellation of registration is annexed as Annexure-IV.

## **10.3 GST Law drafting committee would make appropriate provision for recovery of arrears, other dues and compliance verification pertaining to past periods.**

10.4 The cancellation of registration may be done by tax authorities in the following situations:

- (1) In case signed copy of the summary extract of submitted application form is not received even after a reminder;
- (2) In case a tax payer contravenes specified provision of the GST law;
- (3) In case a taxpayer has not filed any return at all during a predetermined period (say six months). In case a taxpayer has filed a nil return continuously for this period, then the provisions of cancellation will not be applicable. (**GST Law drafting committee should provide for the time period for which if there is a continuous failure by a taxpayer to file returns, the registration shall be cancelled**)

- (4) The cancellation of registration may be preceded by system generated notice giving 7 days' time for furnishing reply by the taxpayer. Principle of natural justice to be followed before cancellation, i.e., giving an opportunity to taxpayer to be heard and passing of order.

10.5 If the taxpayer approaches the tax authority for revocation of surrendered or cancelled registration, the surrendered / cancelled registration can be revoked. The action for revocation would be initiated by that Authority which has cancelled the registration or had earlier accepted the surrender of registration.

10.6 The GST Law would contain appropriate provisions relating to revocation / surrender / cancellation of registration.

10.7 The action for revocation / cancellation of registration would have to be initiated by both Centre and State tax authorities. Once the registration is cancelled by one authority it would be deemed to be cancelled by other authority also.

10.8 The cancellation or surrender of registration would always have prospective effect.

## **11.0 Explanation of the Entries in the Form (should be attached to the Form)**

11.1 The critical information / documents required from the applicant while making the application has been outlined in para 6.3 above. Here the manner of organization of the said information in the registration form (Annexure-III) has been explained.

11.2 The form has fields from 1- 21 requiring various details from the applicant. These fields have been organized so that applicant can introduce himself and the nature of his business to the tax authorities in simple interactive manner. To maintain uniformity in the manner of submission of the form, the fields are provided in the standard conventional manner. These can be adopted from the forms notified by the Information Technology department of the Central and State Governments. For example, the legal name can be either a single field or it could be split into first name, middle name and last name. *In case there is no standard practice for any of the fields,*

*the same should be developed by the GST common portal.* The form is self-explanatory and has online validation facility before the submission of the form. Wherever possible, drop down menu will be provided so that the form is user friendly and there is no dispute about the information submitted.

11.3 The fields marked with asterisk are the critical fields and need to be filled before the form can be submitted to the portal. In case of non-availability of the information such as PAN Number with the applicant, the common portal will direct the applicant to the website of the income tax department where he can submit the application for obtaining the PAN and after obtaining PAN, can apply for registration under GST.

11.4 Fields 1-5 are the basic introductory fields and need no explanation.

11.5 Field 6 is relevant for taxable persons opting for Compounding scheme.

11.6 Field 7 asks for date of commencement of business in the State in which the taxable person is applying for registration. As has been discussed earlier, the taxable person in the GST regime will be required to take State specific single registration for CGST, IGST and SGST purposes (multiple registrations in a state for business verticals are permitted) .

11.7 Field 8 asks for the date on which liability to pay tax has arisen. Field 9 asks for the details of time period for which registration is required by the casual dealers. Field 'From' – 'To' - will be mandatory for casual /non-resident dealers in the registration application. For others field 'From' only would be mandatory. Field 10 captures the reason for such liability. This field would not be enabled in case of registration application by casual/non-resident dealer.

11.8 Field 11 is for the existing registrants. They have to indicate the details of their existing registrations, so that information already available in the respective data bases can be culled out and made use by the tax authorities for granting new registration to the applicant under GST.

11.9 Field 12 asks for the details of the principal place of business of the applicant. Principal place of Business in the State is the place declared by the taxable person, where-

- (1) He will make available all the records to the tax authorities when called for.
- (2) The tax authorities will serve all the communications, notices, orders etc. and service of the communications, notices and orders at this place will be treated as legal service of such communications, etc.

11.10 Field 13 seeks the details of the Bank Accounts of the applicant. The taxable person is required to disclose the details of all the bank accounts maintained by him for conducting his business.

11.11 Field 14 and 15 ask for the details of top 5 goods or services **(in terms of turnover or any other parameter to be specified by the GST Law drafting Committee)** which taxable person is supplying or likely to supply.

11.12 Field 16 captures details of the additional places of business. In this field the applicant has to give the details of all the places from where he conducts the business.

11.13 Field 17 asks for the details of Proprietor, partners, Karta, Directors, Member of Managing Committee of Association, Managing trustee etc. of the business depending on the constitution of the business.

11.14 Field 18 asks for the details of the authorized signatory.

11.15 Field 19 asks for the details of authorized representative (TRP / CA/ Advocate, etc.) of the taxpayer.

11.16 Field 20 is kept to capture any State specific information, **if so provided in the GST law.**

11.17 Field 21 is required to capture the scanned documents (as mentioned in para 6.3. above) required to be uploaded along with the application

11.18 Field 22 is the field for verification and declaration made by the applicant about correctness of the information submitted by him in the registration application.

**(Satish Chandra)**  
**Member Secretary**  
**Empowered Committee**  
**of State Finance Ministers**

**(Rashmi Verma)**  
**Additional Secretary**  
**Department of Revenue**  
**Government of India**

**ANNEXURE-I**

**CONSTITUTION ORDER OF JOINT COMMITTEE ON BUSINESS  
PROCESSES FOR GST**

**EMPOWERED COMMITTEE OF STATE FINANCE MINISTERS**

**DELHI SECRETARIAT, IP ESTATE, NEW DELHI – 110002**

Tel. No. 2339 2431, Fax: 2339 2432 e-mail: [vatcouncil@yahoo.com](mailto:vatcouncil@yahoo.com)

No.15/45/EC/GST/2014/32

Date: 7<sup>th</sup> April, 2014

**JOINT COMMITTEE ON BUSINESS PROCESSES FOR GST**

During the last Empowered Committee meeting held on 10<sup>th</sup> March, 2014, it was decided that a Joint Committee under the co-convenership of the Additional Secretary (Revenue), Government of India and the Member Secretary, Empowered Committee should be constituted to look into the Report of the Sub-Group-I on Business Processes for GST and make suitable recommendations for Registration and Return to the Empowered Committee. It was also decided that the Joint Committee should also keep in view the Registration and Return requirements necessary for IGST Model. Accordingly, a Joint Committee, in consultation with the Government of India, is constituted with the following members:

**Government of India**

- (1) Smt. Rashmi Verma, Additional Secretary (Revenue) -- Co-convener
- (2) Shri P.K. Mohanty, Joint Secretary (TRU-I)
- (3) Shri M. Vinod Kumar, Joint Secretary (TRU-II)
- (4) Shri J.M. Kennedy, Director (TRU-II)
- (5) Director/Deputy Secretary holding the charge of State Taxes Section

**States Government**

- (1) Dr. J.B. Ekka, Commissioner of Taxes, Assam
- (2) Shri Prashant Goyal, Commissioner, Trade & Taxes, Delhi
- (3) Shri H.V. Patel, Commissioner, Commercial Tax, Gujarat
- (4) ShriSudhirRajpal, Commissioner, Excise & Taxation, Haryana
- (5) ShriKifayatHussainRizvi, Commissioner, Commercial Tax, J&K
- (6) Shri Ajay Seth, Commissioner, Commercial Tax, Karnataka
- (7) ShriShyamJagannathan, Commissioner, Commercial Tax, Kerala
- (8) ShriAmitRathore, Commissioner, Commercial Tax, Madhya Pradesh
- (9) Dr. Nitin Kareer, Commissioner, Sales Tax, Maharashtra



- (10) ShriAbhishekBhagotia, Commissioner, Commercial Tax, Meghalaya
- (11) Shri Manoj Ahuja, Commissioner, Commercial Tax, Odisha
- (12) Shri Sanjay Malhotra, Commissioner, Commercial Tax, Rajasthan
- (13) Shri K. Rajaraman, Commissioner, Commercial Tax, Tamil Nadu
- (14) Shri M.K. Narayan, Commissioner, Commercial Tax, Uttar Pradesh
- (15) ShriDilipJawalkar, Commissioner, Commercial Tax, Uttarakhand
- (16) ShriBinod Kumar, Commissioner, Commercial Tax, West Bengal

**Empowered Committee of State Finance Ministers**

(1) Shri Satish Chandra, Member Secretary -- Co-convener

2. The Committee will submit its report to the Empowered Committee in two months time.

Sd/-

(Satish Chandra)  
Member Secretary  
Empowered Committee of  
State Finance Ministers

Copy to: All the Members of the Joint Committee

Copy also to:

- (1) PS to Chairman, Empowered Committee of State Finance Ministers
- (2) Adviser to Chairman, Empowered Committee of State Finance Ministers
- (3) Sr.A.O./OSD/F.O./A.O., Empowered Committee of State Finance Ministers

## ANNEXURE-II

### LIST OF PARTICIPANTS OF THE MEETING HELD ON 22<sup>ND</sup> AND 23<sup>RD</sup> JULY, 2015

#### Government of India

1. Smt. Rashmi Verma, Additional Secretary (Revenue), Government of India
2. Shri Rajeev Yadav, Director (Service Tax), CBEC, Government of India
3. Shri B.B. Agrawal, Principal Commissioner, CBEC, Government of India
4. Shri Upender Gupta, Commissioner, GST, CBEC, Government of India
5. Shri M.K. Sinha, Commissioner (LTU), Audit, CBEC, Government of India
6. Shri G.D. Lohani, Commissioner, CBEC, Government of India
7. Shri Ravneet Singh Khurana, Deputy Commissioner, CBEC, Government of India
8. Shri Sachin Jain, Additional Commissioner, CBEC, Government of India
9. Shri P.K. Manderna, Superintendent (GST Cell), Government of India

#### States

1. Shri Gautam Das Gupta, Deputy Commissioner of Taxes, Assam
2. Shri T. Ramesh Babu, Additional Commissioner, Commercial Tax, Andhra Pradesh
3. Shri Arun Kumar Mishra, Joint Secretary, Finance, Bihar
4. Shri Santosh Kumar Sinha, Additional Commissioner, Commercial Tax, Bihar
5. Shri Deepak Kanan, Additional Commissioner, Commercial Tax (GST), Bihar
6. Shri R.K. Trivedi, Additional Commissioner, Commercial Tax, Chhattisgarh
7. Shri Kishor Bhalla, Deputy Commissioner (VAT), Daman & Diu and Dadra & Nagar Haveli
8. Shri Vijay Kumar, Commissioner (VAT), Trade and Taxes, Delhi
9. Shri Jagmal Singh, Deputy Director, Trade and Taxes, Delhi
10. Shri Dipak M. Bandekar, Additional Commissioner, Commercial Tax, Goa
11. Dr. P.D. Vaghela, Commissioner, Commercial Tax, Gujarat
12. Ms. Aarti Kanwar, Special Commissioner, Commercial Tax, Gujarat
13. Shri Shyamal Misra, Commissioner, Excise & Taxation, Haryana
14. Shri Hanuman Singh, Additional Commissioner, Excise & Taxation, Haryana
15. Shri J.C. Chauhan, Commissioner, Excise & Taxation, Himachal Pradesh
16. Shri P.K. Bhat, Additional Commissioner, Commercial Tax, Jammu & Kashmir
17. Smt. Nidhi Khare, Secretary-cum-Commissioner, Commercial Tax, Jharkhand
18. Dr. M.P.Ravi Prasad, Joint Commissioner, Commercial Tax, Karnataka
19. Dr. Rajan Khobragade, Commissioner, Commercial Tax, Kerala
20. Shri M.I. Mansur, Assistant Commissioner, Commercial Tax, Kerala
21. Shri Sudip Gupta, Deputy Commissioner, Commercial Tax, Madhya Pradesh
22. Shri P. Velrasu, Special Commissioner, Sales Tax, Maharashtra
23. Shri B.V. Borhade, Joint Commissioner, Sales Tax, Maharashtra
24. Shri P.M. Kulkarni, Deputy Commissioner, Sales Tax, Maharashtra
25. Shri K. Sanglawma, Commissioner of Taxes, Mizoram
26. Shri H. Rangthanmawia, Superintendent of Taxes (GST Cell), Mizoram
27. Shri Niten Chandra, Commissioner, Commercial Tax, Odisha
28. Shri Sahadev Sahoo, Joint Commissioner, Commercial Tax, Odisha
29. Shri K. Sridhar, Deputy Commissioner, Commercial Tax, Puducherry
30. Dr. Karthik, Additional Secretary, Punjab
31. Shri Pawag Garg, Additional Commissioner, Excise & Taxation, Punjab

32. Shri Vaibhav Galriya, Commissioner, Commercial Tax, Rajasthan
33. Shri Manoj Rai, Joint Commissioner, Commercial Tax, Sikkim
34. Shri D. Soundraraja Pandian, Joint Commissioner (Taxation), Commercial Taxes, Tamil Nadu
35. Shri K. Chandrasekhar Reddy, Additional Commissioner, Commercial Tax, Telangana
36. Shri Vikas Singh, Commissioner of Taxes and Excise, Mizoram
37. Shri Vivek Kumar, Additional Commissioner, Commercial Tax, Uttar Pradesh
38. Shri Abhijit Gupta, Commercial Tax Officer (IT), Uttar Pradesh
39. Shri N.C. Sharma, Additional Commissioner, Commercial Tax, Uttarakhand
40. Smt. Ujjaini Datta, Joint Secretary, Finance, West Bengal

**Goods and Services Tax Network (GSTN)**

1. Shri Navin Kumar, Chairman, Goods and Services Tax Network
2. Shri Prakash Kumar, Chief Executive Officer, Goods and Services Tax Network

**Empowered Committee of State Finance Ministers**

1. Shri Satish Chandra, Member Secretary, Empowered Committee
2. Shri Bashir Ahmed, Adviser, Empowered Committee

**ANNEXURE-III  
Form GST –**

[See Rule \_\_\_]

**Application for Registration under Goods and Services Tax Act, Year**

1	Legal Name of Business*	
1A	Trade Name (optional)	

2	Constitution of Business (Please Select the Appropriate)*
---	---


Proprietorship	<input type="radio"/>	Partnership	<input type="radio"/>
Hindu Undivided Family	<input type="radio"/>	Private Limited Company	<input type="radio"/>
Public Limited Company	<input type="radio"/>	Society/Club/Trust/Association of Persons	<input type="radio"/>
Government Department	<input type="radio"/>	Public Sector Undertaking	<input type="radio"/>
Unlimited Company	<input type="radio"/>	LLP's	<input type="radio"/>
Local Authority	<input type="radio"/>	Statutory Body	<input type="radio"/>
Others ( Please Specify )	<input type="radio"/>		

**In case of Proprietorship\***


3	Name of Proprietor	
4	PAN of the proprietor	

**In case of other Businesses\***

4A	PAN of the <b>Business</b>	
----	----------------------------	--

5	Name of the State and its Code*	Drop down for Name of State & Codes	
---	---------------------------------	-------------------------------------	---

6	Option For Composition	Yes <input checked="" type="radio"/>	No <input type="radio"/>
---	------------------------	--------------------------------------	--------------------------

7	Date of commencement of business	D	D	M	M	Y	Y	Y	Y
		D	D	M	M	Y	Y	Y	Y
8	Date on which liability to pay tax arises	D	D	M	M	Y	Y	Y	Y
9	Estimated supplies (in case of casual dealers)								
	Period for which registration is required –								
	From								
	To								
10	Reason of liability to obtain registration (from the dropdown)								

(1) Due to crossing the Threshold

- (2) Due to inter-State supply
- (3) Due to liability to pay as recipient of services
- (4) Due to being Input Service Distributor (ISD)
- (5) UN bodies for allotment of Unique Identification Number (ID)
- (6) Due to transfer of Business which includes change in the ownership of business (if transferee is not a registered entity)
- (7) Due to death of the Proprietor (if the successor is not a registered entity)
- (8) Due to de-merger
- (9) Due to change in constitution of business
- (10) Due to Merger /Amalgamation of two or more registered taxpayers
- (11) Being casual Dealer
- (12) Being Non resident Dealer
- (13) None of the above – on voluntary basis

#### 11 Indicate Existing Registrations

	Yes/No	Registration Details
Central Excise		
Service Tax		
State VAT Registration (TIN)		
CST Registration No		
IEC No.(Importer Exporter Code Number )		
Corporate Identity Number (CIN)		
GSTIN		

#### 12 Details of Principal Place of Business\*

ADDRESS									
Building No/Flat No/Door No			Floor No						
Name of the Premises/Building			Road/Street/Lane						
Locality/Area/Village			District/Town/City						
Latitude (optional)			Longitude (optional)						
PIN Code									
CONTACT DETAILS									
Telephone number			Fax Number						
Mobile Number									
Email Address									
Nature of possession of premises									
Owned	<input type="radio"/>	Leased	<input type="radio"/>	Rented	<input type="radio"/>	Consent	<input type="radio"/>	Shared	<input type="radio"/>

Please Tick the Nature of Business Activity being carried out at above mentioned Premises					
Factory / Manufacturing	<input type="radio"/>	Wholesale Business	<input type="radio"/>	Retail Business	<input type="radio"/>
Warehouse/Deport	<input type="radio"/>	Bonded Warehouse	<input type="radio"/>	Service Provision	<input type="radio"/>
Office/Sale Office	<input type="radio"/>	Leasing Business	<input type="radio"/>	Service Recipient	<input type="radio"/>
EOU/ STP/ EHTP	<input type="radio"/>	SEZ	<input type="radio"/>	Input Service Distributor (ISD)	<input type="radio"/>

Works Contract	<input type="radio"/>				
----------------	-----------------------	--	--	--	--

**13. Details of Bank Accounts (s)**

Total number of Bank Accounts maintained by the applicant for conducting business	
---	--

**Details of Bank Account 1**

Account Number															
Type of Account											IFSC				
Name of the Bank															
Branch and Address of the Bank & Branch	To be auto-populated (Edit mode)														
PIN Code														State	

**Details of Bank Account 2**

Account Number														
Type of Account														
Name of the Bank														
Branch and Address of the Bank & Branch	To be auto-populated (Edit mode)													
PIN Code														State

Details 3...n (Multiple fields will be available to capture the details of all the additional Bank A/c)

**14 Details of the Goods/Commodities supplied by the Business**

Please specify top 5 Commodities		
S.N o.	Description of Goods	HSN Code (4 digit code)
1		
2		
...		
5		

**15 Details of Services supplied by the Business.**

Please specify top 5 Services		
S. No.	Description of Services	Service Accounting Code
1		

2		
---		
5		

### 16 Details of Additional Place of Business

Number of additional places	
-----------------------------	--

#### Premises 1

##### Details of Additional Place of Business

<b>ADDRESS</b>									
<b>Building No/Flat No/Door No</b>					<b>Floor No</b>				
<b>Name of the Premises/Building</b>					<b>Road/Street/Lane</b>				
<b>Locality/Area/Village</b>					<b>District/Town/City</b>				
<b>PIN Code</b>									
<b>CONTACT DETAILS</b>									
<b>Telephone number</b>					<b>Fax Number</b>				
<b>Mobile Number</b>									
<b>Email Address</b>									
<b>Nature of possession of premises</b>									
<b>Owned</b>	<input type="radio"/>	<b>Leased</b>	<input type="radio"/>	<b>Rented</b>	<input type="radio"/>	<b>Consent</b>	<input type="radio"/>	<b>Shared</b>	<input type="radio"/>

<b>Please Tick the Nature of Business Activity being carried out at above mentioned Premises</b>					
Factory / Manufacturing	<input type="radio"/>	Wholesale Business	<input type="radio"/>	Retail Business	<input type="radio"/>
Warehouse/Deport	<input type="radio"/>	Bonded Warehouse	<input type="radio"/>	Service Provision	<input type="radio"/>
Office/Sale Office	<input type="radio"/>	Leasing Business	<input type="radio"/>	Service Recipient	<input type="radio"/>
EOU/ STP/ EHTP	<input type="radio"/>	SEZ	<input type="radio"/>	Input Service Distributor (ISD)	<input type="radio"/>
Works Contract	<input type="radio"/>				

Premises 2.....n (Multiple fields will be available to capture the details of all the additional places of business within the state)

### 17 Details of Proprietor/all Partners/Karta/Managing Directors and whole time Director/Members of Managing Committee of Associations/Board of Trustees etc. \*

Total Number of Persons

Please provide details in the table below. In case you need more tables, click on add table

- In case of **Proprietorship**: Details of Owner/Proprietor
- In case of **Partnership**: Details of **all Managing/ Authorized Partners** (personal details of all partners but photos of only ten partners including that of Managing Partner is to be submitted)
- In case of **Companies** registered under Companies Act: **Managing Director and whole time directors**
- In case of **HUF**: Details of **Karta of HUF**

- In case of **Trust**: Details of **Managing Trustee**
- In case of **Association of Persons**: Details of Members of Managing Committee(personal details of all members but photos of only ten members including that of Chairman is to be submitted)
- In case of Local Authority: Details of CEO or equivalent
- In case of Statutory Body: Details of CEO or equivalent
- In case of others: Details of person responsible for day to day affairs of the business

	First Name	Middle Name	Surname
Name of Person			
Name of Father /Husband			
Designation			Date of Birth
			DD MM YYYY
PAN			
Passport No (in case of foreigners)			
UID No			
DIN No. (if any)			

Mobile Number												
E-mail address						Gender	M	<input type="radio"/>	F	<input type="radio"/>		
Telephone No						FAX No						

<b>Residential Address</b>					
<b>Building No/Flat No/Door No</b>			<b>Floor No</b>		
<b>Name of the Premises/Building</b>			<b>Road/Street/Lane</b>		
<b>Locality/Area/Village</b>			<b>District/Town/City</b>		
<b>PIN Code</b>					<b>State</b>

**Details 2...n (Multiple fields will be available to capture the details of other persons)**

### 18 Details of Authorized Signatory

Number of Authorized Signatory

#### Details of Signatory No. 1

	First Name	Middle Name	Surname
Name of Person			
Name of Father / Husband			
Designation			Date of Birth
			DD MM YYYY
PAN			



UID No													
DIN No. (if any)													
Mobile Number													
E-mail address									Gender	M	<input type="radio"/>	F	<input type="radio"/>
Telephone No								FAX No					
<b>Residential Address</b>													
<b>Building No/Flat No/Door No</b>							<b>Floor No</b>						
<b>Name of the Premises/Building</b>							<b>Road/Street/Lane</b>						
<b>Locality/Area/Village</b>							<b>District/Town/City</b>						
<b>PIN Code</b>							<b>State</b>						

**Details 2....n (Multiple field will be available to capture the details of other authorized persons)**

**19 Details of Authorized Representative (TRP / CA / Advocate etc.)**

	<b>First Name</b>	<b>Middle Name</b>	<b>Surname</b>										
Name of Person													
Status	<b>TRP / CA / Advocate etc.</b>												
Mobile Number													
E-mail address													
Telephone No								FAX No					

**20 State Specific Information**

- a. Field 1
- b. Field 2
- c. ....
- d. ....
- e. Field n

**21 Document Upload**

*A customized list of documents required to be uploaded (as detailed in para 6.3 of the process document) as per the field values in the form should be auto-populated with provision to upload relevant document against each entry in the list.*

**22 Verification**

*I hereby solemnly affirm and declare that the information given herein above is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom*

Place .....  
Date .....

Name of Authorized Signatory .....  
Designation .....

**Instructions to Taxable Person**

1. **Field 4:**In case of Proprietary concerns, only PAN of the Proprietor will be required while in case of other business entities, only PAN of the business will be required.
2. **Field 4A:**PAN should be in same name as the Legal Name in Field 1.
3. **Field 6:** If “Yes” option is selected, the applicant will be asked to confirm that the likely all-India annual turnover including exports and exempted supplies during next 12 months (**depending on the exact legal formulation to be made by the GST Drafting Law Committee**) is below Rs. .... Lakh.
4. **Field 17:** In case of multiple authorized signatories provided by the Dealer, any one of them can sign this form as Authorized Signatory
5. **Field marked with \* are mandatory fields.** Any changes in these fields require approval from proper officer.

**All communication will be made to the Mobile Number and e-mail mentioned in Principal Place of Business.**

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**Suggestions for System Development**

1. Pin Code should be the field requiring primary data, and the other two field should get auto-populated (based on master values) with option to enter locality/area/village if that is not in the portal master. Alternatively, a validation between PIN Code and Locality/Area/Village and District/Town/City should be inbuilt.
2. For Field No 17 (i.e. Details of Proprietor / all partners / Karta / Managing Director and whole-time Director / Members of the Managing Committee of Association of Persons / Board of Trustees etc.) and Field No 18 (Details of the Authorised Signatory) providing PAN would be mandatory for Indian nationals. For foreign national passports details would be required.
3. In Field 10, there should be an option to enter details of multiple entities which are merged

and the application is on behalf of the merged entity

4. In Field No. 9 (Period for which registration is required – From/ To) validity period of registration is captured. The “From Date” is mandatory for all dealers but the “To Date” should be mandatory only for Casual/non-resident Dealers. Following validation needs to be built in
  - Inserting of a radio buttons – Whether regular dealer or Casual/non-resident dealer
  - In case of Casual/non-resident dealer – both from date and to date are enabled, and both are mandatory fields. Further, the “from date” could be retrospective date (in view of para 2.1 (2)).
  - In case of Regular dealer – only from date is enabled and is mandatory and this could be retrospective date (in view of para 2.1 (2)).
  - Further, the system must be able to display all the previous registrations obtained as Casual/non-resident Dealer with from date and to date and the LVO in which he was registered and arrears of amounts if any standing in his name.
5. Field No. 10 (Reason of liability to obtain registration) should not be enabled for casual dealers. Voluntary registration is to be enabled.
6. Field No. 11 (Indicate existing registrations) – Following state specific fields need to be captured:
  - Professions Tax E.C. No.
  - Professions Tax R.C. No.
  - State Excise License No. and the name of the person in whose name Excise Licence is held.
7. For Field No. 12 (Details of Principal Place of Business) and Field No. 16 (Details of Additional Place of Business), it is required to display the earlier places of business – i.e. Address, From date and To date from the History Table, for the efficiency of tax administration. Though this may not be useful in new registrations, it is required in case of amendments, when the addresses are changed, additional places are added or deleted. This would not need modification in the registration format and business process, but the software/database should take care of the displaying these details when an amendment form is being filled or when the departmental officer views it. In case of casual dealers, principal place of business will be the place where he will run his business.

8. For Field No. 14 (Details of Goods/ Commodities supplied by the Business) history of existing/ deleted/ added commodities and services with from date and to date needs to be captured by the software. This would give a detailed picture of the nature of the commodities dealt by the dealer. Further, it is also better if the dealer identifies one of the commodities/ service as the main commodity/ service, he is dealing in. This is required to match the GST return information with the details obtained from macro-economic parameters and matching with NIC Activity classification, based on which the macro-economic performance is presented.
9. For Field No. 17 (Details of Proprietor/all Partners/Karta/Managing Directors and whole time Director/Members of Managing Committee of Associations/Board of Trustees etc.) –All changes in Partners or Directors, or Managing Persons, must be kept in the database to enable the jurisdictional officer to see the history of the persons entered earlier, and from date and to date. Photos of maximum of 10 partners including that of Managing Partner is required to be uploaded.

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**ANNEXURE-IV**

**Form GST -**

*[See Rule \_\_\_]*

**Application for Surrender of Registration under Goods and Services Tax Act, Year**

Please file **your tax return** for the tax period in which the effective date of cancellation of your registration falls before applying for cancellation. **Filed no. 2 to 5 would get auto populated on the basis of information mentioned in filed no. 1.**

1. GSTIN																			
----------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

2. Full Name of Registrant																				
3. Trade Name, if any																				
4. Address of Principal Place of Business																				
5. Address for correspondence (e-mail, mobile, landline etc.)																				

6. Reason for Surrender	<input type="checkbox"/> Discontinuance of business	<input type="checkbox"/> Closure of incorporated body
<u>Tick <input checked="" type="checkbox"/> one</u>	<input type="checkbox"/> Death of sole proprietor	<input type="checkbox"/> Dissolution of firm
	<input type="checkbox"/> Has ceased to be liable to pay tax	<input type="checkbox"/> Merger
	<input type="checkbox"/> Amalgamation etc.	<input type="checkbox"/> Others (specify the reason)

(Note: In case of death of Sole Proprietor application will have to be made by the legal heir / successor manually before the concerned tax authorities)

7. In case of amalgamation or merger, provide particulars of registration in which merged, amalgamated etc.	
(i) GSTIN	
(ii) Name	
(iii) Principal Place of Business	

(The new entity in which the applicant proposes to amalgamate itself must be registered with the tax

authority before the filing of the surrender application. This application can only be made after that.)

8. Date from which registration under -----Act, 20-- is to be surrendered			/			/		
	<u>Day</u>			<u>Month</u>			<u>Year</u>	

9. Amount of GST payable in respect of goods / capital goods held on the date of surrender of registration (Rs.)	Turnover	Tax	
		CGST	SGST

10. Details of amount of GST paid as calculated at 9 above. (This needs to be amended in view of maintenance of ITC / Cash Ledger)	i) Date of deposit			-			-				
		Day		Month		Year					
	ii) Challan No.										
	(iii) Name of Bank & Branch										

11. Verification	
(i) I/We _____ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.	
(ii) I/We undertake to discharge any tax liability which is found to be payable subsequent to the surrender of registration and the tax authorities shall be free to take any action as prescribed in the law.	
Signature of Authorised Signatory	
Full Name	
Designation/Status	

Place																				
-------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Date								
	Day		Month		Year			

## ANNEXURE-V

### Form GST -

[See Rule ]

#### Application to Opt for Composition Scheme

(For existing taxpayer)

Filed no. 2 & 3 would get auto populated on the basis of information mentioned in filed no. 1.

1. GSTIN																			
----------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

2. Full Name of Applicant Dealer																			

3. Please Tick the Nature of Business Activity being carried out at above mentioned Premises					
Factory / Manufacturing	<input type="radio"/>	Wholesale Business	<input type="radio"/>	Retail Business	<input type="radio"/>
Warehouse/Deport	<input type="radio"/>	Bonded Warehouse	<input type="radio"/>	Service Provision	<input type="radio"/>
Office/Sale Office	<input type="radio"/>	Leasing Business	<input type="radio"/>	Service Recipient	<input type="radio"/>
EOU/ STP/ EHTP	<input type="radio"/>	SEZ	<input type="radio"/>	Input Service Distributor (ISD)	<input type="radio"/>

4. Year for which composition scheme is sought					-				
--	--	--	--	--	---	--	--	--	--

5. Turnover in the preceding year	(Rs.)													
-----------------------------------	-------	--	--	--	--	--	--	--	--	--	--	--	--	--

6. Estimated Turnover in the current year	(Rs.)													
---	-------	--	--	--	--	--	--	--	--	--	--	--	--	--

7. Tax Payable on Opening Stock lying at the beginning of the current	Description	Turnover (Rs.)	Tax Payable																	
			CGST				SGST				IGST									
	(i) Trading Stock																			
	(Iii) Raw material																			



year(provision for capital goods may have to be made if the GST law provides for proportionate credit in case of mixed use)	(iii) Packaging Material																			
	(iv) Finished Goods																			
	Total																			

8. Details of Tax paid calculated as per (7) above(This needs to be amended in view of maintenance of ITC / Cash Ledger)	Description										
	(i) Amount of tax paid (Rs.)										
	(iii) Date of Deposit			/			/				
		dd			mm					yyyy	
(iii) Challan No.											

**9. Verification**  
I/We \_\_\_\_\_ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

Signature of Authorised Signatory \_\_\_\_\_

Full Name (*first name, middle, surname*) \_\_\_\_\_

Designation/Status \_\_\_\_\_

Place																				
-------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Date								
	Day	Month	Year					

**ANNEXURE-VI**

**Form GST -**

*[See Rule ]*

**Application for withdrawal from Composition Scheme**

(For existing taxpayer)

Filed no. 2 & 3 would get auto populated on the basis of information mentioned in filed no. 1.

1. GSTIN																			
----------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

2. Full Name of Applicant Dealer																			

3. Please Tick the Nature of Business Activity being carried out at above mentioned Premises					
Factory / Manufacturing	<input type="radio"/>	Wholesale Business	<input type="radio"/>	Retail Business	<input type="radio"/>
Warehouse/Deport	<input type="radio"/>	Bonded Warehouse	<input type="radio"/>	Service Provision	<input type="radio"/>
Office/Sale Office	<input type="radio"/>	Leasing Business	<input type="radio"/>	Service Recipient	<input type="radio"/>
EOU/ STP/ EHTP	<input type="radio"/>	SEZ	<input type="radio"/>	Input Service Distributor (ISD)	<input type="radio"/>
Works Contract	<input type="radio"/>				

4. Date from which withdrawal from composition scheme is sought (dd/mm/yyyy)						-						
---	--	--	--	--	--	---	--	--	--	--	--	--

5. Turnover in the preceding year / period	(Rs.)										
--	-------	--	--	--	--	--	--	--	--	--	--

6. Reasons for withdrawal from composition scheme	

7. Input Tax Credit	Description	Turnover (Rs.)	Input Tax Credit (Rs.)
---------------------	-------------	----------------	------------------------

<b>available</b> ongoods purchased and lying in stock on the day of withdrawal from the scheme(provision for capital goods may have to be made if the GST law provides for proportionate credit in case of mixed use)			CGST				SGST				IGST			
	(i) Trading Stock													
	(Iii) Raw material													
	(iii) Packaging Material													
	(iv) Finished Goods													
	Total													

**8. Verification**

I/We \_\_\_\_\_ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

Signature of Authorised Signatory \_\_\_\_\_

Full Name (*first name, middle, surname*) \_\_\_\_\_

Designation/Status \_\_\_\_\_

Place																				
-------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Date								
	Day	Month	Year					

ANNEXURE-VII

**Form GST -**

*[See Rule ]*

**Application for Amendment(s) in Particulars subsequent to Registration under Goods & Services Act Year**

**(This form would be used to amend fields mentioned in para 7.2(7) of the Process document as all other fields can be amended on self-service basis)**

I GSTIN																				
---------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

II Full Name of Dealer																				

**III Amendment summary**

*(Please put field reference in which amendments are sought, date of amendment and reason for amendment(s). attach additional sheets if required)*

Field Ref.	Field Name	Date (mm/dd/yy)	Reason(s)

**(Please edit /fill in only those following fields that are to be amended)**

**Complete Registration form should be copied here.**

**Facilities for uploading scanned documents including photographs (only in .jpg format) etc. needs to be provided.**

## ANNEXURE-VIII

### **EXTRACT OF THE REPORT OF THE COMMITTEE ON THE PROBLEM OF DUAL CONTROL, THRESHOLD AND EXEMPTIONS IN GST REGIME**

Para 7. The matter was deliberated upon by the Committee. It was felt that the threshold, both for SGST and CGST should be common except for North-eastern States where the threshold could be prescribed at lower level. It was also felt by the Committee that the threshold both for services and goods should be same. However, for inter-state dealers, the threshold should be zero. The threshold should be worked out taking into account both the supply of goods and services on gross turnover basis. Such turnover would include the turnover of exempted goods and services (including non-taxable) and exports. It was also agreed that the turnover so calculated would be applicable for the purposes of Threshold, Compounding Scheme and Dual Control. While the State representatives felt that turnover should be State-wise of a legal entity, the representatives of Government of India strongly felt that it should be All India turnover of a legal entity, otherwise it may lead to tax evasion. It was pointed out by the Centre's representatives that if the turnover of an entity is considered State-wise, the threshold for CGST would increase steeply when calculating the turnover of the entity on an All India basis. This would adversely affect the revenue of the Centre. What would happen is that an entity will open office in States and Union Territories (which are 37 in number) for availing of State-wise threshold for SGST purposes. In such a scenario, the threshold for CGST purposes would work out to Rs. 9.25 Crores (Rs. 25 Lacs \* 37). Similar impact would be there for the compounding scheme as well as for the issue relating to dual control. The suggestion of the Central Board of Excise and Customs (CBEC) that legal entity on all India basis should be taken was considered by the Committee and after due deliberations the suggestion was agreed to avoid tax evasion by the manufacturers/traders/dealers.

## ANNEXURE-IX

### **EXTRACT OF THE MINUTES ON REFINEMENT TO THE PROCESS FOR STATES OPTION FOR TWO-WAY API BASED INTEGRATION AND FLEXIBILITY (DECISION DATED 18.04.2012 OF EC) WILL BE FORMULATED SEPARATELY**

14. The Chairman, Empowered Committee asked the Member Secretary to indicate the recommendations of the Committee regarding strategic control of the Government on GST Network. The Member Secretary mentioned that a Committee of Principal Secretaries/Secretaries (Finance/Taxation) and Commissioners of Commercial Taxes met on 10<sup>th</sup> April, 2012 to discuss the various concerns raised by the States regarding GSTN-SPV. Dr. Nandan Nilekani, Chairman, Unique Identification Authority of India and Chairman, Empowered Group on IT Infrastructure for GST kindly agreed to join the discussion of the Committee. He, during the Committee meeting, clarified the position why the Government of India, Empowered Committee and the Empowered Group on IT Infrastructure for GST have recommended for setting up of a Non-profit Section 25 Private Company. During the meeting, concerns were raised regarding flexibility to be provided to the States and the strategic control of the Government on GSTN. After due deliberations, following recommendations were made by the Committee for the consideration of the Empowered Committee:

- (i) Following three options may be made available to the States for usage of services to be provided by GSTN:
  - a. 'Full service model' where the GSTN will offer the full range of GST services as a utility which the States can utilize.
  - b. 'Limited service model' where a State will use the GSTN for common registration, return and payments and has its own software for remaining GST functions.
  - c. 'Application Programming Interface (API) model' where the States will have their own software for flexibility but will, adhere to the common registration, return and payment formats defined by the GSTN (though they may collect additional data) and ensure that the rights of both States and Centre are protected in terms of getting instantaneous information and ensuring timely settlements of their respective share of taxes.
- (ii) The Committee noted that the ownership of the private equity holders will be widely dispersed and hence, the basic control would stay with the Government. The distinction between ownership and control was also noted.
- (iii) The Committee noted that the Empowered Committee had deliberated on the non-Government status of the SPV in detail in its earlier meetings and taken a considered view to approve it. However, Committee requested that the list of potential private equity partners should be decided in consultation with the Empowered Committee.
- (iv) The Committee noted that the mechanisms recommended by Empowered Group for ensuring strategic control would be adequate. However, the draft Memorandum of Association and Articles of Association incorporating necessary provisions should be placed before the Empowered Committee for consultation before finalisation.
- (v) To provide higher representations to the States, there should be an Advisory Committee of the GSTN-SPV in which all the States should be represented.

- (vi) There should be an exit/sunset clause for dissolving the GSTN-SPV, if both the Centre and the States decide to do so.
- (vii) Any new developments during the process leading to the formation of GSTN SPV should be brought to the notice of the Empowered Committee.

15. The Chairman, Empowered Committee broadly indicated that the strategic control over the SPV will be available by virtue of thinly dispersed private shareholding, the composition of Board of Directors, special resolutions, share holders agreement, induction of deputationists from the Government and agreements between GSTN-SPV and Government, Advisory Committee of GSTN-SPV etc. After due deliberations, the recommendations of the Committee mentioned in para 14 was approved by the Empowered Committee.

16. It was also mentioned by the Member Secretary that during the meeting of the Hon'ble Union Finance Minister on 17th April, 2012, the issue regarding finalizing the other details of the formation of the GSTN-SPV came up for discussion. It was felt that the Empowered Group on IT Infrastructure for GST, chaired by Dr. Nandan Nilekani, may also look into this aspect as well. The Empowered Committee accordingly decided to endorse the same.

## ANNEXURE-X

### EXTRACT OF THE REPORT OF THE COMMITTEE ON IGST AND GST ON IMPORTS

#### **I. Norms for blacklisting of dealers for blocking tax credits**

A system of “GST Compliance Rating” can be introduced. Any fall in the rating below a prescribed level will have impact of blacklisting a dealer. The rating is only a measure to facilitate informed choices by the purchasers and not a punishment measure. There should be clear declaration in the law that blacklisting does not mean that ITC claim on other non-blacklisted dealers is assured by the Government as any eligibility for ITC primarily depends on the selling dealer owning up the tax invoice and paying the due tax. However, if the rating falls below the prescribed level resulting in that dealer becoming blacklisted, purchases from him will no longer be eligible for ITC, on self-assessment basis, (they however will be eligible for availing the ITC only after the tax has been paid by such selling dealers) by the buyers, till improvement of the rating to normal level.

##### **IX.A. Trigger for Blacklisting**

- i. Continuous default for 3 months in paying ITC that has been reversed.
- ii. Continuous default of 3 months or any 3 month-period over duration of 12 months in uploading sales details leading to reversal of ITC for others. Defaulters of even a single event should also be flagged and put in public domain as being a potential black listed dealer so as to alert the buyers.
- iii. Continuous short reporting of sales beyond a prescribed limit of 5% (of total sales) for a period of 6 months.

##### **IX.B. Default**

Not doing the activity within the prescribed cut off dates. A system of rating the dealers based on their compliance should also be done and put in public domain to inform prospective buyers.

##### **IX.C. Rating and Compliance Profile**

There should also be a continuous rating system, provided under model law, for dealers based on parameters such as promptness in e-return filing, discrepancies detected where the dealer has had to make corrections, making prompt payment in lieu of reversed ITC, etc. The profiles for all dealers would be posted in public domain so that the dealer community is kept aware of the compliance profile of all registered dealers with whom they may have to deal with during the course of their business. While the system of blacklisting may only highlight deviant behaviour after it crosses a certain threshold, a system-updated dealer profile will serve as a continuing



rating mechanism for the entire community and leaders within a certain industry can set a benchmark for others to emulate.

#### **IX.D. Blacklisting**

- i. Only for regulating ITC by others.
- ii. Will be based on dealer rating. A dealer will be blacklisted if dealer rating falls below the prescribed limit.
- iii. To be put in public domain.
- iv. To be notified (auto-SMS) to all dealers who have pre-registered this dealer (black listed now) as their supplier.
- v. To be prospective only (from month next to blacklisting)
- vi. Blacklisted GSTINs cannot be uploaded in purchase details. Corresponding denial of ITC to be supported by suitable provision in the law.
- vii. ITC reversal in hands of the buyer should take place for disowning of any tax invoice with date prior to effect of blacklisting of the seller.
- viii. Once blacklisting is lifted, buyers can avail unclaimed ITC subject to this dealer uploading sales details along with tax and interest.

**REPORT**

**OF**

**THE JOINT COMMITTEE ON BUSINESS PROCESSES FOR GST**

**ON**

**GST PAYMENT PROCESS**

**Empowered Committee of State Finance Ministers**

**New Delhi**

**April, 2015**

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## Report of the Joint Committee on Business Processes for GST- Payment

### INTRODUCTION

During the Empowered Committee meeting held on 10<sup>th</sup> March, 2014, it was decided that a Joint Committee under the co-convenership of the Additional Secretary (Revenue), Government of India and the Member Secretary, Empowered Committee should be constituted to look into the Report of the Sub-Group-I on Business Processes for GST and make suitable recommendations for Payment and Return to the Empowered Committee. Accordingly, a Joint Committee, in consultation with the Government of India, was constituted on 7<sup>th</sup> April, 2014 (Annexure-I). The Committee held its deliberations on 28<sup>th</sup> October, 2014, 12<sup>th</sup> November, 2014, 25<sup>th</sup> November, 2014, 22<sup>nd</sup> December, 2014, 2<sup>nd</sup> and 3<sup>rd</sup> February, 2015, 19<sup>th</sup> and 20<sup>th</sup> February, 2015 and 16<sup>th</sup> and 17<sup>th</sup> April, 2015.

2. The Joint Committee on Business Processes for GST held on 2<sup>nd</sup> February, 2015, it was decided to constitute a sub-committee on GST Payment Process. Pursuant to that decision, the Member Secretary, Empowered Committee constituted the Sub-Committee vide his memorandum letter dated 3<sup>rd</sup> February, 2015 (Annexure-II). Shri V Rajendaran, DG (Government Accounts), CAG, Mrs. Krishna Tyagi, CCA, CBEC, Government of India, Shri Madan Mohan, Jt. CGA, Government of India and Shri G Sreekumar, CGM, RBI were co-opted as members of the Sub-Committee. Shri Ravneet S. Khurana, Deputy Commissioner GST Cell, CBEC also participated in the deliberations of the Sub-Committee. The Sub-Committee met in Bengaluru on 14<sup>th</sup> and 15<sup>th</sup> February, 2015 and on 06<sup>th</sup> and 7<sup>th</sup> April, 2015. The Sub-Committee also exchanged

drafts on emails during the interregnum period. The Sub-Committee submitted its final report on 10<sup>th</sup> April, 2015.

3. The report of the Sub-Committee was discussed in the meeting of the Joint Committee of Business Processes held in Delhi on 16<sup>th</sup> and 17<sup>th</sup> April 2015 and was accepted with certain modifications. The meeting of the Joint Committee was attended by the officers as listed in **Annexure III**.

4. In modern day taxation regime, every transaction of the tax payer with the tax administration should be transparent, responsive and simple. It has been experience of tax administrations that more the system and procedures are made electronic more is the efficiency of tax administration and greater is the satisfaction of taxpayer. In this context, payment system of GST should also be based on Information Technology which can handle both the receipt and payment processes.

5. The objectives of this report are as under:

- a) Highlight key issues in tax collection, collation, remittance and reporting of tax collection into Government account;
- b) Need for a uniform system of banking arrangements for collection, remittance and reporting of GST to both Central and State Governments;
- c) Proper accounting and bank reconciliation of taxes derived from basic data of payments made by taxpayers to banks, with the required classification of heads of accounts indicated on the Challan;
- d) Designing the format of a new Challan for use by the taxpayers paying GST;
- e) Developing a detailed accounting procedure common to both Central and State Governments for GST, covering all relevant aspects of payments, accounting and

related banking arrangements.

6. It is noted that under GST regime, some taxes and duties may remain outside the purview of GST and will continue to be collected in the manner prescribed under existing accounting procedures/rules/manuals, etc. This means that two types of challans (one for GST and other for non-GST) will be used and accounted for by the respective Pay and Accounts Offices (PAOs)/State AGs.

7. The payment processes under proposed GST regime should have the following features:

- a) **Electronically generated** challan from GSTN Common Portal in all modes of payment and no use of manually prepared challan;
- b) **Facilitation** for the taxpayer by providing hassle free, anytime, anywhere mode of payment of tax;
- c) **Convenience** of making payment online;
- d) **Logical** tax collection data in electronic format;
- e) **Faster** remittance of tax revenue to the Government Account;
- f) **Paperless** transactions;
- g) **Speedy** Accounting and reporting;
- h) **Electronic** reconciliation of all receipts;
- i) **Simplified** procedure for banks;
- j) **Warehousing** of Digital Challan.

8. With the above features in mind the following **three modes of payment** are proposed.

- a) Payment by taxpayers through Internet Banking through authorized banks and through credit card/debit card;

(Section 45 of RBI Act, 1934 permit banks other than RBI to be appointed as agency banks for carrying out government business. Agency banks are permitted to both receive and make payments on behalf of the Government and therefore act as Banker to respective governments. However, authorized banks are only permitted to receive payment of GST on behalf of the Government, and keeping this distinction in view, the expression ‘authorized bank’ is used throughout this Document.)

- b) Over the Counter payment (OTC) through authorized banks;
- c) Payment through NEFT/RTGS from any bank (including other than authorized banks).

9. **Mode of payment described at b) above will be available for payments up to Rs. 10,000/- per challan only. Model GST law may have suitable provisions in relation to this.** However, there should not be any IT system constraints for this i.e. the systems should be able to receive payments through all three modes irrespective of the amount. Other means of payment, such as payment by book adjustment as is presently being allowed by Government of India to some departments / State governments or payment by debit to export scrips, while paying tax would not be allowed. It is also noted that all taxpayers under Centre are paying taxes electronically and possibly the same situation exists in some State Tax administrations. It is **desirable that under the GST regime, all taxpayers should gradually move to internet payment over an indicative time frame.**



10. The Committee recommends that RBI should play the role of an aggregator through its e-Kuber system. Such role will facilitate participation of larger number of banks in GST receipts enhancing convenience for the tax payers and provide single source of information for credit of the receipts to Government accounts and thereby simplifying accounting and reconciliation tasks. In case of any discrepancy found during the reconciliation by the Accounting Authorities, they would directly interact with RBI. Joint CGA suggested that as per the provisions of Section 20 of the RBI Act, 1934 in the proposed scenario, RBI would be the sole banker to the Governments. RBI, on the other hand, has indicated that Section 20 and Section 45 of the RBI Act, 1934 are not mutually exclusive and therefore there would not be any conflict in the role envisaged for the RBI in the proposed model.

11. Each of the above modes is discussed separately along with the role of stakeholders involved, process of reporting, accounting and reconciliation of data. As already mentioned above, it is envisaged that for each mode of payment, the challan will be generated electronically at the GSTN and no manual challan will be used under any mode of payment.

**I. PAYMENT BY TAXPAYERS THROUGH INTERNET BANKING THROUGH AUTHORIZED BANKS AND THROUGH CREDIT CARD/ DEBIT CARD.**

12. With increasing spread of internet and electronic communication, this mode has emerged as one of the preferred modes of tax payment for both the taxpayers and administrators. As the name suggests, this mode of payment involves payments by the taxpayers that utilize the electronic network, right from the generation of the challan by the taxpayer to the ultimate reconciliation of the data by the Accounting authorities.

Before understanding the process involved in e-payments, it is important to list the stakeholders involved in this mode of payment. The following stakeholders will play a key role in establishing an effective e-payment network in the proposed GST scenario:

- a) GSTN (Goods and Service Tax Network);
- b) e- FPBs (Electronic Focal Point Branches) of authorized banks;
- c) e-Kuber of RBI;
- d) Central Accounts Section (CAS) of RBI, Nagpur;
- e) e-PAOs (Electronic Pay and account Offices) / e-Treasuries of State Governments;
- f) Pr. CCA, CBEC (Principal Chief Controller of Accounts) / Accountant General of the States;
- g) Tax authorities of Centre and States.

**Process involved in e-payment of GST:**

13. Every tax payer who wants to avail the facility of e-payment will access GSTN for generation of the Challan through which payment is to be made. The following methods for creation of draft challan for GST payments are recommended.

- a) By Registered tax payer or his authorized person by logging on to GSTN Common Portal where basic details (such as name, address, email, mobile no. and GSTIN) of the tax payer will be auto populated in the challan;
- b) By authorized representatives of tax payers by logging on to the GSTN Common Portal whereafter the list of registered taxpayers represented by him will be displayed. He can select any tax payer on whose behalf he proposes to pay GST and challan details for such tax payer will be auto populated;

- c) By grant of temporary Registration number by any one Tax authority on GSTN Common Portal which can be used by both the tax authorities for facilitating tax payments on behalf of an unregistered person. Such a situation can arise during enforcement action by a tax authority and this temporary registration can be later converted into a regular registration number (GSTIN) if the tax payer has a regular GST liability to discharge after the enforcement action (detailed procedure described in Para 78 below);
- d) By creation of a challan without requirement of USER ID and Password, for enabling payment of GST by a registered or an unregistered person on behalf of a taxpayer as per the directions of the tax authority using the GSTIN (like the present provision under Service tax). In this method, GSTN would provide for a validation check (like CAPTCHA) so that challan can be created by a person and not by machine.

14. The issue whether challans should have provision for entering jurisdictional location ( e.g. Commissionerate, division and range) was discussed in detail and it was decided that the same will not be mentioned in the challan. Instead, the Tax authorities would send the Taxpayers updated master data to GSTN as well as to Accounting Authorities. The incremental changes in the said master would also be sent on real time basis by the Tax authorities to GSTN and Accounting authorities. As challan would not have a jurisdictional location code, the Accounting Authorities would use the TAXPAYER Master received from Tax authorities for mapping the challans with the Jurisdictional PAOs / tax authorities' offices by having a suitable mapping mechanism.

15. Upon creation of the draft challan, the taxpayer will fill in the details of the taxes that are to be paid. The challan page will have sets of mandatory fields, which the user has to provide. The tax payer will have the option to pay CGST, IGST, Additional Tax and SGST concurrently. The tax payers can partially fill in the challan form and temporarily “save” the challan for completion at a later stage. A saved challan can be “edited” before finalization. After the tax payer has finalized the challan, he will generate the challan, for use of payment of taxes. The remitter will have option of printing the challan for his record. The challan so generated will have a 14-digit (yyymm followed by 10-digit) Unique Common Portal Identification Number (CPIN), assigned only when the challan is finally generated, this will help the portal and other authorities in identifying the challan. The CPIN would be a running serial number to be initialized every calendar month. After the challan is generated, it will be frozen and will not be allowed to be modified. The CPIN/challan so generated would be valid for a period of seven days. In case of payment through Mode III, CPINs would remain live with RBI for a period of 30 days. GSTN would purge all unused CPINs on the day immediately after the date on which the validity period is over (i.e. 7 days if Mode I or II is selected and 30 days if Mode III is selected for payment). At the end of each day (EOD), GSTN would send all the CPINs generated on that day to the Accounting authority of the Centre and to those accounting authorities of the states that so desire. The suggested format of the challan is appended at **Annexure – IV** which is a common format for all three modes of payment. Since the challan would be prepared electronically, chances of errors will be minimal. However to deal with challan correction in exceptional circumstances, a challan correction mechanism, prepared in consultation with the office of Pr. CCA, CBEC is detailed in paras 123 and 124 below.

16. Since there are three modes of payment, the tax payer has to choose the e-payment mode. This mode will also cover payment by Credit/Debit Card which can be used only after log in on the GSTN.

17. Once e-payment mode is selected, options will be shown to taxpayer to choose between Internet Banking and Credit / Debit Cards for making payment. In case Internet Banking mode is selected, a field with drop down box detailing names of various authorized banks, registered with GSTN for Internet Banking, would be displayed. The taxpayer will have option of choosing his preferred bank for Internet Banking. Credit and Debit Cards of all banks shall be accepted. However, the payment gateway services should be obtained by GSTN from the authorised banks or their payment gateway SPVs only. To encourage competition, preferably more than one such gateway should be provided on the GSTN portal, with display of their respective charge rate and service performance level. The taxpayer can choose any of the gateways available on the portal for making the payment. The exact charge should be calculated separately by the gateway service provider. The gateway provider should collect this amount separately over and above the challan amount. The challan amount should be fully credited to respective Government accounts maintained with the authorised bank (acquiring bank for CC/DC payments), while the gateway charges should be retained back by the gateway provider. The Government/GSTN should procure the payment gateway services from the authorised banks (or their SPVs) through an appropriate competitive process to keep the charge rates low. The Committee also deliberated the issue of charge back claims in case of credit card based payment, and felt that the possibility of such claims on payments to the government is minimal and manageable.

especially in view of implementation of two-step authentication norm by the banks. In addition, the taxpayer would be required to pre-register his credit card, from which the tax payment is intended, with the GSTN system. GSTN may also attempt to put in a system with banks in getting the credit card verified by taking a confirmation from the credit card service provider. The payments using credit cards can therefore be allowed without any monetary limit to facilitate ease of doing business. In the event of such claims, recommended standard operating procedure, prepared in consultation with RBI, is enclosed as **Annexure-V**.

18. In case of Payment Gateway, the first choice for a taxpayer would be to select the card type to be used for making the payment. Upon choosing the card type, the taxpayer would be displayed available gateway service providers servicing the card type. Once a taxpayer chooses a gateway, the interface of the gateway would be invoked. Alongside, GSTN will forward the same electronic string as was passed for Internet Banking (details in **para 19** below). The service provider will capture and verify the card details and debit the challan amount and additional gateway charges from the card holder. The Payment Gateway service providers are expected to build their interface with GSTN common portal to capture challan amount breakup in terms of CGST, IGST, Additional Tax and SGST. Along with the interface, associated accounts for CGST, IGST, Additional Tax and state-wise accounts for SGST should be created by the Authorized banks associated with the gateway service providers. The breakup received from GSTN common portal will be used to credit the amounts received under respective accounts created for the purpose. The Committee noted that in respect of credit card payments, presently the acquiring bank is permitted to transfer the amount to the merchant on

T+3 basis. Thus there may arise some situations where the taxpayers account has been debited on T+0 basis whereas Government's account in authorised bank would be credited on T+3 basis. It was informed by RBI that this time could be reduced to T+1 basis by suitable negotiations with the payment gateways. It is recommended that suitable negotiations may be carried out by the Accounting authorities and RBI with payment gateways to credit the amount on T+1 basis.

19. In case of payment through Internet Banking, once the taxpayer chooses a particular bank for payment of taxes, GSTN will direct him to the website of the selected bank. Alongside, GSTN will forward an electronic string to the selected bank carrying the following details for each challan on real time basis:

- a) GSTIN;
- b) CPIN;
- c) Challan Amount;
- d) Break Up of the Amount into CGST, IGST, Additional Tax and SGST ;
- e) State/UT Government to which SGST remittance pertains.

GSTN in consultation with banks would decide about the requirement of merchant code as a GSTN identifier.

20. Taxpayer will make the payment using the **USER ID** and **Password** provided by the bank to enter into the secured e- banking area of his bank. He will select an account for debiting the total tax amount and authorize the payment. While making the payment, the bank will display the breakup of total amount payable into CGST, IGST, Additional Tax and SGST and seek confirmation from the user. No change in the break up as well as the total amount would be allowed on the Bank's portal. In case the user

wants to change the break up or the total amount, he should abort the transaction and go back to GSTN portal from the bank's portal and reinitiate the process.

21. After the successful completion of a transaction, e-FPB of the concerned bank will create a unique Challan Identification Number (CIN) against the CPIN. This will be a unique 17-digit number containing 14-digit CPIN generated by GSTN for a particular challan and unique 3-digit Bank code (MICR based which will be communicated by RBI to GSTN). The incorporation of the date of payment in the CIN may be examined from the IT's perspective. This CIN, as a combination of CPIN and Bank Code, will be reported by the banks along with its own Unique Bank reference number (BRN). Such CIN is an indicator of successful transaction and will be used as a key field for accounting, reconciliation etc. by taxpayers, accounting authorities and tax authorities. After every successful e-payment transaction, there will be an instantaneous reverse flow of information through an electronic data string from the collecting bank to the GSTN containing the following details:

- a) CIN;
- b) GSTIN;
- c) Bank Reference number (BRN);

[Since there could be maximum of four credits against one debit, banking practice may be ascertained by GSTN. If such transactions (i.e. four credits against one debit require multiple BRNs i.e. one for each credit entry), all BRNs should be reported.]

- d) Challan amount;
- e) Date of Payment;



f) Time of Payment

22. If the transaction cycle is not completed because of failure of credential verification, there would be no response from the bank to portal informing about the same. If a response (positive or negative) is not received by GSTN within the stipulated period (few minutes), there would be a feature in GSTN to re-ping the bank system and seek a response against CPIN. There may be a scenario in which the internet banking transaction is successful, but the connection drops before the control comes back to GSTN portal, and the re-ping facility will help in finding the status of such transactions.

23. Upon receipt of confirmation from the bank regarding successful completion of the transaction, GSTN will inform the relevant tax authorities about payment of taxes. A copy of the paid challan (downloadable/printable) with auto-populated CIN, date and time of payment and a statement confirming receipt of the amount by the bank will be provided to the taxpayer by GSTN.

24. Thereafter the tax paid challan (CIN) will be credited to the tax ledger account of the taxpayer. It was discussed and agreed by the Committee that there would be 20 ledger accounts (one for each Major heads i.e. CGST, IGST, Additional Tax & SGST and 4 Minor heads for each Major Head i.e. Interest, Penalty, Fees & Others).

**Role to be played by each Stakeholder.**

**GSTN.**

25. In the framework of GST administration, GSTN is envisaged to be a “pass through portal” that works as a common interface between taxpayers, tax authorities,

authorized banks, RBI and accounting authorities. So GSTN will play the following role in this mode of payment:

- a) Generation of challan along with CPIN;
- b) Facilitating e-payments by providing a linkage to Internet Banking interfaces of authorized banks and payment gateways of authorised banks for CC/DC based payments;
- c) Receipt of real time data from IT system (e-FPBs) of each authorized bank regarding successful completion of payment transaction by the taxpayer (CIN);
- d) Generating receipt containing BRN No. of collecting bank for taxpayer acknowledging receipt of payment by the bank. A further facility of generating receipt containing RBI's scroll number for taxpayer would also be provided;
- e) Information to the respective Tax Authorities on real time basis for each successful transaction reported by banks. The communication at this stage may contain a minimal set consisting of GSTIN, CIN (i.e. CPIN + Bank Code), BRN(s), Challan amount, break-up of the amount into CGST, IGST, Additional Tax and SGST and date of payment;
- f) At EOD, GSTN will also send the details of CPIN generated for the particular day to the Accounting Authority of the Centre (to facilitate estimation of revenue and fund management) and to such State accounting authorities that may so desire;
- g) On T+1 morning, GSTN will generate a consolidated file containing a summary as well as entire details of the challans for which successful transactions were reported by the banks on real time basis for the date value of T=0 (for this purpose, daily transactions would include transactions from 20:01 hrs on previous day to 20:00 hrs in the current day). The file will be sent to the

respective accounting authorities. At this stage, the challan data will also include CIN (i.e. CPIN + Bank Code) and BRN reported by the banks. GSTN would generate this file on all working days including the days on which no transaction took place;

- h) GSTN will receive 39 consolidated e-scrolls from RBI (one each for CGST, IGST and Additional Tax and one each for SGST for each State/UT Govt, see para 26(a) below) on T+1 basis. The contents of the scrolls are mentioned in **para 28** below;
- i) On receipt of consolidated transaction level e-scrolls from RBI during latter part of the day, GSTN will carry out preliminary system based reconciliation with reference to the successful transactions already reported real time by the banks and consolidated by GSTN as per step (g) above. GSTN will append the RBI scroll Number on each challan and thereafter forward its reconciliation results to the respective accounting authorities;
- j) Once the amount reflected in the CIN, received by GSTN from Bank on real time basis, is credited in the cash ledger of the taxpayer, GSTN will lock that CIN to prevent its further usage;
- k) Purge all unused CPINs after the expiry of seven days in case of Mode I & II / 30 days in case of Mode III;
- l) Receive TAXPAYER master as well as updates thereto from the respective Tax Authorities on real time basis.

**e- FPBs (ELECTRONIC FOCAL POINT BRANCHES) OF AUTHORIZED BANKS.**

26. There would be a single e-FPB for each Authorized bank for the entire country. It will perform the following role.

- a) Each e-FPB will open a major head wise (CGST, IGST, Additional Tax and SGST) account of each government (total 39 accounts) to which the remittances received by it would be credited. Currently, the Constitutional Amendment Bill states that the Additional Tax will be collected by Centre and assigned to States. If this arrangement is continued, the e-FPB will maintain one account for Additional Tax for Centre. A Committee has been constituted by the EC to examine the operational issue of Additional Tax and if it is decided that this tax will be collected by the respective State Government and retained by them, separate accounts for every State will have to be maintained for Additional Tax also, on the lines of SGST;
- b) Sending real time data regarding successful completion of payment transaction by the taxpayer (CIN);
- c) At the end of each day (T+1), each e-FPB will be responsible for preparing daily luggage files Major Head wise (CGST, IGST, Additional Tax and SGST) for each government detailing receipts from all modes of payments on a particular day (including nil payment days) and forwarding it to RBI in the morning. Each luggage file will have a Unique Serial Number which will be a running serial number extending through a financial year which will facilitate identification of missing files. This luggage file number will become part of the electronic file. For operational purposes such as size of the file, it may be broken up into different parts with each part being numbered uniquely and also mentioning the total number of parts of that file;
- d) In the morning of each day (T+1), each e-FPB will also forward the daily luggage file mentioned above to accounting authorities of the Centre and the respective

State, in case their accounting authorities so desire, so that they can independently monitor delayed remittances, if any, from the banks to the Government account in RBI;

e) On the first day of every month, e-FPB will provide Datewise Monthly Statements (DMS) for each tax and government separately to RBI for the preceding month with following details:

- i) Name of Tax;
- ii) Government Name;
- iii) Datewise number of successful transactions and total credit reported to RBI; and
- iv) List of discrepancies remaining unresolved at the end of the report month (MOE UIN, CIN, BRN, Amount, Nature of discrepancy).

These statements will be simultaneously communicated to the respective Accounting Authorities, if they desire so.

27. Each authorised bank should have one or more service branch in each State to serve as GST help desk and to receive queries / e mails to resolve the issues from Taxpayers, Tax Authorities and Accounting Authorities.

**e-Kuber (Core Banking System) of RBI.**

28. The following functions will be performed by RBI (e-Kuber):

- a) RBI will consolidate luggage files received from all authorized banks, debit their accounts and correspondingly credit the CGST, IGST and Additional Tax accounts of Government of India and SGST accounts of each State/UT Government maintained in RBI(39 accounts);

- b) RBI would send consolidated, digitally signed e-scrolls, along with all the challan details, for each type of Tax (one each for CGST, IGST and Additional Tax for Government of India, and separate e-scrolls of SGST for each State/UT Governments) per day (including NIL payment day) after including the amount collected by it in Mode – III to Accounting Authority of Centre (e-PAO) / each State (e-Treasury) and GSTN simultaneously. Daily Major head account-wise scroll from RBI will consist of following information:-
- (i) Merchant Code given to GSTN;
  - (ii) Scroll Number and Date;
  - (iii) Name of Government to which the scroll pertains;
  - (iv) CIN;
  - (v) GSTIN;
  - (vi) BRN;
  - (vii) RBI Transaction Number;
  - (viii) Mode of payment;
  - (ix) Tax amount;
  - (x) Control parameters like total transaction, Total Amount in the scroll, etc.
- c) If any discrepancy is reported by Accounting Authority or GSTN, it would carry out the correction mechanism with the authorized bank and thereafter report the corrected data to respective Accounting Authority and GSTN.
- d) RBI will consolidate Datewise Monthly Statements (DMS) received from the banks for each tax and government, validate the consolidated statements (39) with reference to its own data of e-scrolls reported during the report month, have a systemic review of unresolved discrepancies and communicate the

statements to the respective accounting authorities within 3 days from end of the report month.

**Central Accounts Section (CAS) of Reserve Bank of India, Nagpur.**

29. CAS, Nagpur reports daily consolidated credits and debits to each Government and Accounting Authorities. Such daily statements cover all receipts and payments for the respective governments including inter-government transactions. GST credits will be one of the items reported by CAS, Nagpur in its daily statements. The scroll number mentioned in para 28 (b) (ii) above should be the credit identifier in the daily statements.

**e-PAOs (Electronic Pay and Account Offices ) of Centre and e-Treasuries of State Governments.**

30. In the case of Central government, the existing e-PAO (Central Excise) and e-PAO (Service Tax) can work as e-PAO (IGST), e-PAO (CGST) in the GST regime. Another e-PAO (Additional Tax) can be operated till the time that the Additional Tax remains in force. All these e-PAOs can be located at Delhi itself. The State governments will need to establish their e-PAOs / e-Treasuries (proposed Central Accounting Unit in the RBI Report of 2014). The following functions will be performed by e-PAOs/e-Treasuries:

- a) At EOD, the Central Accounting Authority and those State accounting authorities that so desire will receive details of CPIN generated by GSTN for the particular day. (Centre's accounting authorities require this to facilitate estimation of revenue and fund management);
- b) Each morning (T+1), e-PAOs / e-Treasuries will receive from GSTN a consolidated file of entire details of the challans (including CIN) for which

successful transactions were reported by the banks to GSTN on real time basis for the previous day;

- c) Each morning (T+1), e-PAOs for CGST, IGST & Additional Tax and e-Treasuries of the State Government will get consolidated transaction level digitally signed daily e-scrolls from RBI (along with all the challan details) pertaining to the successful transactions of the previous day (date value T=0);
- d) E-FPB of authorized banks would also send such scrolls on T+1 basis to central accounting authorities and to those e-Treasuries that may so desire;
- e) They will also receive from GSTN, later in the day, results of reconciliation by GSTN with the bank's and its own data;
- f) The e-PAO and e-Treasuries of the States would reconcile the challan details [received in step b) above] with the e-Scroll information [received from RBI in step c) and from GSTN in step e) above], and do the detailed revenue accounting based on the information provided in the e-scroll provided by RBI to the accounting authorities;
- g) They will receive TAXPAYER master from the respective Tax Authorities (backend module) and the same would be required to be kept updated on real time basis by the respective Tax Authorities. The said TAXPAYER master would be used by the Accounting Authorities for mapping the challan details with the Jurisdictional PAOs by having a suitable mapping mechanism. This is a requirement of the Government of India for determining revenue from each formation. States may also follow a similar procedure, if they so desire;
- h) They will also provide CIN wise payment / challan details to the respective Tax Authorities daily or periodically as per requirements / norms of their



governments for departmental reconciliation and for updating Tax Authorities database that the tax amount has been accounted in the government's books. Accounting Authorities should provide their accounting reference number (in Government of India, CIN is used for this purpose; some State Governments seem to be generating their own accounting reference number) for each challan accounted by them along with the tax amount as per the credit accounted by them to the jurisdictional Tax Authorities for reconciling their records.

- i) They will provide verified Datewise Monthly Statement (DMS) to Pr. CCA, CBEC (Principal Chief Controller of Accounts) and Accountant General of the states.

**Pr. CCA, CBEC (PRINCIPAL CHIEF CONTROLLER OF ACCOUNTS) AND ACCOUNTANT GENERAL OF THE STATES.**

31. The following functions will be performed by them.

- a) They will receive daily and monthly Put Through Statements from CAS, RBI;
- b) They will also receive verified Datewise Monthly Statement (DMS) from e-PAOs and e-Treasuries of the States respectively;
- c) The reconciliation of both the data will be carried out by them;
- d) Office of Pr. CCA CBEC will also consolidate the total collection and forward the same to the Office of CGA for further consolidation.

**II. OVER THE COUNTER PAYMENT THROUGH AUTHORIZED BANKS.**

32. Another mode of payment that will be employed in the proposed GST regime will be Over the Counter (OTC) payments which will enable the taxpayers to make payment of the taxes at the Authorized Bank's counter. This will be beneficial for smaller taxpayers that do not have access to internet banking facilities. CCA raised an

issue that the authorized banks might be asked as to whether they would be able to scroll these OTC payments through e-FPBs. This was discussed and RBI's representative assured that the scrolling by e-FPBs of OTC payments in one scroll would be ensured. The authorized banks will be required to establish / upgrade their IT software for accepting GST receipts.

33. The following stakeholders will play a key role in establishing an effective OTC payment system in the proposed GST scenario:

- a) GSTN;
- b) Branches of Authorized Banks;
- c) e-FPBs of Authorized banks;
- d) e-Kuber of RBI;
- e) e- PAOs of Centre / e-Treasuries of State Governments;
- f) Pr. CCA, CBEC / Accountant General of the States;
- g) Tax authorities of Centre and States.

**Process involved in Over the Counter payment of GST through authorized banks:**

34. Every tax payer who wants to avail the facility of OTC payment (only for paying tax upto Rs. 10,000/- per challan), will access GSTN for generation of a challan through which payment is to be made.

35. Upon creation of the draft challan, the taxpayer will fill in the details of the taxes that are to be paid. From the available payment options, the taxpayer would select option of cheque, DD or cash based payment. The name of the authorized bank and its

location (city/town/village) where the instrument/cash is to be presented is required to be filled in necessarily. No outstation cheques are to be accepted except those which are payable at par at all branches of bank having presence at that location. In case cheque or DD is selected as the mode of payment, entry of Instrument details is recommended, but not mandatory, as the taxpayer may not have the instrument ready at the time of challan generation. The tax payers can partially fill in the challan form and temporarily “save” the challan for completion at a later stage. A saved challan can be “edited” before finalization. After the tax payer has finalized the challan, he will generate the challan, for use of payment of taxes. The challan so generated will have a Unique Common Portal Identification Number (CPIN), assigned only when the challan is finally generated, that will help the portal and other authorities in identifying the challan. After the challan is generated, it will be frozen and will not be allowed to be modified. The CPIN / challan so generated would be valid for a period of seven days within which payment is to be tendered. GSTN will inform the challan details including validity period to the CBS (Core Banking System) of the selected bank on a real time basis.

36. Upon successful saving of the challan details, the challan will be available on the dashboard of the taxpayer in downloadable/printable form. So the taxpayer can either download the challan form and print it offline or can print the challan directly from GSTN. If the payment is made by cheque or DD, the challan itself would have a disclaimer that the payment is subject to realization of cheque or DD.

37. Thereafter taxpayer will approach the branch of the authorized bank for payment of taxes along with the instrument or cash. Since the tax payer is required to pay four types of taxes and the amount is required to be credited in the accounts

maintained by bank for each type of tax, one option for the tax payer is to submit four instruments for crediting to the respective accounts. Four instruments may not be required if pooled account for realization of instrument is maintained. The matter was discussed in detail and it was recommended, that in the interest of facilitating the payment, each e-FPB should maintain a GST pool account so that the tax payer can issue only one instrument which will be written in the name of the GST pool account of the concerned bank. The bank's IT system upon realization of the instrument, will immediately first credit that amount to the GST pool account and then immediately transfer that amount to the respective tax accounts [CGST, IGST, Additional Tax or SGST(39 accounts) as per details in challan (CPIN Data)]. However RBI representatives observed that since there would be real-time sharing of data between GSTN and Agency Banks, the details would be available to the bank official before submission of the challan by the customer. In such a situation, GSTN would have already shared the break-up of the total amount to the bank and the bank needs to credit the same in the appropriate head. The internal Accounting mechanism of bank may be left to the bank to design, as the requirement here is the proper booking and reporting of the transaction which banks would have to ensure. It was decided that those banks need not operate a GST pool account which can credit the amount in the respective tax accounts 'on the fly'.

38. There should be a linkage between the GSTN and the Core Banking System (CBS) of the authorized banks whereby the details of challan are shared with the Authorized bank selected by the tax payer on real time basis so that they can be stored in the database of banks and also to facilitate the cashier / Teller to verify the details of the

challan submitted by the remitter. This will eliminate the need for manual feeding of the challan details by the cashier / Teller in the banking system and thereby reduce the errors in data processing.

39. The taxpayer should preferably carry two copies of the challan, one for the bank's record and another for himself to get acknowledgement. In the alternative, he can use a normal pay-in-slip and mention CPIN and challan amount in it. On approaching the bank, he should provide the challan itself or at least CPIN number on normal pay-in-slip to enable the cashier / teller to fetch the challan details in his system. There should be a customized IT application (software) in the bank's system to accept GST receipts on OTC basis. While each branch can accept GST receipts, the credits should always be to the GST accounts maintained and operated by e-FPB . The banks not having such system should not be allowed to accept OTC payments. The minimum requirements to be met by the banks for being authorized to accept GST receipts for all modes including OTC mode are detailed in **para 85** below.

40. The cashier / teller will verify the details of challan, payment instrument and amount provided by the taxpayer with those displayed in his system and should accept the receipt only when no discrepancy is found. If the challan has crossed its validity period of seven days, the bank's system itself should bar acceptance of the payment. In any case, the challan would also not be available in the GSTN and consequently in the bank's system because it would have been purged from the System by GSTN upon the expiry of the 7 day validity period.

41. The tax payer may make payment by cash or instruments drawn on the same bank or on some other bank in the same city. In case of cash payments or same bank

instruments, the payment would be realized immediately and a transaction number (BTR/BRN) and CIN will be generated immediately at the authorized bank's system which will be unique for each and every transaction. Such successful transactions shall be intimated to GSTN on real-time basis with details similar to those mentioned in **para 21** above. This message will convey to the common portal that the payment has been successfully received at the bank's counter.

42. After generation of BRN, the bank cashier may give a printed receipt from his system including the Bank's transaction number (BTR/BRN) and CIN. However, if it not found feasible to print a separate receipt, the cashier should record the BRN and CIN generated from the system, on the tax payer's copy of the challan or pay-in-slip as acknowledgment.

43. In case an instrument drawn on another bank in the same city is presented, the payment would not be realized immediately. In such case, CIN will not be generated immediately, and cashier should write only the system generated acknowledgment number on the challan / pay-in-slip and a stamp to the effect that the acknowledgment by the bank is subject to realization of the cheque / DD. The tax-payer need not visit the bank again to get CIN as the same will be communicated to him from GSTN as per the process detailed in **para 47 & 48** below. However, if he does not receive any communication from GSTN within 3 days, he should visit the bank to ascertain the status of his payment.

44. Where the instrument is drawn on another bank, there should be a validation in the bank's system to prevent out station cheques (except those payable at par across

cities), and to also prevent deduction of commission charges for instruments drawn on another bank in the same city.

45. The Authorized Bank would send the instrument for collection and the transaction would be treated as complete and successful only after the actual receipt of the amount by the said bank.

46. The bank will inform GSTN on real time basis in two stages. First when an instrument is given OTC. At this stage the Authorized bank will forward an electronic string to GSTN which will contain the following details:

- a) CPIN;
- b) GSTIN;
- c) Challan Amount;
- d) Bank's acknowledgement number.

On receipt of the above first message, GSTN should send a SMS to the tax payer, in addition to showing the status of the payment on its portal as subject to realization.

47. The bank's system would send a second message to GSTN once the cheque is realized, the total amount is credited first to GST pool account and thereafter the funds are credited to the respective tax accounts as per CPIN data (as stated in para 34 above, GST pool accounts are not required to be maintained by those banks who can credit the amount in the respective tax accounts 'on the fly'). On the day of realization, it will become a successful transaction to be reported to RBI on T+1 (T = 0 being day of realization). After the successful completion of transaction, the second

acknowledgement will have the same details as mentioned in para 46 above with three additional details.

- a) CIN;
- b) Date of Realization of Cheque;
- c) Time of realization of cheque;
- d) Bank Transaction Number (BRN/BTN).

On receipt of the second message, GSTN would send a SMS to the tax payer, in addition to updating the status of the payment on its portal.

48. This 2 stage intimation by authorized banks is recommended for the following reasons:

- a) Keep a watch on delays on the part of authorized banks in realization;
- b) Maintaining a system based control as all branches of authorized banks will be allowed for OTC.

49. On receipt of the real time information for a successful transaction as per **para 41** above (cash, cheque on same bank or DD) or receipt of the second message from Bank as per **para 47** above (cheque drawn on another bank), the tax paid challan will be credited to the tax ledger account of the taxpayer. If the OTC payment was subject to realization (**para 46**), the initial status on the dashboard will state so. If the cheque is dishonoured, the presenting bank should inform GSTN about the fact of dishonour and same will be informed by GSTN to taxpayer and reflected on his dashboard.



**Role to be played by each stakeholder.**

50. The role played by each stakeholder in this mode of payment will be the same as mentioned in Mode I. There is an additional stakeholder in this mode, namely Branch of Authorized bank that receives the remittances and its role is discussed below.

**Branch of Authorized bank.**

51. Being the first point of contact for the remittance by the taxpayer, the branch of the Authorized bank receiving the payment will play a key role in the accounting and reconciliation of data with GSTN. It will perform the following functions:

- a) Accept the payment only through the customized GST software/screen in its system.
- b) Provide an acknowledgement to the tax payer;
- c) Send the instrument (if pertaining to another bank) to the clearing house for realization and record the result in the IT system as and when the response is received. Such recording should be system based rather than manual and include realization or dishonouring of the cheque, as the case may be, so that the IT software can take up further action including intimation to GSTN on real time basis;
- d) Credit the realized amount into either GST pool account, if so, maintained by the authorized bank (in its e-FPB) and thereafter transfer the said amount into the individual tax head accounts as indicated in the challan (all Authorized banks must develop a suitable GST software for this purpose) or to credit the amount directly to the respective government's account (39 accounts).
- e) In case the instrument is dishonoured, the presenting bank should inform GSTN.

52. It is to be noted that banks will have to develop a mechanism/IT application where all these amounts tendered at individual branches of an authorized bank are only handled through the e-FPB of that authorized bank. This is because the tax accounts will be maintained only by the e-FPB. Individual branches have not been authorized by RBI to operate Government account. **It is also important to provide for a mechanism in GST Law to debar those tax payers whose cheques have once bounced from using this mode of payment. The most effective mechanism will be through GSTN which should debar such defaulters from using this mode.**

**III. PAYMENT THROUGH NEFT/RTGS FROM ANY BANK (INCLUDING OTHER THAN AUTHORIZED BANKS):**

53. The third mode of payment envisaged under the GST regime is OTC payment through all banks including other than authorized banks, i.e., a bank where a tax payer may have account but that bank may not be authorized by the Government to accept GST receipts. The payment through this mode will strictly be a matter of normal banking service of NEFT / RTGS provided by that bank to its customer. The chances of error in this mode are similar to that of any remittance done through NEFT / RTGS. However, care needs to be taken to ensure that CPIN number is correctly mentioned in NEFT / RTGS message. The Committee recommends that this mode being a new mode of remittance should be scaled up gradually starting with a pilot run by RBI. It was informed by RBI that a detailed process flow could be worked out with specific provisions for validations. RBI further informed that this concept was being tested in Karnataka and this experience would be further used for developing this mode of payment. NEFT / RTGS mandate would have the same validity period of seven days as

the CPIN and the date upto which it would remain valid would be printed on it. The Committee observed that in this mode of payment, it would not be possible to automatically ensure that a CPIN was not used beyond its validity period of 7 days. It was decided that CPIN once generated and intimated by GSTN to RBI in this mode though will have a validity period of 7 days but would remain live with RBI for a period of 30 days. In case the payment is received after the expiry of the said 30 days, RBI would return the amount to the remitter bank. **Beside this, it was also decided that there should be a provision in the GST law whereby any taxpayer using this mode beyond the validity period (seven days) of the CPIN more than two times would be barred by GSTN from availing this mode of payment.**

54. Although the process under this mode will be more or less similar to the OTC payment discussed earlier in **paras 32–52** above, but due to involvement of a new stakeholder i.e. a non-authorized bank, certain modifications are required for this process. This process will be beneficial for those taxpayers who do not have a bank account in any of the authorized banks or find such bank to be far away for OTC payment or want to make the payment directly from their account in their own bank only. In this mode, only payment through National Electronic Funds Transfer (NEFT) / Real Time Gross Settlement (RTGS) is to be allowed as other payment instruments would require the Central and the State Governments to create accounts with non-authorized banks also which will not be desirable.

Process involved in payment through NEFT / RTGS from any Bank (including other than authorised banks):

55. Every tax payer who wants to avail the facility of payment through NEFT/RTGS mode will access GSTN for generation of a challan through which payment is to be made.

56. Upon creation of the draft challan, the taxpayer will fill in the details of the taxes that are to be paid. As agreed by the RBI representative, RBI would itself be the recipient of the amount transferred through NEFT / RTGS, thus eliminating the need for a link-up first with an authorized branch to receive the payment and thereafter its transfer to the RBI. RBI would thus perform the role of Authorized bank and that of e-FPB in this mode of payment. In this view, the name of the authorized bank will be auto populated as RBI. As a part of the challan preparation, a tax payer will have to choose the mode of payment as NEFT / RTGS from any bank. The challan so generated will have a Unique Common Portal Identification Number (CPIN), assigned only when the challan is finally generated. The generated Challan will have a NEFT / RTGS mandate associated with it. This mandate will contain NEFT / RTGS pooling bank account details (i.e. of RBI) along with IFSC for receiving money. After the challan is generated, it will be frozen and will not be allowed to be modified. The CPIN so generated would be valid for a period of seven days within which payment is to be tendered but would remain live with RBI for a period of 30 days. NEFT/RTGS mandate would have the validity period of CPIN printed on it. As mentioned above, there shall be a provision in the GST Law whereby any taxpayer using challan under this mode beyond the validity period of

seven days of the CPIN more than two times would be barred from availing this facility by GSTN.

57. Upon successful saving of the challan details, the challan will be available on the dashboard of the taxpayer in downloadable / printable form. So the taxpayer can either download the challan form or print it offline or can print the challan directly from GSTN.

58. Besides the generation of challan, GSTN will also generate NEFT / RTGS mandate form in prescribed format. The CPIN generated at the portal shall be incorporated in NEFT/RTGS mandate form in "Account Name" field. RBI would provide for suitable validations for this field. The "Sender to Receiver" field shall carry the entry "GST Payment". In case of NEFT / RTGS payments, there shall also be a disclaimer on the challan copy and the mandate form that the payment through NEFT / RTGS is a transaction between the tax payer and his bank and the payment will be deemed to be received by the government only when the amount is credited to the designated account in RBI. **The payments in this mode would be permitted only against cheques and no cash payments would be permitted to initiate NEFT / RTGS transaction for the reasons mentioned in Para 67 below.**

59. The following details will be available in the NEFT / RTGS mandate form.

- a) Beneficiary IFSC : IFSC of RBI hosting the NEFT / RTGS account for GST;
- b) Beneficiary Account Number : Account Number of RBI's pooled account for GST;
- c) Account Name : CPIN of relevant challan (suitable validation to be provided by RBI);

- d) Total Amount;
- e) Sender to Receiver Remarks: GST Payment.

The form will have a provision to write the NEFT/RTGS charges manually and then record the total amount to be collected by the bank (sum of challan amount and charges). The entire NEFT/RTGS form will be auto-populated except the part relating to the charges.

60. Thereafter taxpayer can print a copy of NEFT / RTGS mandate form and approach his bank branch (any bank) for payment of taxes (within a period of seven days of the generation of CPIN, so that when the amount is received by RBI, the CPIN is still valid.) The payments in this mode would be permitted only against cheques and no cash payments would be permitted to initiate NEFT / RTGS transaction. NEFT/RTGS mandate would have validity period of CPIN printed on it. As already mentioned above, there should be a provision in GST law whereby any taxpayer using this mode beyond the validity period (seven days) of the CPIN more than twice would be barred from availing this facility by GSTN.

61. GSTN will inform RBI on real time basis the following details:

- a) CPIN;
- b) GSTIN;
- c) Challan Amount;
- d) Break Up of the Amount into CGST, IGST, Additional Tax and SGST;
- e) State/UT Government to which SGST remittance pertains.

62. The accepting bank should add its charges for doing NEFT / RTGS remittance and collect gross amount from the customer. The amount indicated as GST amount for remittance should be transferred by the remitter bank to the designated account of the government in RBI. For the proper identification of the transaction, there should be a Unique Transaction Reference (UTR) that should be conveyed along with file details to RBI. The remitter bank must also mention the CPIN in the NEFT/RTGS mandate as part of the Account Name. The Remarks field shall mention 'GST Payment'.

63. Upon successful completion of the transfer at the end of the remitter bank, the remitter will get a receipt detailing Unique Transaction Reference (UTR). Taxpayer should thereafter login back to GSTN portal and update the challan details with Unique Transaction Reference (UTR) provided by the remitter bank for NEFT / RTGS transaction. An alternate SMS based facility for such updating by the tax payer (instead of internet based) may be established by GSTN to facilitate those taxpayers who do not have an internet access. On receipt of the transaction number, GSTN will communicate this Unique Transaction Reference (UTR) (for the corresponding CPIN) also to RBI on real time basis.

64. Once the RBI receives the payment in its account with NEFT/RTGS message, it will link up the payment with the CPIN earlier received from GSTN and report the transaction to GSTN on real time basis through an electronic string which will contain the following details:

- a) CIN (CPIN and Bank Code of RBI);
- b) GSTIN;
- c) Challan Amount;

- d) BRN of RBI;
- e) Unique Transaction Reference (UTR);
- f) Time of Payment;
- g) Date of Payment.

65. Upon receipt of the electronic string regarding successful completion of the transaction by GSTN, the tax paid challan will be credited to the cash ledger of the taxpayer. The GSTN will thereafter lock the CIN so that it cannot be used again.

66. As recommended in para 58 above, the Mode III may be implemented with arrangement of CPIN being mentioned as the "Account Name" in NEFT/RTGS message. RBI will provide for a suitable validation for this field. In such arrangement, the chances of error will be only marginal as the remitter banks take care to mention the account name correctly in any NEFT/RTGS message. In case of error, NEFT/RTGS unique transaction number (UTR) intimated by the tax payer can be used as a secondary identifier. The primary matching by RBI should be with reference to CPIN only, i.e., CPIN as contained in NEFT/RTGS message and CPIN data provided by GSTN. On successful matching, the GST pooled account should be debited and the respective 39 tax accounts (CGST, IGST, Additional Tax and SGST) should be credited simultaneously as per the challan details with generation of CIN and BRNs. At this stage, the transaction should be treated as successful and CIN and BRNs should be communicated to GSTN by RBI.

67. As stated in para 15 above, though the CPIN is valid for a period of 7 days, the same would remain live with RBI for a period of 30 days. Thus RBI can accept the payment during the said period of 30 days. In case payment is received after the expiry



of 30 days, RBI would refund the said amount to the remitter bank. Keeping in view this requirement, it has been recommended, as mentioned above, that payments in cash would not be accepted for initiating NEFT / RTGS transaction.

68. The Committee deliberated the need for a pooled GST account. Based on inputs provided by RBI, a receiving account is necessary for NEFT/RTGS process. Therefore, a pooled GST account as an operational necessity will have to be opened in RBI. This account may be opened in the name of the Accounting Authority of the Government of India solely for the operational reasons as a transit account. There should be a validation in RBI system that no funds pertaining to the transactions with date value T=0 are left in this account when the scroll is prepared on T+1.

69. If the matching based on CPIN does not succeed, the role of UTR as secondary matching identifier becomes important. However, it is possible that RBI may receive NEFT/RTGS message even before the tax payer updates his challan with UTR number and GSTN informs RBI on real time basis. In case of failure of CPIN based matching and UTR not being available, the funds will remain in the pooled account till the UTR is received or scroll is prepared, whichever is earlier. Such credit in the pooled account should be with a "CPIN mis-match" flag that a secondary level matching needs to be carried out before scroll is generated on T+1 basis. Once UTR is provided by GSTN, the secondary matching of all such transactions remaining in the pooled account should be carried out. If a transaction can now be linked to the correct challan, the respective Tax accounts should be credited with generation of CIN and BRNs. There should be a validation in RBI system that all the transactions with "CPIN mis-match" and date value T=0 in the pooled account are subjected to secondary level matching before generation of scroll for all taxes.

70. If the matching based on CPIN and UTR NEFT / RTGS transaction number UTR both fails, the entire receipt should be credited to CGST account with a “CPIN mis-match” flag so that the Accounting Authorities of Government of India can account such amount under a separate suspense sub-head (possibly receipts awaiting transfer i.e. RAT).

71. In all such cases of CGST credits with “CPIN mis-match”, the tax payer will not get a confirmation SMS from GSTN and his ledger will not reflect the payment. He can be expected to provide UTR at this stage. Once the UTR becomes available, GSTN should carry out the matching with CPIN, and communicate following details to the Accounting Authorities of Government of India and concerned State Government.

- a) RBI scroll number and date which carried the credit (CGST scroll);
- b) BRN;
- c) CIN (of credit to CGST account with “CPIN mis-match” flag);
- d) Challan amount;
- e) Breakup of total amount in CGST, IGST, Additional Tax and SGST;
- f) Name of State Government to whom SGST pertains.

72. Based on the communication from GSTN, CGST Accounting Authorities shall take steps for clearing the suspense sub-head by transferring the credit to CGST, IGST and Additional Tax accounting heads, and for carrying out inter-government transfer to the concerned State Government.

73. The reconciliation between e-Scroll sent by RBI on T+1 and the transaction details available with GSTN (provided earlier by RBI) will be performed using CIN and Unique Transaction Reference (UTR).

**Role to be played by each stakeholder.**

74. As for the role played by each stakeholder in this mode of payment, it will be same as for their role in OTC payments through authorized banks. The role of Branch of remitter bank that transfers the funds to RBI and the additional role of RBI performing the functions akin to authorized banks is discussed below.

**Branch of remitter bank.**

75. The branch of the remitter bank would perform the following functions:

- a) Remitter bank is required to ensure that the correct CPIN is entered in the NEFT / RTGS message and also inform UTR to the taxpayer;
- b) Transfer the amount indicated in the NEFT / RTGS message [which includes Unique Transaction Reference (UTR)] to RBI.

**RBI performing functions akin to authorized banks.**

76. RBI's role for the Mode III will be akin to that of authorised banks for other modes, i.e, RBI will be the bank which will receive the funds directly from a taxpayer's account in a pooled account. It should be possible to have a suitable IT system which will carry out CPIN or UTR based matching (as detailed in para 66 above) for each NEFT/RTGS receipt and credit the remittance to a specially created pooled GST account and thereafter transfer it to the respective tax accounts of each government.

77. Once the remittances are received by RBI, it will perform the following functions:

- a) RBI will receive and validate the NEFT/RTGS transaction against the Challan details received by it;

- b) RBI would communicate the receipt of payment (CIN) to GSTN on real time basis;
- c) On first day of every month, RBI as e-FPB will provide Datewise Monthly Statements (DMS) for each tax and government separately to the concerned wing of RBI for the preceding month with following details:
  - i) Name of Tax;
  - ii) Government Name;
  - iii) Date wise number of successful transactions and total credit reported to RBI;  
and
  - iv) List of discrepancies remaining unresolved at the end of the report month (MOE UIN, CIN, BRN, Amount, Nature of discrepancy).

These statements will be simultaneously communicated to accounting authorities of the Centre and the respective States in case their accounting authorities so desire.

- d) RBI will also be responsible for incorporating these payment details in their daily master scroll generated by them as an aggregator for amounts received through Mode I and II.

#### **PAYMENT ACROSS DEPARTMENTAL COUNTER.**

78. The issue was discussed in the Joint Committee on Business Process and it was decided that since the emphasis in GST regime is towards automation and least human interface between the tax administration and the taxpayer, therefore there is no need to provide for this mode i.e. payment across departmental counters. It was also stated that

taxpayers have been provided various other modes to facilitate anytime, anywhere payment and this mode would be retrograde especially when e-payment is being declared as the preferred mode of payment. However, the departmental officers will accept the deposit of taxes during the course of enforcement and anti-evasion investigations including by flying squads, etc. While doing so, if the concerned person is not already registered, the departmental officer will create a temporary GSTIN on the GSTN common portal. For this purpose, GSTN will provide a separate module and a GSTIN series for giving temporary GSTIN. The officer will collect the amount in respect of all types of taxes payable by him in cash/cheque/DD from the said person, issue a temporary receipt to him, generate the challan from GSTN, fill up the challan (at a later stage, if not possible at that time) and remit the amount using Mode2. GSTN will provide a facility for linking of the temporary GSTIN to the permanent GSTIN, if taken at a later stage.

#### **PENALTY MECHANISM FOR ERRING BANKS.**

79. At present, banks are subjected to penalty for delayed fund remittances only. Current system of remuneration to banks for collection of Central Excise, Service Tax and Customs duties is determined on the basis of challans. New parameters of bank performance could be developed, based on timely remittance and reporting of error-free data to all stakeholders. A system of incentives / penalties to be administered by the respective Accounting Authority (i.e. if defaults arise in remission of CGST/IGST/Additional Tax, by Accounting Authority of Centre and if defaults arise in remission of SGST, by Accounting Authority of the concerned state) can be built-in, based on a transparent evaluation mechanism of the quality of data of collection

reported by banks for accounting and reconciliation purposes. The CGA has suggested that penalties for inaccurate reporting and delayed settlement of taxes is already in place in the case of Direct Taxes and the same may be put in place in GST regime. It is further recommended that a framework of desired features and validations at Banks for collection of taxes under GST regime should be devised by RBI in consultation with the Accounting Authorities. Any bank found not having built capabilities to adhere to the framework, should not be allowed to collect GST receipts. Due care should be taken so that discontinuities arising from manual interventions in the banks' internal processes are removed. The Committee also recommends that, over a long term, Accounting Authority should develop a service quality rating for the participating banks based on identified transparent and quantifiable parameters.

#### **BANKING ARRANGEMENTS UNDER GST:**

80. At present Central Government and each State Finance Department prescribes banking arrangements for collection of government taxes. At present, Central and State governments utilize the services of Public Sector Banks/ Other Public Sector Banks (IDBI)/ Private Sector Banks (ICICI Bank, Axis Bank, HDFC Bank) for tax collection. The committee was informed that Non-Scheduled and Cooperative banks operating in State(s) are not permitted to collect taxes.

81. The list of all authorized banks participating in the GSTN should be common across all states. This can be a super set consisting of existing authorized banks of the Central Government and all State Governments and Union Territories. A list of banks that have been presently authorized either by the Centre or State Tax Authorities has been provided by RBI and the same is enclosed as **Annexure-VI**. It is recommended that

all these banks may be considered for authorization in the GST regime in consultation with the Department of Financial Services.

82. Only those banks should be accredited who refine their IT systems to handle GST remittances in a seamless manner obviating need for manual intervention for data entry, funds flow and exchange of data.

83. It is also noted that a participating bank in the current context has limited mandate for tax receipts as compared to that of an authorized bank. The mandate of participating banks, though essentially agents of RBI, is limited to acceptance of tax receipts through internet banking mode only. Whereas, authorized banks have a broader mandate of accepting government receipts through both internet banking mode and physical mode (OTC) of Cash, DD and Cheques, in addition to mandate of making government payments. In order to give a broader choice to the tax payers, and hence to enhance ease of doing business, it is recommended that the participating banks can also be allowed to accept GST receipts through OTC mode envisaged in this report.

84. Out of the superset of existing authorized banks and participating banks only those banks should be authorized to accept GST receipts who meet the minimum requirements suggested below. The objective of these minimum requirements is to ensure that a bank has the capability to handle GST receipts in a seamless manner in a consistent and error free manner underpinned by a robust IT system with no process flow discontinuities.

85. Minimum requirements to be met by a bank for being authorized for GST remittances are recommended to be as follows:

- a) A centralized application for handling GST receipts for both modes (internet banking and OTC) in an end-to-end manner should be established.
- b) There should not be any process flow discontinuities for any mode of the receipt.
- c) The system should not require any post-event data entry at any stage.
- d) The data entry at any stage of the process should be limited to the operations performed at the bank's end.
- e) The data received from GSTN portal should not require any fresh data entry and should not be open for modification.
- f) There should be functional integration with GSTN portal and banks for both modes.
- g) The IT system should have the ability to receive challan data and to communicate successful remittances on real time basis to GSTN portal for both modes.
- h) The collation of data and reporting to GSTN portal and to RBI should be system based and not require manual operations.
- i) The standards of communication prescribed by RBI (**ISO 20022**) should be followed.
- j) There should be an upfront (before being authorized) as well as periodic audit of the IT system and the centralized application for handling GST receipts. The system audit should cover operational, technical and security aspects as per terms of reference and periodicity set by GSTN in consultation with Accounting Authorities.
- k) One branch of the concerned authorized bank in the entire country should be established / designated as the e-FPB (Electronic Focal Point Branches) to handle



all backend operations of GST receipts including operation of 39 tax accounts, data collation, reporting and reconciliation with RBI / GSTN / Accounting Authorities.

- l) In addition, one or more branch of the concerned authorized bank in each State Capital should serve as GST helpdesk (Refer Para 27 above).
- m) Three separate tax accounts for Government of India (one each for CGST, IGST and Additional Tax) and one tax account for each State/UT Government (36 in total) (for SGST) should be set up and operated by e-FPB alone.
- n) The credit to respective tax accounts should be simultaneous with debit to the tax-payer's account in case of internet banking mode, realization of a cheque or submission of DD/cash in case of OTC mode and receipt of NEFT / RTGS remittances from remitter banks into RBI's pool account and then its transfer to tax accounts.
- o) The above mentioned credit to the respective tax accounts should be by the IT system itself as per the mandate contained in the Challan data received from GSTN and not require manual intervention.
- p) In addition to tax specific 39 accounts (for CGST, IGST, Additional Tax and SGST account for each State / UT Government), a common pooled account for cheque/Draft and CC/DC payments should be set up and operated by e-FPB ( but not required by those banks who can credit the amount 'on the fly').
- q) As a part of the daily consolidated but transaction level report of successful receipts in each government account to RBI, there should be an assurance that all transactions credited to respective CGST, IGST, Additional Tax and SGST Accounts are being reported to RBI and no balances are left in these accounts

meant for cheque realization. RBI will need to build a similar assurance for NEFT/RTGS remittances.

r) Suitable validations prescribed by GST Law should be inbuilt in the IT system / GST application. Some of such validations will pertain to non-acceptance of outstation cheques and non-deduction of cheque collection charges for OTC receipts, and mark up and collection of CC/DC charges (to be agreed) from tax payers.

86. It was agreed that the minimum standards to be met by the participating banks, as encapsulated above, should be communicated to the banks well in advance in consultation with RBI.

#### **ACCOUNTING SYSTEMS UNDER GST:**

87. State governments/UTs accounting system also follows, to a large extent, the general principles and procedures of Central government accounting, with minor variations in respect of classification of tax heads of accounts. While the List of Major and Minor Heads of accounts are common to both Central and State/UT Governments accounts, classification below Minor Heads may vary at the State level.

88. Under the proposed GST regime, it is recommended that a uniform system of banking arrangement for both the Central and State/UTs governments to facilitate fund flow, reporting and accounting may be framed.

## PROPOSED ACCOUNTING SYSTEM UNDER GST:

89. Four different Major Heads of accounts would be required to be opened for classifying CGST, IGST, Additional Tax and SGST along with underlying minor heads and sub-heads, wherever required, to account for various taxes.

90. There is a need to standardize these accounting codes for all items covered under GST regime among all the States and UTs, since settlement of IGST would be based on centralized reporting. SGST will be accounted for by the States and credited to individual State Treasuries, through the existing system followed in each State. SGST will not be reflected in accounts of the Central Government.

91. There may be cases of mis-classification and erroneous scrolling under Major Heads of accounts which may lead to less or excess revenue settlements between the Centre and State(s). To deal with such transactions, detailed accounting procedures should be designed. It is recognized that it is IT system issue, and not an accounting issue. The debit from tax-payers account should result in auto-credit to respective accounts of Government of India and the concerned State Government. Except in case of remittance through any authorized bank including a non-agency bank (where the funds have to necessarily come to a designated account in RBI), there should not be any mix-up of the funds belonging to two governments.

92. The CGA has suggested the following in this regard:

- a) Codal provisions of the DDO & PAO should be complied with for discharge of PAO's role. The automation as proposed should conform to this basic requirement.

- b) PAO is the sole authority for receipt, payment and reconciliation of accounts book with Bank Reconciliation statement (BRS).
- c) Any compromise on this fundamental work flow may lead to legal complications in preparation of Finance Accounts / Appropriation Accounts which is constitutional mandate.
- d) Each challan detail must be linked with one DDO and PAO and bank account.
- e) As part of standard operating process, accounts classification should be done by the PAO in his books and no one else. Bank is not involved in classification of accounts.

93. The challan will reflect only the net tax paid amount along with related bifurcations of nature of tax liability, such as, Interest, Penalty, Fees, other charges, etc. Presently, the Tax Payment Challan information forms the basis of accounting and reconciliation between the banks, RBI, Tax authorities and Accounting authorities of the Centre/States/UTs. A list of sample tax accounting codes under GST is proposed in the table below:-

S. No.	Type of Tax Liability	Sample Accounting Code
1	CGST - Tax	00010001
2	CGST – Interest	00010002
3	CGST – Penalty	00010003
4	CGST – Fees	00010004

5	CGST – Other	00010005
6	IGST - Tax	00020001
7	IGST – Interest	00020002
8	IGST – Penalty	00020003
9	IGST – Fees	00020004
10	IGST - Other	00020005
11	SGST- Tax	00030001
12	SGST - Interest	00030002
13	SGST - Penalty	00030003
14	SGST – Fees	00030004
15	SGST – Other	00030005
16	Additional Tax – Tax	00040001
17	Additional Tax – Interest	00040002
18	Additional Tax – Penalty	00040003
19	Additional Tax – Fees	00040004
20	Additional Tax – Others	00040005

**The actual accounting codes have to be finalized by CGA in consultation with CAG on the basis of proposals from Tax Authorities.**

94. CGST, IGST and Additional Tax components will be accounted for under Consolidated Fund of India (CFI). Transfers of due IGST amount and Additional Tax to the States can thereafter be made there from as per the existing procedure.

95. The interest, penalty, fees or other charges, if any, under GST will need to be accounted for separately. Hence, they would be reflected under separate heads in the Tax Payment Challan.

96. The IT audit of the process flows and settlement of funds by the FPBs / Link cells with RBI will be conducted periodically by a CERT-IN empanelled agency selected by the office of Pr. CCA, CBEC, or by a designated authority of States/UTs so as to ensure correctness of revenue collections.

#### **RECONCILIATION OF RECEIPTS:**

97. Well-developed and stabilized IT systems without manual process discontinuities in banks, RBI and common portal should eliminate/reduce possibilities of errors. However, there may still be reconciliation challenges arising due to errors encountered during the stabilization phase of the IT systems of the stakeholders and their mutual functional integration. Even in the post stabilization phase, some errors may be seen due to problems external to the IT systems, e.g., in the public network used for sharing the data. A process and standard operating procedure for handling the

errors, if they arise, will have to be established, as multiple agencies would be handling funds and related information pertaining to different governments.

98. The proposed GST payment process envisages a paradigm shift from the processes and validations currently being used for payment of taxes to the Government. This shift is aimed at establishing a convenient, consistent and efficient payment process for the tax payers as well as for the 37 governments simultaneously. This shift is possible in view of current IT capabilities in the eco-system and the experience gained in various systems for payments to the governments.

99. Following are the fundamental changes from the existing systems:

- a) Tax payer will generate the electronic challan, and therefore that challan data can be trusted for its correctness for its contents, as filled in by the taxpayer.
- b) The challan thus generated on GSTN portal will provide a unique Id (CPIN) which would be used uptill the time payment has been received by the bank and CIN (CPIN plus Bank Code) has been generated. The said CIN would be used thereafter for accounting, reconciliation, etc.
- c) All modes of payment will use the system generated electronic challan and there would not be re-digitization of the challan data, as recorded by the taxpayer, by any agency in their part of the workflow.
- d) Any agency handling the payment process will merely add its unique Id and parameter to the basic data received by it from another agency earlier in the workflow chain, and thereafter pass on the data to the agency next in the chain.

e) RBI will play the role of the aggregator for flow of funds as well as information from the banks.

f) GSTN will have the primary anchor position in the payment process with responsibility for information flow to various agencies whereas RBI will have the primary anchor's role in relation to funds flow, information flow about receipts and correction of discrepancies noticed during reconciliation process.

g) e-Scroll from RBI will be the basis for accounting, reconciliation and other incidental activities to be carried out by the accounting authorities of both Centre and States.

100. In view of these fundamental changes, the key Id for information exchange with banks and RBI should use the unique Id generated by GSTN, i.e., CPIN. Once the payment has been made by the taxpayer and CIN is generated and reported by the recipient bank along with its transaction number (BRN), CIN which has CPIN embedded there in, would be used as key Id in subsequent stages. CIN is recommended to be used as a key Id as it is the sole indicator of the receipt of actual payment. Similarly, the transaction reported by RBI for the funds flow (credit) to government accounts through the e-scrolls should form the basis for accounting as it reflects the actual credit in the Government Accounts.

#### **Reconciliation by GSTN:**

101. GSTN through its IT system should carry out reconciliation in following two stages:



a) When the banks report each successful transaction on real time basis, the IT system should validate the bank's message with reference to CPIN and total amount of the challan, and communicate the discrepancy, if any, immediately. This validation and real time response by GSTN is particularly relevant for Mode II and III for which the entire payment is not in a single workflow.

b) When consolidated e-scrolls are received from RBI on T+1 basis, GSTN should carry out the reconciliation between those scrolls and the consolidated challan files communicated to the Accounting Authorities earlier in the day. The discrepancies should be communicated by GSTN to the Accounting Authorities and RBI simultaneously on the same day. The purpose of this reconciliation is to assist those Accounting Authorities who may not have IT systems to carry out transaction level reconciliation in an automated manner, and to identify systemic and service level issues for taking up with the authorized banks and RBI.

102. The role of GSTN in the reconciliation process should be limited to the above set of activities. GSTN should not be expected to take up MOE process for any error type as that is fairly resource intensive, requires manual appreciation of facts and is time consuming. The transaction level resolution of discrepancies through the Memorandum of Error (MOE) process with RBI and banks should be the responsibility of the respective Accounting Authorities.

#### **Reconciliation by Accounting Authorities.**

103. The Accounting Authorities through their IT systems are expected to carry out the reconciliation at their level *de novo* based on communication by GSTN of challan data for successful transaction received on T+1 basis (State AG authorities to be assisted

for setting up accounting interface with GSTN) or through Tax Authorities system (based on the integration capabilities at Central / State level) and e-scrolls received from RBI for each day on T+1 basis. The reconciliation results communicated by GSTN would act as additional validation in the reconciliation process. The reconciliation would be performed on the basis of CIN, which will be the unique identifier across all databases.

**Resolution of Reconciliation Outcomes (discrepancies noted during the reconciliation process).**

104. There would be to and fro data transmission between GSTN, e-FPB of Authorized Banks, banks other than authorized Banks, RBI, Accounting Authorities and Tax Authorities. There is a scope of error occurring at each leg of communication. The process for reconciliation of such errors in each leg of communication is discussed in succeeding paras.

**First leg of communication of data (CPIN linked to a GSTIN) starts from GSTN to Authorized banks.**

105. If the data forwarded by GSTN (CPIN linked to a GSTIN) itself has an error then this error will be reflected in all the later transactions. So significance of accuracy of this data cannot be overemphasized. It would be important for GSTN to maintain a robust system for maintaining data integrity and keeping the data error free by having suitable validations at the time of creation of CPIN. Key elements here are CPIN and GSTIN.

Second leg of communication of data (CIN with embedded CPIN) starts from Authorized banks / RBI to GSTN (T-0):

106. This communication is not meant to be the basis for accounting, but act as an enabler to reduce errors in the overall process and to facilitate fleet-footed monitoring by the Tax Authorities. The IT system of the authorized banks should have the following validations to reduce possibility of discrepancies in this leg:-

- a) In any reporting of successful transactions by the banks to GSTN, CPIN field is never a blank;
- b) The response sent back to GSTN is always against a CPIN received from GSTN;
- c) Sum total of all credits to Tax accounts for a particular CPIN adds up to the challan amount.
- d) CIN reported by the authorized banks/RBI should always have a CPIN embedded in it.

107. In spite of the above mentioned validations, if a discrepancy is found in a bank's response, the discrepancy will get noticed in the real time validation of the response by the GSTN. The response sent by e-FPB of authorized bank (in Mode I & II) / RBI (in Mode III) should be validated with the data sent earlier by GSTN to Authorized bank / RBI. Key elements are CPIN, GSTIN, CIN & Challan amount in case of authorized banks and CPIN, GSTIN, CIN, NEFT/RTGS UTR and Challan amount in case of RBI. This validation between CPIN available with GSTN and CIN received from e-FPB of authorized banks / RBI should be done on real time basis and the discrepancies, if found should be communicated to the concerned banks immediately by GSTN's IT system so as to enable

time to the banks for correction, if possible, before communicating the receipts to RBI on T+1 basis.

108. The validation by GSTN may throw up following discrepancies in the transaction being reported (with CIN added by the bank) by e-FPB of authorized bank / RBI.

- a) without CPIN;
- b) with incorrect CPIN;
- c) with challan amount mismatch.

109. In all these cases, the resolution at e-FPB may require manual intervention. The bank may resend the data to GSTN after correction. If the bank is unable to resolve by T+1 reporting time to RBI, the bank should include the transaction in the luggage file with whatever CPIN data it may have for that transaction. It will be type (c) error in the third leg.

**Third leg of communication of data (luggage file) starts from Authorized banks to RBI (T+1):**

110. In this leg, the data is being collated and transferred by authorized banks to RBI in daily luggage files for each type of tax of Government of India (CGST, IGST & Additional Tax) and SGST (state wise; for 29 states and 7 UTs) separately [there will be total thirty nine luggage files (3+29+7)]. The key element here is CIN. So the accurate reporting of the same by the authorized bank to RBI has to be underlined. As RBI would prepare e-scrolls based on this data, correctness and cleanliness of this data is crucial. RBI collates daily luggage files ( thirty nine) received from all the authorized banks, includes payments received directly by it in Mode III, adds RBI Transaction Id for all

modes, prepares and sends daily e-scroll (one for each major head for Centre and each State) to GSTN and Accounting Authorities. Reconciliation by GSTN and Accounting Authorities (of the Centre and the States) will be initiated after they receive their respective files (Government of India authorities will receive three files while State Authorities will receive a file each). Errors in this leg of communication would be detected at this stage. Various situations that can be envisaged in this leg are as follows:

**a) Transaction reported to GSTN by authorized banks but not to RBI (CIN reported to GSTN but not included in luggage file):**

111. To prevent/minimize this type of error, the bank's IT system should have a validation that all credits to the Tax accounts for the date value being the previous day should get reported to RBI in the luggage file. This discrepancy will be detected at the stage when GSTN and Accounting Authorities compare the challan data (CIN ) of the day received from authorized banks with the e-scroll of the corresponding date received from RBI on T+1 basis. If GSTN detects such a discrepancy, it will communicate the same to the relevant Accounting Authority and RBI. On the basis of this information or on the result of their own reconciliation with reference to CINs reported earlier by GSTN, the Accounting Authority will generate a Memorandum of Error (MOE) with a Unique Identification Number (UIN) and communicate the same to the RBI and copy the same to the concerned authorized bank and GSTN. GSTN being only a pass through portal, should not be entrusted the work of MOE and its resolution. Moreover, MOE process requires manual appreciation of facts, accounting expertise and decision making on behalf of each Government, which will be beyond GSTN's mandate/capacity. The steps involved in the correction mechanism in the aforesaid situation are as follows:

i) GSTN to report the error to the relevant Accounting Authority (and Tax Authority, if GOI or concerned State so wants) and RBI, if the discrepancy is detected by GSTN;

ii) The relevant Accounting Authority to generate a MOE with a UIN and communicate the same to RBI with a copy to concerned authorized bank for resolution (Accounting Authorities of the Centre and States will have to initiate MOE in respect of their respective taxes) (This may be on the basis of discrepancy detected and communicated by GSTN or by the Accounting Authorities themselves);

iii) RBI to ascertain from e-FPB of the concerned authorized bank / RBI and get the discrepancy corrected. E-FPB of the concerned Authorized bank / RBI must rectify this discrepancy within a period of two days from the date of receipt of MOE from the Accounting Authority;

iv) Rectification by the concerned e- FPB / RBI will be by way of identifying the missing transaction, putting it in a separate luggage file containing the UIN of the relevant MOE and then transmitting the same to RBI;

v) RBI will send a separate e-scroll relating to MOE to the concerned Accounting Authority containing the missing transaction;

Points at iv) and v) are design issues, which can be decided by GSTN in consultation with RBI. The reporting by e-FPB and thereafter by RBI can be through separate files as mentioned above, or the normal luggage file from banks and scroll from RBI can contain the now resolved transaction with a MOE resolution flag and UIN as additional field for the relevant record.

vi) Accounting Authority to note the correction of MOE and report the same to GSTN and the concerned Tax authority thereby completing the transaction cycle;

vii) RBI to take steps to penalize the e-FPB of the concerned Authorized bank.

**b) Transaction reported by Bank to RBI but not to GSTN (CIN included in luggage file but CIN not reported to GSTN):**

112. In case of payment through internet banking (Mode I), this seems to be an unlikely scenario, as all payments will be processed at the Core Banking Solution (CBS) of the concerned e-FPB of authorized bank and therefore the compiled data that it reports to RBI on T+1 basis will be nothing but the compilation of data (CIN) already reported by e-FPB of authorized bank on real time basis to GSTN. This discrepancy may however arise due to communication failure even after the prescribed rounds of pinging.

113. This discrepancy can arise in other modes of payment (Mode II and III), because the payment cycle is not a single workflow, is spread over a longer period of minimum two days and requires participation of various banking officials even though the entire cycle is supposed to be done on the IT system customized for GST payments.

Such a discrepancy will be detected by GSTN when it undertakes a reconciliation of the challan details (CIN) of a day available with it with the e-scroll of the same day received from RBI on T+1 basis. In such cases, the correction mechanism will involve the following steps:

i) If CPIN and associated data reported in the scrolls received from RBI matches with GSTN's CPIN data, GSTN can forward the entire challan details of that CPIN to

the concerned Accounting Authorities with a copy to Tax Authorities. **There will not be any need for MOE in such case.** The Accounting Authorities will carry out the accounting based on scroll data received from RBI and tally it with the challan data (CIN) now received from GSTN. GSTN would also update the taxpayer's cash ledger after confirming the payment from the authorized bank / RBI;

ii) If e-FPB of an authorized bank has reported a transaction to RBI in GST luggage file, without it being a GST transaction or without realization of the amount, it should take up such cases for refund outside the MOE process as a more comprehensive verification will be needed before allowing the refund. For minimizing this kind of error, the bank's IT system should have validations/controls mentioned in **para 85** above;

iii) Only if the CPIN and associated data in the scroll does not match with GSTN's data there will be a need for MOE. That will be type c) error, discussed in the paragraph below. In those cases, the Accounting Authority should create MOE with a UIN and communicate it to RBI with a copy to e-FPB of the concerned authorized bank. (The Accounting Authorities will identify the concerned bank on the basis of bank code contained in the CIN reported against the successful CPIN in the e-scroll received from RBI).

c) **Transaction reported to RBI but with incorrect details of CIN (CIN level mismatch):**

114. This kind of error can be minimized through suitable validations in the bank's IT system. If the error still occurs, it will be noted when the scroll data is processed by GSTN / Accounting Authorities. Even if the error gets noticed earlier as mentioned in



**para 109** above but remains unresolved till the time of reporting to RBI on T+1 basis, the bank should report the transaction to RBI with whatever CIN data it has received from the e-FPB of authorized bank. The bank should not hold back any balance in the tax accounts beyond the reporting time to RBI in respect of transactions of the previous day. When such unresolved transaction is reported to RBI, it should carry a flag indicating type of discrepancy. RBI should credit the amount to the account of the respective government as mentioned in the luggage file. As the scroll from RBI will have an unresolved CPIN discrepancy, the Accounting Authorities may credit the amount to a separate sub-head under the relevant major head and simultaneously take up MOE process. If the discrepancy pertains to the total challan amount, its impact on individual taxes will get known during reconciliation of the scroll data with the challan data, and the Accounting Authorities of the affected government should take up MOE process.

**d) Money transferred to wrong government accounts though CIN matches with data in e-scroll received from RBI (major head level):**

115. It may so happen that while sending the luggage file to RBI, the e-FPB of the authorized bank / RBI reflects the amount received in a tax head different from the one specified in the challan (major head level) (CPIN).

116. In such a situation, Accounting Authorities will play a crucial role as they are statutorily responsible not only for proper accounting of money but also for its credit into the correct government account. This discrepancy will be ascertained by the Accounting Authorities while carrying out reconciliation between the challan data obtained from GSTN on T+1 basis (detailing major heads) and e-scroll (for each major

head separately) received from RBI. Steps involved in the correction mechanism are as follows:

- i) The relevant Accounting authority would generate MOE with UIN and communicate the same to RBI. Accounting Authorities of the Centre and States will have to initiate MOE in respect of their respective taxes;
- ii) RBI to ascertain from e-FPB of the concerned Authorized bank / RBI (in case of Mode III) and get the discrepancy corrected within a time period of 2 days from the receipt of MOE from the Accounting Authorities;
- iii) E- FPB of the concerned Authorized bank / RBI would verify the details in the CIN transmitted to GSTN with the details transmitted to RBI in the daily luggage file. Thereafter correction entry would be transmitted to RBI in a separate luggage file with UIN of MOE;
- iv) On the basis of information transmitted by e-FPB of the concerned Authorized bank, RBI would carry out the corrective Debit/Credit entries in the accounts of the concerned governments;
- v) Thereafter RBI would send a separate e-scroll relating to MOE to the relevant Accounting authority about the corrective entry carried out resulting in reconciliation and correction;
- vi) Relevant Accounting Authority to account for the corrective entry in its records and report correction of MOE to GSTN and relevant Tax authority thereby completing the transaction cycle;
- vii) RBI to take steps to penalize e-FPB.

e) **CIN neither transmitted to GSTN nor conveyed in luggage file from authorized bank to RBI and therefore not included in e-scroll received from RBI.**

117. This scenario will reflect the failure of the system at two ends. In this scenario the taxpayer has properly paid taxes into the government account through authorized / non-authorized banks but the same has neither been reported to GSTN nor to RBI thereby in effect eliminating the transaction from the system itself. So it is crucial that suitable protocol should be developed for dealing with this kind of errors. It has to be kept in mind here that CPIN generated at GSTN has a validity period of only 7 days within which the payment is to be tendered. **This error cannot be ascertained on the basis of any reconciliation as there will not be any flow of information from authorized banks / RBI.** The error will be noticed only when the taxpayer on not receiving a credit confirmation SMS from GSTN or not finding the credit in his ledger inform GSTN. Steps involved in correction are:

i) In case of OTC payment through authorized banks in cash or by instruments drawn on the same bank, taxpayer will be provided with an instantaneous acknowledgement by the bank containing CIN. As CIN is available with the taxpayer, he should inform GSTN about the transaction (CIN, bank branch where OTC payment was made and date of payment). On the basis of this information, GSTN should ascertain from e-FPB of the concerned authorized bank regarding receipt of payment. Once the confirmation is received through an electronic string, GSTN will validate the same against CPIN and thereafter the tax paid challan (CIN) will be credited to the taxpayer's ledger. e-FPB of the Authorized bank is now

expected to include this receipt in the luggage file for the day for transmission to RBI.

ii) In case of OTC payment through authorized banks by instruments drawn on another bank in the same city, the process of giving acknowledgement would be in two steps. In case CIN is not reported to GSTN by the e-FPB of the authorized bank, the taxpayer may follow the procedure detailed in sub-para i) above. E-FPB of the authorized bank is now expected to include this receipt in the luggage file for the day for transmission to RBI.

iii) In case of OTC payment through banks via NEFT/RTGS, upon successful completion of the transfer at the end of the bank, the taxpayer will get a receipt detailing Unique Transaction Reference (UTR). Taxpayer can thereafter login into GSTN and update the details of UTR provided by the bank for NEFT/RTGS transaction in the challan. GSTN is expected to communicate the UTR to RBI. In case the CIN is not communicated by RBI, GSTN will now take up the matter with RBI (instead of with authorized bank) in the manner detailed in sub para i) above. RBI is now expected to include this receipt in the e-scroll for the day, if NEFT/RTGS remittance was received. If the remittance was not received, RBI will inform GSTN accordingly. In turn, the tax payer will be intimated by GSTN for taking up the matter with his bank (through which NEFT / RTGS was effected by him) for deficiency of service.

f) **Sum total of amount for a CIN reported in e-scroll by RBI is lesser / greater than that reported by e-FPB of authorized bank / RBI to GSTN.**

118. This error relating to the shortfall can occur if a bank has deducted collection charges in Mode II and a bank has collected remittance charges for NEFT / RTGS transaction from the challan amount Mode III . Such errors in Mode II can be minimized through suitable validations in the bank's IT system. In such case, one of the tax amounts will be less than the amount indicated in the challan. The relevant Accounting Authority (for whom the amount received is less than the amount mentioned in challan) will have to take up MOE process with RBI with a copy to the concerned bank as detailed in **para 116** above for getting the shortfall amount.

119. In case the amount in the scroll is more than the challan amount for any tax, the bank will have to raise the MOE with the concerned Accounting Authority for the refund. Without approval of the Accounting Authority, the banks should not be allowed to adjust the excess amount against future receipts.

**Fourth leg of communication of data is between RBI and GSTN & Accounting Authorities.**

120. RBI is collating luggage files from e-FPBs of various authorized banks, including amount received by it in Mode III and thereafter generating and transmitting e-scrolls Major head wise to Government of India and SGST (state wise). During collation of the data, an error can creep into e-scroll resulting in missing / additional transaction. Since there is simultaneous flow of information to two different agencies i.e. GSTN and Accounting Authorities, following situations may arise:

- a) Transaction reported to GSTN by e-FPB of authorized banks but not by RBI in its e-scroll (CIN level);

- b) Transaction reported by RBI in its e-scroll but not by e-FPB of authorized bank / RBI to GSTN (CIN level);
- c) Transaction reported by RBI but with incorrect details of CIN (CIN level);
- d) Sum total of the amount for CIN reported to RBI is lesser/greater than that received by GSTN/Accounting Authority.
- e) There is mismatch between tax wise amounts while the total challan amount matches.

121. In all the situations mentioned above, the reconciliation and error correction mechanism would be similar to that in the third leg of communication (para 110 to 119 above) as the source of discrepancy cannot be identified. It can be at the bank level or at RBI level. Therefore, the concerned Accounting Authorities should take up MOE with RBI with a copy to concerned authorized bank. RBI should first verify the data at its own end for corrective measure, if the error had arisen from its actions, if the source of error is found by RBI to be the one of the authorized bank, it should facilitate/ensure corrective measure by the identified bank in a time bound manner.

**Recording by Tax Authorities:**

122. After reconciliation and successful accounting of each payment, the transaction level data with unique accounting number, if required by a State Government (some governments have that practice) should be communicated by the Accounting Authorities to the Tax Department's system for updating the records, which would finally contain following unique Ids for each receipt:

- a) CIN;

- b) GSTIN;
- c) Bank Transaction Number (BRN);
- d) RBI Transaction Number;
- e) Accounting Entry ID Number/confirmation flag.

The presence of all the above mentioned five fields would constitute the assurance for credit to the government account with RBI, and the reconciliation and accounting in the government books.

#### Challan Correction Mechanism.

123. In view of the presumptions listed above, the requirement of providing for a challan correction mechanism would be minimal though not completely ruled out. The Committee recommends for providing the correction mechanism in following situations:-

- a) **ERROR IN GSTIN:** This may happen in situations where the payment of tax is being made by either authorized representative such as CA or any other person on behalf of the taxpayer. Such kind of error will have no impact on the transfer of the funds to the account of the concerned governments as the money will be correctly transferred on the basis of the CIN. Further once the payment confirmation is received by GSTN from the concerned bank then the amount will be credited to the ledger of the taxpayer whose GSTIN is mentioned in the electronic string that is relayed by the bank to GSTN (earlier the same GSTIN was communicated by GSTN to bank). Therefore taking into account both the above factors as well as the fact that Challan has been generated either by the taxpayer himself or through his authorized representative and the mistake being committed has no impact on the

funds with tax administration, there is no need for providing an error correction mechanism for the same. The authorized representative, acting as an agent for the taxpayer should be responsible to the principal for any error committed while performing authorized acts and tax administration should have no role to play in this matter.

b) **ERROR IN MAJOR HEAD:** In such a scenario, the bank though has collected the correct amount but has credited the wrong head of tax account. This would impact the transfer of funds to the account of the respective governments as bank has transferred the funds on the basis of the data not detailed in CPIN. Thus bank would be required to withdraw funds from one account and credit the other account(s). It is proposed to permit banks to rectify such error before the end of the day during which the amount has been received by the bank as at the end of the day, the amount would have been credited in respective government accounts and thereafter the same would also have been accounted by Accounting Authorities of the Centre and State. No correction in the challan data is required even in this case. If the error is noted after reporting of the credit on T+1 basis, the normal MOE process should be used.

c) **ERROR IN TOTAL AMOUNT:** If the amount paid is in excess then there is provision for either claim of refund by the taxpayer or the amount can be carried forward to the next period and therefore there is no need to provide for correction mechanism.



124. In view of recommended maintenance of cash ledger, the fields relating to 'Tax period' and 'purpose' will not be captured in the challan as being done presently and therefore correction mechanism for correcting these two fields has not been provided for.

**CHALLAN FORMAT:**

125. e-Challan will remain the source document for the purpose of accounting and reconciliation by the accounting authorities of the Centre/States/UTs. The Office of C & AG has stressed upon the need for ensuring the availability of e-Challan for accounting and reconciliation purposes. A proper Challan format (**Annexure -IV**) that covers all the details required for accounting and reconciliation is essential to be prescribed, that will be treated as proof of payment to the government.

126. In the GST regime, the existing practice of entry of challan data at the bank branch level will be dispensed with as the challan would be shared on real time basis from the GSTN portal to the CBS of the authorized bank / RBI indicated in the challan.

127. Central Government Accounts (Receipt and Payment) Rules, 1983 provides for submission of Challan in form GAR 7 along with the payments to facilitate the Pay and Accounts Officer to classify the receipts accurately in his accounts. The form will need to be suitably modified for use in the electronic systems envisaged for GST payments. Almost all the information currently required in GAR 7 has been provided in proposed GST challan form. However, as discussed in **para 14 above**, the jurisdictional location

code will not be available in the challan and the same would need to be mapped with the help of the backend system of each tax administration.

**(Satish Chandra)**  
Member Secretary  
Empowered Committee  
of State Finance Ministers

**(Rashmi Verma)**  
Additional Secretary  
Department of Revenue  
Government of India

## Annexure-I

### EMPOWERED COMMITTEE OF STATE FINANCE MINISTERS

DELHI SECRETARIAT, IP ESTATE, NEW DELHI – 110002

Tel. No. 2339 2431, Fax: 2339 2432 e-mail: [vatcouncil@yahoo.com](mailto:vatcouncil@yahoo.com)

No.15/45/EC/GST/2014/32

Date: 7<sup>th</sup> April, 2014

### JOINT COMMITTEE ON BUSINESS PROCESSES FOR GST

During the last Empowered Committee meeting held on 10<sup>th</sup> March, 2014, it was decided that a Joint Committee under the co-convenership of the Additional Secretary (Revenue), Government of India and the Member Secretary, Empowered Committee should be constituted to look into the Report of the Sub-Group-I on Business Processes for GST and make suitable recommendations for Registration and Return to the Empowered Committee. It was also decided that the Joint Committee should also keep in view the Registration and Return requirements necessary for IGST Model. Accordingly, a Joint Committee, in consultation with the Government of India, is constituted with the following members.

#### Government of India

- (1) Smt. Rashmi Verma, Additional Secretary (Revenue) -- Co-convener
- (2) Shri P.K. Mohanty, Joint Secretary (TRU-I)
- (3) Shri M. Vinod Kumar, Joint Secretary (TRU-II)
- (4) Shri J.M. Kennedy, Director (TRU-II)
- (5) Director/Deputy Secretary holding the charge of State Taxes Section

#### States Government

- (1) Dr. J.B. Ekka, Commissioner of Taxes, Assam
- (2) Shri Prashant Goyal, Commissioner, Trade & Taxes, Delhi
- (3) Shri H.V. Patel, Commissioner, Commercial Tax, Gujarat
- (4) Shri Sudhir Rajpal, Commissioner, Excise & Taxation, Haryana
- (5) Shri Kifayat Hussain Rizvi, Commissioner, Commercial Tax, J&K
- (6) Shri Ajay Seth, Commissioner, Commercial Tax, Karnataka
- (7) Shri Shyam Jagannathan, Commissioner, Commercial Tax, Kerala
- (8) Shri Amit Rathore, Commissioner, Commercial Tax, Madhya Pradesh
- (9) Dr. Nitin Kareer, Commissioner, Sales Tax, Maharashtra
- (10) Shri Abhishek Bhagotia, Commissioner, Commercial Tax, Meghalaya

- (11) Shri Manoj Ahuja, Commissioner, Commercial Tax, Odisha
- (12) Shri Sanjay Malhotra, Commissioner, Commercial Tax, Rajasthan
- (13) Shri K. Rajaraman, Commissioner, Commercial Tax, Tamil Nadu
- (14) Shri M.K. Narayan, Commissioner, Commercial Tax, Uttar Pradesh
- (15) Shri Dilip Jawalkar, Commissioner, Commercial Tax, Uttarakhand
- (16) Shri Binod Kumar, Commissioner, Commercial Tax, West Bengal

**Empowered Committee of State Finance Ministers**

(1) Shri Satish Chandra, Member Secretary -- Co-convener

2. The Committee will submit its report to the Empowered Committee in two months time.

Sd/-  
(Satish Chandra)  
Member Secretary  
Empowered Committee of  
State Finance Ministers

Copy to: All the Members of the Joint Committee

Copy also to:

- (1) PS to Chairman, Empowered Committee of State Finance Ministers
- (2) Adviser to Chairman, Empowered Committee of State Finance Ministers
- (3) Sr.A.O./OSD/F.O./A.O., Empowered Committee of State Finance Ministers

## Annexure-II

### EMPOWERED COMMITTEE OF STATE FINANCE MINISTERS

DELHI SECRETARIAT, IP ESTATE, NEW DELHI – 110002

Tel. No. 2339 2431, Fax: 2339 2432 e-mail: [vatcouncil@yahoo.com](mailto:vatcouncil@yahoo.com), [vatcouncil@gmail.com](mailto:vatcouncil@gmail.com)

No.15/45/EC/GST/2015/20

Date: 3<sup>rd</sup> February, 2015

### SUB-COMMITTEE ON PAYMENT PROCESSES UNDER GST

During the meeting of the Joint Committee on Business Processes for GST held on 2<sup>nd</sup> February, 2015, it was decided that a Sub-Committee should be constituted to consider the Report of the Committee for Finalizing Payment Processes under GST and to give its recommendations for the consideration of the Joint Committee on Business Process for GST. Accordingly, a Sub-Committee consisting of the following officers was constituted:

#### Government of India

- |  |             |
|--|-------------|
| 1. Shri Shashank Priya, Commissioner, GST Cell, CBEC,<br>Government of India                       | Co-convener |
| 2. Shri Upender Gupta, Additional Commissioner, CBEC<br>Government of India                        | Member      |
| 3. Shri Manish Saxena, Additional Director, Directorate<br>General of Systems, Government of India | Member      |

#### States

- |   |             |
|---|-------------|
| 1. Shri Ritvik Ranjanam Pandey, Commissioner,<br>Commercial Tax, Karnataka              | Co-convener |
| 2. Shri K. Rajaraman, Principal Secretary/Commissioner,<br>Commercial Taxes, Tamil Nadu | Member      |
| 3. Shri Manoj Ahuja, Commissioner, Commercial Tax<br>Odisha                             | Member      |
| 4. Dr. P.D. Vaghela, Commissioner, Commercial Tax,<br>Gujarat                           | Member      |

### Goods and Services Tax Network

1. Shri Prakash Kumar, Chief Executive Officer, GSTN Member

### Special Invitee

1. Shri Ajay Seth, former Commissioner, Commercial Tax, Karnataka Member

2. It was also decided to request RBI, Principal Chief Controller of Accounts, CBEC and Controller General of Accounts to nominate senior officers to attend the meetings of the Sub-Committee/Committee.

3. It was further decided that the first meeting of the Sub-Committee will be held at 10.00 am on 14<sup>th</sup> February, 2015 at Hotel Le Meridien, Bangalore. All the members of the Sub-Committee are requested to kindly make it convenient to attend the meeting of the Sub-Committee. They are also requested to intimate their travel programme to Shri Ritvik Ranjanam Pandey, Commissioner Commercial Tax, Karnataka (Tel: 080-22264495, Fax: 080-22263595 and e-mail: [ritvik@gov.in](mailto:ritvik@gov.in)) so that necessary arrangements for their boarding, lodging and transport could be made under intimation to the Empowered Committee.

Sd/-  
(Satish Chandra)  
Member Secretary  
Empowered Committee of  
State Finance Ministers

Copy to:

Additional Secretary (Revenue), Government of India with the request to kindly request RBI, Principal Chief Controller of Accounts, CBEC and Controller General of Accounts to nominate suitable officers to attend the meeting in Bangalore and subsequent meeting of the Joint Committee on Business Process for GST, when the Business Process for payment is considered by the Committee.

Copy to: All the members of the Sub-Committee

Copy also to:

Adviser/OSD/Sr.A.O./A.O., Empowered Committee of State Finance Ministers.

### **Annexure-III**

#### **LIST OF PARTICIPANTS OF THE MEETING HELD ON 16<sup>TH</sup> AND 17<sup>TH</sup> APRIL, 2015**

##### **Government of India**

1. Smt. Rashmi Verma, Additional Secretary (Revenue), Government of India
2. Shri Manish Saxena, Additional Director, Director General of Systems, CBEC, Government of India
3. Shri M.K. Sinha, Director (Central Excise), Government of India
4. Shri Rajeev Yadav, Director (Service Tax), CBEC, Government of India
5. Shri Shashank Priya, Commissioner, GST, CBEC, Government of India
6. Shri Ravneet Singh Khurana, Deputy Commissioner, CBEC, Government of India
7. Shri Upender Gupta, Additional Commissioner, GST, CBEC, Government of India

##### **States**

1. Dr. Ravi Kota, Commissioner of Taxes, Assam
2. Shri Sanjeev Khirwar, Commissioner (VAT), Trade and Taxes, Delhi
3. Shri Jagmal Singh, Deputy Director, Trade and Taxes, Delhi
4. Shri Umesh Kumar Tyagi, Special Commissioner, Trade and Taxes, Delhi
5. Dr. P.D. Vaghela, Commissioner, Commercial Tax, Gujarat
6. Shri Riddhesh P. Raval, Assistant Commissioner, Commercial Tax, Gujarat
7. Shri Shyamal Misra, Commissioner, Excise & Taxation, Haryana
8. Shri Hanuman Singh, Additional Commissioner, Excise & Taxation, Haryana
9. Shri Zaffar Ahmad Bhat, Commissioner, Commercial Tax, Jammu & Kashmir
10. Dr. Shamim Ahmad, Additional Commissioner, Commercial Taxes, Jammu & Kashmir
11. Shri Ritvik Ranjanam Pandey, Commissioner, Commercial Tax, Karnataka
12. Dr. M.P.Ravi Prasad, Joint Commissioner, Commercial Tax, Karnataka
13. Shri M. Girees Kumar, Commissioner, Commercial Tax, Kerala
14. Shri M.I. Mansur, Assistant Commissioner, Commercial Tax, Kerala
15. Shri Sudip Gupta, Deputy Commissioner, Commercial Tax, Madhya Pradesh
16. Shri Rajiv Jalota, Commissioner, Sales Tax, Maharashtra
17. Shri P. Velrasu, Special Commissioner, Sales Tax, Maharashtra
18. Shri Manoj Ahuja, Commissioner, Commercial Tax, Odisha
19. Shri Sahadev Sahoo, Joint Commissioner, Commercial Tax, Odisha
20. Shri Vaibhav Galriya, Commissioner, Commercial Tax, Rajasthan
21. Shri K. Rajaraman, Principal Secretary/Commissioner, Commercial Taxes, Tamil Nadu

22. Shri K.Gnanasekaran, Additional Commissioner, Commercial Taxes, Tamil Nadu
23. Shri Mritunjay Kumar Narayan, Commissioner, Commercial Tax, Uttar Pradesh
24. Shri Rakesh Verma, Joint Commissioner, Commercial Tax, Uttar Pradesh
25. Shri Puneet Tripathi, Assistant Commissioner, Commercial Tax, Uttar Pradesh
26. Shri N.C. Sharma, Additional Commissioner, Commercial Tax, Uttarakhand
27. Shri Vipin Chandra, Joint Commissioner, Commercial Tax, Uttarakhand
28. Shri Khalid Aizaz Anwar, Joint Commissioner, Commercial Tax, West Bengal

#### **Goods and Services Tax Network (GSTN)**

1. Shri Navin Kumar, Chairman, Goods and Services Tax Network
2. Shri Prakash Kumar, Chief Executive Officer, Goods and Services Tax Network

#### **Special Invitee**

1. Smt. Nidhi Khare, Commissioner, Commercial Tax, Jharkhand

#### **CCA**

1. Mrs. Krishna Tyagi, Chief Controller of Accounts, CBEC
2. Alok Kumar Verma, Controller of Accounts, CBEC

#### **CGA**

1. Shri Chandan Mishra Dwivedi, Deputy Comptroller and General of Accounts

#### **RBI**

1. Shri G. Sreekumar, CGM, RBI
2. Shri Manish Parashar, Deputy GM, RBI

#### **Empowered Committee of State Finance Ministers**

1. Shri Satish Chandra, Member Secretary, Empowered Committee
2. Shri Bashir Ahmed, Adviser, Empowered Committee

#### **PWC**

1. Shri Kalyan K. Pal, PWC



**Annexure-IV**

**GST CHALLAN FORM**

CPIN	<<Auto Generated after submission of information>>
------	--

GSTIN	<<Filled in/Auto populated>>
Name	<<Auto Populated>>
Address	<<Auto Populated>>

Date	
Email address	<<Auto Populated>>
Mobile No.	<<Auto Populated>>

Tax Liability					
	Tax	Interest	Penalty	Others	Total
<b>Government of India</b>					
CGST					
IGST					
Additional Tax					
<b>Government of &lt;State&gt;</b>					
SGST					
				<b>Total Challan Amount</b>	

Note :

1. Different colors to reduce possibility of data entry errors to be provided.
2. Accounting Codes are to be provided for at the backend

**Mode of Payment (relevant Portion to become active when selected)**

<input type="checkbox"/> e-Payment	
Net Banking	<input type="checkbox"/>
Credit Card	<input type="checkbox"/>

<input type="checkbox"/> Authorised Bank OTC	
Name of Receiving Bank (where	

Debit Card <input type="checkbox"/>	
Name of Bank	
Name of Payment Gateway (in case of payment through CC /DC)	

instrument is proposed to be deposited)		
Name of Branch (Optional)		
Name of City/Town/Village where payment is proposed to be made		
Details of instrument(optional)		
Cash <input type="checkbox"/>	Ch/DD No.	
	IFSC Code	
Cheque <input type="checkbox"/>	Bank	
DD <input type="checkbox"/>	Branch	

**Note : Only local cheques ( not outstation cheques to be accepted)**

<input type="checkbox"/> NEFT/RTGS Remitting Bank	
Name of Bank	
Name of Branch	
IFSC Code	
Name and Code of Beneficiary Bank (RBI and its code)	
Name of the beneficiary account ( Description 'GST payment' to be auto Populated)	


Beneficiary Account Number ( CPIN Auto Populated)	
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Note:

1. Payments through RTGS / NEFT
2. Beneficiary to be defined as the RBI and its account. This would be auto populated by GSTN
3. Charges to be over and above Tax amount

**Paid Challan Information**

Bank Reference No.	
CIN	
Date of Clearing	
NEFT/RTGS Unique Ref No.	

Challan Received at

## Annexure V

### Issue of charge back in CC/DC Payment

1. Under the charge back claim, a taxpayer after making payment through credit card may seek refund of the money till 60 days of the transaction. Usually such refunds can be sought under three scenarios:
  - (i) Payment was made fraudulently by someone using the card of others;
  - (ii) Extra payment was made because of some technical error during payment;
  - (iii) Some service was not delivered for the payment made.
2. During the past few years, there have been significant changes in the security systems surrounding a transaction done through credit cards. The nature of such transactions has undergone changes because of introduction of two factor authentication and OTP (one time password) as per RBI's regulations. Under such circumstances it has become more improbable to have fraudulent transactions. Banks also have stopped entertaining claims caused by fraudulent transactions. As such scenario (i), i.e., payment through fraudulent use can be practically ruled out.
3. In scenario (ii) arising from technical errors, the errors can be detected even before any transaction is reported to RBI on T+1 basis. The acquiring banks should have a validation in their IT system that no double payment is reported for a tax against the same CPIN. If a credit card has been charged twice for the same challan total amount, the additional collection may be refunded by the acquiring bank.

4. In case the technical error of charging the card twice is noticed after the transaction has been reported to GSTN on real time basis but before the reporting to RBI on T+1 basis, the acquiring bank can refund the amount under real time intimation to GSTN. Thereafter, such double payment should not be reported to RBI.
5. In case the technical error is detected after reporting to RBI on T+1, the acquiring bank should send the claim to GSTN with full details. GSTN should verify its database, and confirm to the bank regarding double payment received against the same CPIN.
6. There should be a validation in GSTN's system that such double payments (para 4 and 5 above) are either not reflected in the tax payer's ledger or the second payment against the same CPIN is barred from utilization. Based on the confirmation from GSTN, the acquiring bank can refund the extra payment.
7. For scenario (iii) arising from claim of non-delivery of service, the acquiring bank should send the claims to GSTN with full details. GSTN can rebut the claim by providing a copy of the Challan (pdf file generated from its system) used for making the payment and details of the tax-payer's ledger account in which credit was made to show that the service was provided. The bank can use the above details /document as a sufficient basis to repudiate any charge back claim for non-delivery of service. Such evidences have to be provided to banks within 48 hours of the claim.
8. Even if the charge back request for scenario (iii) is received by the acquiring bank before reporting of the transaction to RBI on T+1, the bank should send the claim to GSTN for a response. GSTN should verify its record, and rebut the claim as mentioned in para 7 above. GSTN will have 48 hrs to send its response. In the meantime at T+1 event,

the acquiring bank should report the transaction to RBI in normal course. The bank should not hold back the funds. Subsequently when the response is received from GSTN, the bank may either decide to reject the claim (most likely as it is fairly easy to establish that the tax was actually paid to the Government and there was no denial of service) or accept the claim. If the claim is accepted, the process suggested in para 9 below may be followed.

9. In case the charge back is accepted after reporting to RBI (either in case of scenario (ii) or in case of scenario (iii) when GSTN's rebuttal is not accepted) and refund is made by the acquiring bank to the issuing bank, such refund should be reported as a new transaction to RBI. The report to RBI as well as the entry in RBI's scroll should be as a debit entry identified using the original CPIN. On receipt of such information, GSTN should debit the taxpayer's ledger and inform the Tax Authorities who should recover the amount from the said taxpayer.

**Annexure VI**

**List of Banks presently authorised in Centre and States**

<b>S. NO.</b>	<b>Name of Bank</b>
1.	ALLAHABAD BANK
2.	ANDHRA BANK
3.	BANK OF INDIA
4.	BANK OF BARODA
5.	BANK OF MAHARASHTRA
6.	CANARA BANK
7.	CENTRAL BANK OF INDIA
8.	CORPORATION BANK
9.	DENA BANK
10.	INDIAN BANK
11.	INDIAN OVERSEAS BANK
12.	ORIENTAL BANK OF COMMERCE
13.	PUNJAB NATIONAL BANK
14.	PUNJAB & SIND BANK
15.	SYNDICATE BANK
16.	UNION BANK OF INDIA
17.	UNITED BANK OF INDIA
18.	UCO BANK
19.	VIJAYA BANK
20.	STATE BANK OF INDIA

21.	STATE BANK OF BIKANER & JAIPUR
22.	STATE BANK OF HYDERABAD
23.	STATE BANK OF MYSORE
24.	STATE BANK OF PATIALA
25.	STATE BANK OF TRAVANCORE
26.	IDBI Bank Ltd



REPORT

OF

THE JOINT COMMITTEE ON BUSINESS PROCESSES FOR GST

ON

REFUND PROCESSES

Empowered Committee of State Finance Ministers

New Delhi

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**REPORT OF THE JOINT COMMITTEE ON BUSINESS PROCESSES FOR GST**  
**ON**  
**REFUND PROCESSES IN GST REGIME**

**INTRODUCTION:**

1.0 During the Empowered Committee meeting held on 10<sup>th</sup> March, 2014, it was decided that a Joint Committee under the co-convenership of the Additional Secretary (Revenue), Government of India and the Member Secretary, Empowered Committee should be constituted to look into the Report of the Sub-Group-I on Business Processes for GST and make suitable recommendations for Registration and Return to the Empowered Committee. It was also decided that the Joint Committee should also give its recommendations on Refund Processes in GST regime. Accordingly, a Joint Committee, in consultation with the Government of India, was constituted on 7<sup>th</sup> April, 2014 (Annexure-I).

1.1 In the second meeting of the Joint Committee on Business Processes for GST held on 12<sup>th</sup> November, 2014, it was decided to constitute a Sub-Committee on GST Refund Processes. Pursuant to that decision, a Sub-Committee under the Co-convenership of Shri Manoj Ahuja, Commissioner, Commercial Tax, Odisha and Shri Upender Gupta, Additional Commissioner, GST, CBEC, Government of India was constituted on 14<sup>th</sup> November, 2014 (Annexure-II). Shri Sanjeev Khirwar, Commissioner, Trade Taxes, Delhi was co-opted as a member of the Sub-Committee.

1.2 The Sub-Committee examined the present practices prevalent in the Central and the State VAT laws and also noted the proposed structure for verifications, etc. envisaged under the IGST Model. The Sub-Committee submitted its Report on 28<sup>th</sup> January, 2015. The Report of the Sub-Committee was considered by the Joint Committee on Business Processes for GST in its meeting held on 2<sup>nd</sup> February, 2015 and 3<sup>rd</sup> February, 2015. The list of the participants of the last meeting of the Joint Committee on Business Processes is

appended at Annexure-III. The Joint Committee broadly agreed with the recommendations of the Sub-Committee and the two Conveners of the Sub-Committee were requested to finalise the Report of the Sub-Committee keeping in view the observations made during the meeting of the Joint Committee on Business Processes on 2<sup>nd</sup> February, 2015 and 3<sup>rd</sup> February, 2015. Accordingly, a final Report was received on 11<sup>th</sup> February, 2015 from the Co-convenor of the Sub-Committee. The Report of the Joint Committee on Business Processes for GST was prepared accordingly. The Report was further discussed in the Joint Committee on Business Processes for GST meeting held on 22<sup>nd</sup> and 23<sup>rd</sup> July, 2015. Changes have been incorporated as per discussions.

#### **SITUATIONS WHERE REFUNDS WOULD ARISE.**

2.0 In the taxation administration, refund refers to any amount that is due to the tax payer from the tax administration. In the present taxation system it is considered as a strained area, both for the taxpayer and the tax administration. So in order to establish an effective and efficient tax administration system it is essential that issues on which refund arises ought to be kept at minimum and be clearly defined in the law. Since GST is going to subsume many of the existing taxation laws such as Central Excise, Service Tax, VAT, CST, etc., the situations under which refund arise under these laws are as follows:

- (A) Excess payment of tax due to mistake or inadvertence.
- (B) Export (including deemed export) of goods / services under claim of rebate or Refund of accumulated input credit of duty / tax when goods / services are exported.
- (C) Finalization of provisional assessment.

- (D) Refund of Pre – deposit for filing appeal including refund arising in pursuance of an appellate authority’s order (when the appeal is decided in favor of the appellant).
- (E) Payment of duty / tax during investigation but no/ less liability arises at the time of finalization of investigation / adjudication.
- (F) Refund of tax payment on purchases made by Embassies or UN bodies.
- (G) Credit accumulation due to output being tax exempt or nil-rated.
- (H) Credit accumulation due to inverted duty structure i.e. due to tax rate differential between output and inputs.
- (I) Year-end or volume based incentives provided by the supplier through credit notes.
- (J) Tax Refund for International Tourists

Each of the situations mentioned above are being discussed hereunder individually for better appreciation of the issue and the proposed process to handle them under the proposed GST regime:

**(A) EXCESS PAYMENT OF TAX DUE TO MISTAKE OR INADVERTENTCE.**

- i) As the heading suggests, it refers to the situations where the tax payer has made excess payment of tax either by mistake or by inadvertence resulting in more payment of tax than due to the Government. Since the tax that has been paid is in excess, which was actually not required to be paid, the same should be refunded to the taxpayer.
- ii) Such excess payment may be on account of:-
  - a) wrong mention of nature of tax (CGST / SGST / IGST),
  - b) wrong mention of GSTIN, or
  - c) wrong mention of tax amount.
- iii) In first two situations i.e. in case of wrong mention of nature of tax (CGST / SGST / IGST) or in case of wrong mention of GSTIN, the tax

administration is required to verify the correctness of the taxpayer's claim and therefore the taxpayer may file a refund application which should be decided within a period to be prescribed by the GST Law.

- iv) A dealer is required to make tax payment on two accounts i.e. payment linked to a return or payment in response to a specific demand arising out of audit, etc. The IT system should be in a position to make a distinction between these two type of payment. Perhaps the payment challan may have a field to select the purpose of payment.
- v) The GST Law Drafting Committee / Payment Committee may decide as to whether the payment is to be made tax period wise or a system of Personal Ledger Account (PLA) is to be used. Maharashtra has suggested that Kerala model of return cum challan may also be examined by the GST Law Drafting Committee / Payment Committee.
- vi) In the third situation i.e. where the amount has been mentioned wrongly, the refund of excess amount of tax, at the option of the taxpayer, would either be automatically carried forward for adjustment against future tax liabilities or be refunded on submission of application (return itself can be treated as a refund application) by the taxpayer. The automatic carry forward would be allowed if the excess payment was made against a return and not against any other liability. The GST Law may provide for automatic set off if the excess payment of tax is not on account of interpretation of notifications, application of exemptions etc., i.e. the excess payment is not on account of difference of opinion between the tax administration and the taxpayer. The GST Law may also lay down the time limit within which the excess amount of tax, as reflected in the return filed by a taxpayer for that relevant period, can be re- credited *suomoto* and can be utilized by the taxpayer for payment of future tax liability.

- vii) The refund may be on account of CGST, SGST or IGST as the case may be.

**(B) EXPORT (INCLUDING DEEMED EXPORT) OF GOODS / SERVICES UNDER CLAIM OF REBATE OR REFUND OF ACCUMULATED CREDIT OF TAX WHEN GOODS / SERVICES ARE EXPORTED:** The treatment for export of goods and services and that of deemed export would be different under GST regime because of their inherent nature. Therefore these are being discussed separately as follows:

**EXPORT OF GOODS:**

- i) Presently under the Central Law, every exporter has three options available for neutralization of taxes paid on inputs used for export goods or taxes paid on finished goods exported by him which are delineated hereunder:
- a) Obtaining non duty paid inputs and exporting final product without payment of duty.
  - b) Obtaining duty paid inputs and claiming refund of the same at the time of export of the finished goods without payment of duty.
  - c) Obtaining duty paid inputs, availing the input tax credit thereon and exporting finished goods after payment of duty (after utilizing such input tax credit) and thereafter claiming the rebate of the duty paid on exported goods.
- ii) It was noted that in the proposed GST regime, exports are proposed to be Zero rated which means that the export goods would not suffer any actual tax liability although the inputs for them would be tax paid which would be subsequently neutralized. So there should be a mechanism whereby the GST paid on the inputs or on exported finished



goods, either through cash or by utilization of input tax credit, is refunded to the exporter. This would serve two objectives simultaneously. On the one hand, the ITC chain through the various dealers will not be broken and on the other hand, the exporter of the finished goods will get the refund of the GST paid on the inputs or on finished goods thereby making the exports actually free from the burden of taxes. The system should be simple and efficient so that exporters do not experience any hassles while claiming refund of taxes. For this it is essential to devise a system based verification mechanism so that human intervention is reduced to the minimum.

- iii) It is recommended that the first option mentioned above i.e. option to procure duty free inputs for exported goods should not be available in the GST regime. This would obviate the requirement of submission of statutory form and the supplier of goods to the actual exporter would be required to pay the GST and will not be required to comply with various formalities presently required for making tax free supplies.
- iv) It is further recommended that other two options may be made available to the exporter in the proposed GST regime. It is recommended that GST Law drafting Committee may provide for the provision of rebate and the legality of the same will be examined at the time of vetting of the GST law by the Law Ministry.
- v) Since the process for payment of refund of GST paid on inputs (including input services) or payment of rebate of GST paid on finished goods is similar to a large extent, the same is being discussed here together. The following process is proposed for making this system as simple as possible:

- a) The IEC details of taxpayer will be captured at the time of issuance of GSTIN and the same can be verified online with DGFT for verifying the correctness of the exporter's particulars.
- b) The refund of ITC / rebate of GST paid on exported goods may be granted on submission of application to this effect by the taxpayer.
- c) Since the trigger point for refund is export of goods, therefore the event of export needs to be verified (mostly online) so as to minimize cases of erroneous / fraudulent claims of refund / rebate.
- d) It is recommended that linkage between ICEGATE of Customs administration and the proposed GSTN of GST administration may be established so that online verification of the exports can be carried out. In any case such linkage has to be established to verify IGST paid at the time of import of goods / services.
- e) It is also noted that, as per IGST Model, there is a requirement for online filing of invoice wise sale / purchase details by the taxpayers' along with the monthly returns. These details can be linked with the Customs data (for export cases) available with ICEGATE.
- f) Normally for export verification the following documents are sought from the applicant :
  - i) Shipping Bill (Export Promotion copy);
  - ii) Mate's Receipt / Transporter's Challan (in case of export by road);
  - iii) Export invoice;
  - iv) Packing list;
  - v) Bill of Lading/ Airway Bill;
  - vi) Bank Realization Certificate (BRC).

- g) Since it is proposed to establish linkage between ICEGATE and GSTN, therefore shipping bill, which includes relevant details from the export invoice and packing list, can be verified online and there would not be any need for the exporter to submit the same. Further, Mate's Receipt and Bill of Lading are the crucial documents that determine the occurrence of event of export, the exporter would be required to upload the scanned copies of the same with online refund application. As regards the BRC, it was noted that as per the RBI guidelines, the exporter has a time period of one year from the date of export, within which the export proceeds are required to be remitted into India. Thus BRC will not be available till the time export proceeds are realized. Therefore it is recommended that submission of BRC may not be insisted upon at the time of filing of refund application and post facto verification can be carried out by the tax authorities. The refund in such cases should be subject to submission of BRC details within a period of maximum one year or such period as extended by RBI from the date of the export. If such details are not submitted at the portal at which the refund application was made, the portal should generate an alert/report for the concerned tax authorities to take up appropriate action. In case of any short receipt of export receipts, necessary action for recovery of proportionate refunded amount may be taken accordingly.
- h) BRC, however, may be verified at the time of exports itself if the payment has already been received in advance. It is also recommended that e-BRC module may be integrated in the Refund process under GST.

- i) The time limit for filing of refund application is normally linked with the date of export and it is proposed that this time limit should be fixed at one year from the date of export. This date is the date on which the proper officer under the Customs Act gives an order for export of goods commonly known as “*Let Export Order*” (LEO). This date can also be verified online in view of the proposed linkage between ICEGATE and GSTN.
- j) Once the export is established, verification of the duty paid on the final products at the time of export is required to be carried out. For this, normally, copy of challans/ invoices evidencing duty payment are sought from the exporter and the same are verified manually by the jurisdictional authority. In the proposed GSTN, the payment of GST on exported goods can be verified online (as the sales invoices are required to be filed along with the monthly return) and there is no need for separate submission of these documents. Once the GST paid character of exported goods is established, refund can be sanctioned.
- k) In respect of refund claimed for GST paid on inputs (including input services) used for exported goods, once the export is established, verification of the GST paid on the inputs (including input services) as well as their utilization for the exports is required to be carried out. For this normally copy of invoices evidencing GST payment are sought from the exporter and the same are verified manually by the jurisdictional authority. Besides a declaration is filed by the applicant with the proper officer declaring *inter alia* input-output ratio for inputs on which refund is sought. In the proposed GST regime, the GST paid character of inputs (including input services) can be established online (as the purchase invoices

are required to be filed along with the monthly return) and the refund of input tax credit on inputs (including input services) can be sanctioned once the input tax credit has been matched from the purchase and sale statements filed by the exporter and supplier respectively and there is no need for separate submission of these documents. As regards utilization of the inputs for exports, a simple formula can be adopted that will provide for proportionate credit based on export turnover divided by total turnover. Moreover, a declaration can be obtained from the exporter regarding utilization of inputs in the exported goods.

#### **EXPORT OF SERVICES.**

- i) It is noted that in case of export of services there are no custom documents that can substantiate the occurrence of event of export as no shipping bill is required to be filed. Thus invoice and Bank Realization Certificate (BRC) are the only documents that can substantiate the occurrence of event of exports. It is, therefore, recommended that in the case of export of services, BRC would be required before sanction of the refund of GST paid on inputs (input services) / rebate of GST paid on exported services.
- ii) It is further noted that the invoice and BRC are the crucial documents for filing of the refund application. Therefore the relevant date, in case of export of services, will be the date of invoice or the date of BRC, whichever is later. This will take care of the situation if the payment has already been received in advance. It is also recommended that e-BRC module may be integrated in the refund process under GST.

- iii) It is suggested that since exports of services cannot be verified online through ICEGATE, there should be a separate application for refund of service exported.

#### DEEMED EXPORT OF GOODS OR SERVICES.

- i) It was noted that there is a concept of deemed export for situations listed in Chapter 8 of the Foreign Trade Policy. Supplier of domestically produced duty paid goods when supplied to EOUs / SEZs / Projects under International Competitive Bidding (ICB) / Mega Power Plants / World Bank Funded Projects can seek refund of terminal excise duty as also drawback of the duty paid on the inputs used in manufacture of such goods. However such refund is not permissible for VAT paid on such domestically supplied goods.
- ii) It is recommended that the deemed export need to be treated on equal footing as export and the similar provision as detailed above for actual exports of goods or services would be applicable except the following:
  - a) The supplier of final goods, in the course of deemed export, will pay the IGST on his supplies and can claim refund, only if, the IGST amount has not collected from the recipient. It is also required to be verified that the recipient has not availed the input tax credit in respect of such supplies.
  - b) The supplier may file a simple refund application along with a Chartered Accountant's Certificate certifying the fact of non-passing of the GST burden by him, being claimed as refund. GST Law Drafting Committee may prescribe a threshold amount below which self-certification (instead of CA Certificate) would be sufficient.

- c) The recipient unit would be eligible for refund of IGST, if it has actually paid IGST at the time of obtaining goods / services from the domestic supplier. In no case, both the supplier and the recipient unit can obtain refund at the same time in respect of the same transaction. A suitable validation to block such double claim should be built in the GSTN /refund processing backend system.
  - d) Such recipients may not be registered under GST regime and therefore they would have to submit copies of all the invoices, etc. in case claim of refund is filed by them.
- iii) It is also recommended that this recommendation may be specifically brought to the notice of EC as this is deviation from the present practice being followed by the States.

#### **GENERAL.**

- i) It was suggested that as a thumb rule, up to 90% of the refund claimed by the taxpayer may be sanctioned automatically by the system. The balance amount of refund may be granted after completion of verification of documents / accounts to be done at the end of the financial year and to be completed within a period of three months. The issue was discussed and it is recommended that partial refund may not be allowed and entire refund claim may be sanctioned within the time limit laid down in the GST Law.
- ii) It was noted that there may be certain goods on which Customs Export Duty may be leviable. It is recommended that in such cases refund of ITC of GST paid on inputs (including input services) used for such exported goods may not be admissible.

- iii) Requirement of BRC for sanction of refund in respect of export of services and as a post facto verification in case of export of goods may be provided in the GST Law.
- iv) It was noted that the exports would be treated as inter-state supplies and therefore IGST would be required to be paid by the taxpayer in cases GST is paid at the time of export. Refund of such IGST would have to be paid by the Centre. In case of refund of GST paid on inputs (including input services) used for exported goods, the refund of CGST, SGST or IGST may arise and the same needs to be paid by the respective tax administration. A suitable validation to block use of same tax invoices for more than one refund claim should be built in the GSTN /refund processing backend system.
- v) It was further noted that the principle of unjust enrichment is not applicable in case of actual export of goods or services as the recipient is located outside the taxable territory. In case of deemed exports, however, the concept is applicable.
- vi) It is further recommended that the amount of input tax credit claimed as refund may be blocked at the time of time of submission of application for refund itself. And if the refund claim is rejected wholly or partially the rejected portion of the ITC claim amount will be restored in the ITC ledger of the applicant.

**(C) FINALIZATION OF PROVISIONAL ASSESSMENT:**

As discussed in Para No. (I) below, the issues relating to provisional assessment being presently followed by Central Tax Authorities would be handled by the system of issuance of debit and credit notes, therefore refund may not arise in such cases. The process has been delineated



here under, if the GST Law provides for continuance of the system of provisional assessment:

- i) In the proposed GST regime the returns of the taxpayer will be electronically filed. In the return itself there should be a field for indicating whether the tax being paid is provisional or final. In case the tax has been paid on provisional basis, there should be a drop box that would indicate the reasons for which the tax has been paid on provisional basis.
- ii) Once such a return comes up before the assessing officer and if he agrees with the reason mentioned by the taxpayer, the return / assessment may be kept provisional.
- iii) Thereafter the return may be taken up for finalization once the issue involved in provisional assessment is settled. GST law may prescribe time period for finalization i.e. 90 days and this time line should not be breached, as far as possible.
- iv) At the time of finalization of the return / assessment by the assessing officer, a speaking order may be issued which will also mention the amount that the taxpayer is required to pay or is eligible for refund.
- v) The refund would be granted only if the incidence of GST paid by him has not been passed on to the consumer (the concept of unjust enrichment). This issue would be examined by the assessing officer at the time of finalization of assessment.
- vi) The model GST Law may provide for appropriate provisions relating to the principle of unjust enrichment.
- vii) For satisfying the requirement of unjust enrichment, the taxpayer would be required to submit a Chartered Accountant's Certificate certifying the fact of non-passing of the GST burden by the taxpayer, being claimed as refund. GST Law Drafting Committee may prescribe a

threshold amount below which self certification (instead of CA Certificate) would be sufficient. This would also settle the issue of ITC that would have been claimed by the purchaser on the basis of the provisional tax paid by the taxpayer as ITC would have to be reversed by the recipient before sanction of refund to the supplier.

- viii) The differential amount claimed as refund will be reflected in the return for the month in which the finalization takes place.
- ix) The refund may be on account of CGST, SGST or IGST as the case may be.

**(D) REFUND OF PRE – DEPOSIT FOR FILING APPEAL INCLUDING REFUND ARISING IN PURSUANCE OF AN APPELLATE AUTHORITY’S ORDER.**

Refund arising in pursuance of appellate authority’s order is another area that has been subject of judicial scrutiny and strictures. The following process is recommended in order to make this process streamlined, efficient and in line with the judicial decisions on the matter:

- i) Looking at the policy objective of making the refund process hassle free, it is recommended that the taxpayer may file a simple refund application along with a Chartered Accountant’s Certificate certifying the fact of non-passing of the GST burden by the taxpayer, being claimed as refund. As mentioned earlier, the GST Law Drafting Committee may prescribe a threshold amount below which self certification (instead of CA Certificate) would be sufficient.
- ii) The refund may not be kept in abeyance if the appellate authority’s order (in pursuance of which refund arises) is appealed against at the next higher appellate forum unless the jurisdictional authority has obtained a stay from the higher appellate authority against the

operation of the appellate authority's order in pursuance of which refund has arisen. This position may be appropriately reflected in the GST Law itself so that any ambiguity on this issue can be avoided and the tax administrations are made more accountable for early action in case of such refunds.

- iii) GST Law may provide for certain predefined period during which refund may not be granted which can be regarded as the mandatory waiting period for the outcome of the appeal / application for stay.
- iv) GST Law Drafting Committee may also consider for providing powers to jurisdictional authority at sufficiently senior level for withholding the refund in exceptional cases on the condition that interest at appropriate rate has to be paid.
- v) The refund may be on account of CGST, SGST or IGST as the case may be.

**(E) PAYMENT OF DUTY/TAX DURING INVESTIGATION BUT NO / LESS LIABILITY ARISES AT THE TIME OF FINALIZATION OF INVESTIGATION / ADJUDICATION :**

Presently the Central Law (State Laws do not have similar provision) does not debar suo-motto payments during investigation / audit without issuance of a formal show cause notice / demand. If the GST Law does not debar such payments during investigation / audit process and ultimately no / less demand arises vis-à-vis amount already paid, then refund of such amount may be handled as per the procedure given below:

- i) A separate mechanism for the accounting of such payments has to be designed.

- ii) Refund in such cases requires utmost attention as such amount of tax paid during investigation, etc. become non leviable once the investigation is finalized and / or an adjudication order in favor of the taxpayer is issued. Therefore this process should be simple and hassle free.
- iii) As soon as the investigation, etc. is over which does not lead to issuance of a show cause notice or where after investigation, show cause notice is issued but the adjudication order is in favor of the taxpayer i.e. where the demand of duty is dropped in full or in part, the taxpayer should be immediately eligible to claim refund of the amount that is found to have been paid in excess during investigation, etc.
- iv) Looking at the policy objective of making the refund process hassle free, it is recommended that the taxpayer may file a simple refund application along with a Chartered Accountant's Certificate certifying the fact of non-passing of the GST burden by him, being claimed as refund. GST Law Drafting Committee may prescribe a threshold amount below which self certification (instead of CA Certificate) would be sufficient.
- v) However, as every adjudication order can potentially be appealed against, the model GST Law may provide for a time limit after which only the refund can be sanctioned either by cash or by adjustment order at the option of the tax payer by the jurisdictional officers. This time limit should be concurrent with the time limit available for filing of an appeal so that department has time to file an appeal along with stay application, if any against adjudication order.
- vi) Refund may be withheld only if the department has obtained a stay order on the operation of the adjudication order, failing which, refund has to be allowed.

- vii) The GST Law Drafting Committee may also consider for providing powers to jurisdictional authority at sufficiently senior level for withholding the refund in exceptional cases on the condition that interest at appropriate rate has to be paid.
- viii) The refund may be on account of CGST, SGST or IGST as the case may be.

**(F) REFUND FOR TAX PAYMENT ON PURCHASE BY UN BODIES, SUPPLIES TO CSD CANTEENS, PARA MILITARY FORCES CANTEENS, ETC.:**

- i) Presently the UN bodies are eligible for refund of taxes paid by them at the time of purchases made by them from the market. GST Law may provide for similar provision and in such a case, the following process for grant of refund is recommended.
  - a) Refund on purchases by UN Bodies may be granted from only one office each of both the tax administrations within one State.
  - b) UN Bodies may be assigned a unique identification number (ID) the structure of which would be uniform across the States in conformity with the GSTIN Structure. (Some other structure may have to be considered as such bodies do not have PAN)
  - c) The registration document, return document and invoice would contain a column for capturing this Unique ID.
  - d) There has to be a separate field for allotting ID to such bodies.
  - e) While making supplies to such bodies, the suppliers must indicate the Unique ID on the invoices.
  - f) The UN Bodies may file their purchase statements (without purchase invoices) along with their claim for refund.
  - g) The GST Law may provide that some purchases are ineligible for refund (e.g. invoice value less than the prescribed threshold,

goods / services specified as ineligible for refund, etc.). Such cases should be specifically marked in the purchase statement or may not be included in the purchase statement.

- h) The net claim will be related to GST paid on total purchases minus GST paid on ineligible purchases.
- i) The IT system will carry out the matching with the sales statements of the counter party suppliers.
- j) The matched and claimed to be eligible invoices will be seen by the jurisdictional authority to verify that none of the ineligible purchases have been included in the refund claim.
- k) The refund may be granted based on the matching and the limited manual verification.
- l) There might be situations when the supplier does not declare the supply in his monthly return. In such a case, unmatched invoices will get marked by the IT system and the supplier will be notified accordingly.
- m) The UN body may be granted refund along with its next claim if any of the unmatched supplies have been accepted and related GST has been paid by the supplier and return has been filed subsequently.
- n) The personal purchases by the staff may also be done seeking ID of the UN body on the invoice.
- o) Such invoices in the statement can be marked as “for personal consumption” for any additional verification in case of any restriction under the GST Law.
- p) GST Law Drafting Committee may provide for appropriate provisions whether refund has to be given for the personal purchases by the staff of UN bodies and Embassies. Such provisions may also relate to limits or restrictions, if any on such refunds.

- ii) It is recommended that the suppliers to CSD Canteens, Para Military Canteens would not be eligible for exemption. The procedure as detailed above would apply in respect of supplies to CSD Canteens, Para Military Forces canteens etc. and these bodies would claim refund.
- iii) Form of application for refund which may be used by such bodies is enclosed as Annexure-VII to this document.
- iv) The refund may be on account of CGST, SGST or IGST as the case may be.

**(G) TAX CREDIT ON INPUTS USED FOR MANUFACTURING /GENERATION /PRODUCTION /CREATION OF TAX FREE SUPPLIES OR NON-GST SUPPLIES:**

- i) There would be certain goods or services which may be either exempted or NIL rated in GST regime. Further there may be certain goods or services which may not be brought under GST regime. Persons supplying such exempted / nil rated / non-GST goods or services would be receiving goods or services as their input supplies after payment of GST.
- ii) The issue, whether such taxpayers are entitled to cash refund of the GST paid by them in respect of such input supplies (including input services or capital goods) which will be used for making supplies without payment of GST, was discussed at length.
- iii) It is felt that the ITC is allowed to remove cascading and under modern VAT laws, tax is charged on value addition only and not on tax paid at the earlier level of supply chain. It is for this reason that the ultimate consumer is liable to bear the tax. Most State VAT administrations as well as Centre do not allow refund of ITC on inputs used for tax exempt / nil rated goods.

- iv) Further the inputs (including input services or capital goods) received by such suppliers would become exempt if the refund is allowed to them, which is not intended by tax design.
- v) It is recommended that the model GST Law may provide that the suppliers of exempted / NIL rated / non GST goods or services would not be entitled to the ITC of GST paid on inputs (including input services or capital goods) received by them and consequently for refund of GST paid by them. In case of mixed supplies, ITC may be allowed proportionately.
- vi) The tax credit on the inputs used for supply of exempted / NIL rated / non GST goods or services should be treated as “ineligible input tax credit” and there should be an appropriate provision in the return to provide the related invoice details.
- vii) In addition to ineligible input tax credit arising from inputs used for supply of exempted / Nil rated / non-GST goods or services, there may be other types of ineligible input tax credits such as those related to specified capital goods / assets. It is recommended that the model GST law may provide for the full scope of such ineligible input tax credits.
- viii) It is also recommended that such ineligible tax credit should accrue to the importing States in accordance with the Place of Supply Rules. This imperative will also apply to the inter-state supplies procured by the economic entities / government departments / public bodies supplying tax exempt / nil-rated / non-GST goods and services only. The mechanism for flow of such funds to the importing state by way of a system based apportionment in a consistent manner may be decided as a part of the return process.



**(H) REFUND OF CARRY FORWARD INPUT TAX CREDIT.**

- i) As stated earlier, ITC is allowed to remove cascading and under modern VAT laws, tax is charged on value addition only and tax is not charged on tax. It is for this reason that the ultimate consumer is liable to bear the tax burden.
- ii) It is noted that the ITC may accumulate on account of the following reasons :
  - a) Inverted Duty Structure i.e. GST on output supplies is less than the GST on the input supplies;
  - b) Stock accumulation;
  - c) Capital goods; and
  - d) Partial Reverse charge mechanism for certain services.
- iii) As regards the accumulated ITC attributed to accumulation of stock or capital goods, it is recommended that GST Law may provide that refund of carried forward ITC may not be allowed and such amount would be carried forward to the next tax period (s). The GST Law may provide for appropriate provisions in this regard.
- iv) Under the proposed GST law, it is proposed to have fewer tax rates and fewer exemptions and therefore it is felt that chances of inverted duty structure would not be there or would be very minimal. But still there might be a possibility that ITC may accumulate on account of inverted duty structure.
- v) It is recommended that in such case, cash refund may be granted after due audit and should be sanctioned only after the input tax credit has been matched from the purchase and sales statements filed along with monthly returns. The refund would be granted on submission of application. It may be mentioned, however, that presently the Centre does not grant refund in such cases.
- vi) Two options i.e. blocking the utilization of input tax credit claimed as refund at the time of submission of application for refund itself or debiting the input tax credit account / cash ledger subject to the amount

available in either account at the time of issuance of sanction order of refund were discussed. It is recommended that the first option should be adopted. Suitable linkage between the refund application and blocking of the “carry forward input tax credit” in the return/cash ledger should be built in GSTN and refund backend processing system.

- vii) ITC may also accumulate on account of circumstances wherein liability to pay service tax is under Partial reverse Charge Mechanism. Presently the liability to pay service tax is either on the service provider or on service recipient or on both. The third category is popularly known as joint / partial reverse charge where both the service provider and the service recipient are liable to pay the service tax.
- viii) In case of partial reverse charge, service provider may be left with unutilized balance in the input credit account as he is not liable to discharge the tax liability in full. In such cases, refund may be granted if the GST law provides for a joint reverse charge mechanism.
- ix) The refund may be on account of CGST, SGST or IGST as the case may be.

**(I) REFUND ON ACCOUNT OF YEAR END OR VOLUME BASED INCENTIVES PROVIDED BY THE SUPPLIER THROUGH CREDIT NOTES:**

It is noted that suppliers are allowing year end or volume based discounts through credit notes. Such practice is being misused by the trade where the downstream dealers show negative value-additions. Some States have placed restrictions on such ITC. It is felt that the GST Law may provide for suitable provisions in this regard as provisions for such discounts is a trade practice and will have to be permitted in the GST regime. The following procedure is recommended.

- i) The refund would be granted on submission of a simple application along with a Chartered Accountant’s Certificate certifying the fact of non-passing of the GST burden by the taxpayer, being claimed as refund. The GST Law Drafting Committee may prescribe a threshold

amount below which self-certification (instead of CA Certificate) would be sufficient.

- ii) In such cases, the eligibility for ITC at the buyer's end and the output liability at the supplier's end will get simultaneously reduced / adjusted on the basis of credit notes issued by the supplier and the corresponding debit notes issued by the buyers.
- iii) This would also obviate the need for resorting to provisional assessment presently provided in Central Law and discussed in para (C) above.
- iv) The GST Law may contain suitable provision to this effect and the GSTN should have suitable validations to this effect. The validation should include matching of credit and debit notes and reversal of the reduction of the output tax liability in case of the mismatch.
- v) The refund may be on account of CGST, SGST or IGST as the case may be.

**(J) TAX REFUND FOR INTERNATIONAL TOURISTS.**

Tax Refund for International Tourist (TRT) scheme provides an opportunity to the foreign tourists to purchase goods during their stay in any country on payment of GST and obtain refund of the GST so paid, at the time of exit from the country. Nearly 52 countries have adopted such kind of refund mechanism. It was noted that such a scheme helps in attracting tourist and is in line with avowed objective of GST regime of zero rating of goods and Make in India initiative of Government of India. State governments are offering VAT refunds to foreign diplomats and officials of multilateral agencies. This scheme will be implemented through particular retailers who are registered for this scheme. Refund of GST will be available at designated airports and ports only and the refund of the GST paid on retail purchase by the foreign tourists during their stay in India is allowed. A part of the eligible amount of refund will

be deducted as handling fee for services rendered. GST law drafting Committee may provide for this provision as well delineate the details of the scheme.

### **REFUND FORMS.**

3.0 The form should be simple to fill, easy to understand and more importantly, in the context of the technological world, it should be in electronic format. The forms for Refund Claim, Refund order and Reduction / Adjustment summary are enclosed as Annexure –IV to VII to this document.

### **TIME PERIOD FOR FILING OF REFUND AND RELEVANT DATE.**

4.0. It is recommended that a period of one year from the relevant date may be allowed for filing of refund application. Relevant date for filing of each kind of refund needs to be defined separately. The following dates are recommended as relevant dates for different type of refund cases:

- i) Date of payment of GST when the refund arises on account of excess payment of GST due to mistake or inadvertence.
- ii) Date on which proper officer under the Custom Act gives an order for export known as “*LET EXPORT ORDER*” for the purpose of refund filed on account of export of goods under claim of rebate of GST paid on exported goods or refund of accumulated input credit of GST when goods are exported.
- iii) Date of BRC in case of refund on account of export of services under claim of rebate of GST paid on exported services or refund of accumulated input credit of GST when services are exported.

- iv) Date of the finalization order where refund arises on account of finalization of provisional assessment. (May not be required if the GST law does not provide for provisional assessment)
- v) Date of communication of the appellate authority's order where the refund arises in pursuance of an appellate authority's order in favor of the taxpayer.
- vi) Date of communication of adjudication order or order relating to completion of investigation when refund arises on account of payment of GST during investigation, etc. when no/less liability arose at the time of finalization of investigation proceedings or issuance of adjudication order.
- vii) Date of providing of service (normally the date of invoice) where refund arises on account of accumulated credit of GST in case of a liability to pay service tax in partial reverse charge cases.
- viii) Date of payment of GST for refund arising out of payment of GST on petroleum products, etc. to Embassies or UN bodies or to CSD canteens, etc. on the basis of applications filed by such persons.
- ix) Last day of the financial year in case of refund of accumulated ITC on account of inverted duty structure.

#### **SUPPORTING DOCUMENTS:**

5.0 Documents evidencing tax payments required to be enclosed with the refund application should be minimal but adequate so that both the taxpayer and tax authority find it easy to deal with the application. Normally following documents are required to establish the rightful claim of refund:

- i) Copy of TR-6 / GAR-7/ PLA / copy of return evidencing payment of duty. It is recommended that these forms may not be called for as in the

proposed GST scenario payment of duty will be in electronic mode and the same will be easily visible to the refund sanctioning authority on screen.

- ii) Copy of invoices (in original) (for the purpose of evidencing the supply of goods and the fact that duty is not reflected in the same). It is noted that the IGST Committee has recommended that the taxpayers would upload their invoice details on monthly basis. Once the same is done and the refund sanctioning authority is able to examine and view them on screen then submission of invoices can be dispensed with. It was noted that the field relating to “Quantity” is not captured in the invoice details proposed to be uploaded either before or alongwith the Return. It was further noted that this information would be required in case of refund in relation to exports. The applicant for refund in such cases would submit the copies of the invoices or a statement containing details of quantity along with the refund application. Documents evidencing export. In the proposed GST scenario it is recommended that the ICEGATE and GSTN would be inter linked, and therefore these documents can be verified on line and therefore can be dispensed with.
- iii) Documents evidencing that the tax burden has not been passed on to the buyer. Since GST is an Indirect tax, there will be a rebuttable presumption that the tax has been passed on to the ultimate consumer. Therefore there is a need for establishing that principle of “unjust enrichment” does not apply to the refund claim. It is recommended that a Chartered Accountant’s Certificate certifying the fact of non-passing of the GST burden by the taxpayer, being claimed as refund should be called for. The GST Law Drafting Committee may prescribe a threshold amount below which self-certification (instead of CA Certificate) would be sufficient.

- iv) Any other document as prescribed by the refund sanctioning authority. It is recommended that the state and central tax authorities together prescribe the documents that are required for demonstrating the legitimacy and correctness of refund claimed and checklists can be generated for refund sanctioning process.

**RECEIPT OF REFUND APPLICATION AND PROCEDURE FOR GENERATING PROOF OF RECEIPT OF APPLICATION FOR REFUND.**

6.0 It is recommended that the State Tax authorities shall deal with the SGST refund and Central Tax authorities shall deal with refund of CGST and IGST. The following procedure is proposed in this regard:

- i) Applicant may be given the option of filing refund application either through the GSTN portal or through the respective State / Central Tax portal. Filing through GSTN portal may be beneficial for those applicants whose refund relates to CGST / IGST as well as SGST or the refund arises in different State Tax jurisdictions. Instead of filing applications with different tax authorities, the same may be filed with the GSTN portal which will forward it to the respective tax authority.
- ii) On filing of the electronic application, a receipt/ acknowledgement number may be generated and communicated to the applicant via SMS and email for future reference. A provision may be made to display the application for refund in dealer's online dashboard when he logs into the system.
- iii) The “carry forward input tax credit” in the return and the cash ledger should get reduced automatically, if the application is filed at GSTN portal itself. In case the application is filed at the tax department portal, suitable integration of that portal with GSTN portal should be

established to reduce/block the amount before taking up the refund processing.

- iv) It should be clearly mentioned / highlighted that generation of this number does not in any way affirm the legality, correctness or completeness of the refund application.

#### **NUMBER OF COPIES OF APPLICATIONS TO BE FILED:**

7.0 As the filing of the electronic refund application is a preferred mode, filing of multiple copies of applications is not required.

#### **REQUIREMENT FOR TAXPAYER TO KEEP A COPY OF REFUND APPLICATION FOR THE PRESCRIBED PERIOD:**

8.0 Since the application for refund is expected to be filed electronically, the application form should have a print option along with the option for the applicant to download the same so that he can store the same for future reference and record. This would serve the purpose of record keeping for the applicant.

#### **PROCEDURE AND TIME WITHIN WHICH PRELIMINARY SCRUTINY OF SUBMISSION OF THE RELEVANT DOCUMENTS IS CARRIED OUT:**

9.0 After the receipt of the application in the jurisdictional officer's menu, the same should be examined for deficiency, if any. Since the recommendation is to reduce the number of documents that are to be filed along with the application and most of the documents related to refund application will be available online, it is recommended that the preliminary scrutiny may be carried out within 30 common working days and



deficiency, if any, should be communicated to the applicant directly from the respective tax portal. (In case refund relates to different jurisdictions or involves both central and state GST levy, then the said deficiency needs to be forwarded to GSTN also which will communicate the same to the corresponding tax authority relating to that refund).

9.1 It is recommended that tax authorities should make efforts to ensure that piecemeal queries are avoided. Applicant may file his reply through the respective tax authority portal / GSTN. Any further queries should be raised only with the approval of higher authorities so that unnecessary queries are avoided. Once the refund application is found to be complete in all respect, the same may be communicated to applicant via SMS and e mail and the date of communication shall be considered as the relevant date for the purpose of time limit prescribed for sanctioning of refund and initiation of interest clause.

#### **PROCEDURE FOR DEALING WITH REFUND THEREAFTER INCLUDING EXAMINATION OF PRINCIPLE OF “UNJUST ENRICHMENT” :**

10.0 Once the refund application is found to be complete and the fact of completeness has been intimated to the applicant, the jurisdictional tax authority should examine the same in the light of the provisions of the GST Law relating to refund. Important parameters include the timeliness of refund application, tax payment, date of export (if relating to export), reasons for refund etc.

10.1 It is recommended that for the sake of uniformity, the state and central laws should have similar provisions.

10.2 As GST is an indirect levy, there is always a rebuttable presumption that the tax has been passed on to the ultimate consumer by the applicant. So it is essential that every refund application should be examined in light of the principle of “unjust enrichment” and the appropriate provisions may be incorporated in the GST law. The burden of discharging the obligation under “unjust enrichment” should be on the applicant and documents manifesting the same should be submitted along with the application. As discussed above, a Chartered Accountant’s Certificate certifying the fact of non-passing of the GST burden by the taxpayer, being claimed as refund should be submitted. The GST Law Drafting Committee may prescribe a threshold amount below which self-certification (instead of CA Certificate) would be sufficient.

10.3 If the refund is not found to be legal or correct for any reason, then the jurisdictional authority should issue Show Cause Notice (SCN) to the applicant and thereafter the refund will be kept in abeyance in the system till the SCN is adjudicated. In case, the refund application is found to be in order but does not satisfy the test of unjust enrichment, the refund amount, after sanction, would be credited to the Consumer Welfare Fund. The GST Law Drafting Committee may examine whether such amount should be credited to Consumer Welfare Fund or to the consolidated fund of State / Union.

**MINIMUM AMOUNT BELOW WHICH REFUND SHALL NOT BE GRANTED:**

11. Filing of refund application and processing of the same involves investment of resources, in terms of time, money and manpower, by both

the applicant and tax administration. Therefore the amount should not be meager enough to create uneconomical burden on the applicant as well as tax administration. Looking at the rising inflation, it is recommended that an amount in the range of Rs. 500-1000/- may be fixed below which refund shall not be granted. This limit should be uniform for both CGST/IGST and SGST.

#### **SANCTIONING OF REFUND:**

12. To make the process of refund hassle free, it is important that even this last stage of refund processing should be simple and free from human intervention so that the applicant may have a pleasant experience while dealing with tax authorities. Therefore it becomes significant that once the tax authority decides about sanctioning of the refund, the same shall be granted to the applicant promptly. For this it would be essential that the details of the bank account are sought from the applicant at the time of filing of the refund application itself so that the amount of refund can be transferred to the applicant electronically through NEFT /RTGS/ECS.

#### **VERIFICATION AND CONTROL:**

13. Every refund that is sanctioned would need to go through a process of review by higher authorities in order to ensure the correctness of the decision of refund sanctioning authority. So once the refund is sanctioned, the same shall be transferred through the IT system to the menu of the higher authority along with the documents on the basis of which decision was taken by the refund sanctioning authority. Any documents that were sought besides those in the application should also be forwarded manually to the higher authority for taking a decision about review of the order. It is essential that there is simultaneous flow of the refund documents in paper

along with the electronic application to the audit section so that the process of post audit can be carried out concurrently.

13.1 It is recommended that looking at the higher level of compliance and self regulating mechanism in the form of system based ITC verification, uploading of sales and purchase invoices, reconciliation, compliance rating etc. post audit of refund application (and not of the accounts of the taxpayer) can be dispensed with if so decided by the respective Tax Jurisdiction for refunds upto Rs. One lakh for normal taxpayers and for refund upto Rs. 2 lakhs for certain prescribed categories of applicants (like public sector undertakings, applicants having the AEO Status, etc.) but the process of review of refund may be provided in the GST Law.

13.2 Besides this, for refund amounts exceeding a pre-determined amount a provision for pre-audit of refund application (and not of the accounts of the taxpayer) before the sanction of the refund may be provided for. Keeping in view the points mentioned above regarding increased compliance, self-regulation and system based verification, etc., it is recommended that the monetary limit for pre-audit of the refunds sanctioned may be kept at Rs. one crore or as may be decided by the respective Tax Jurisdiction. The procedure for pre-audit will be same as that for the post audit except that the application will have to move to and fro between the refund sanctioning authority and the audit authority before grant of refund. The GST Law may provide that the process of audit should be time bound with clearly defined timeline so that quality of audit does not suffer from insufficiency of time.

13.3 It is recommended that either the review procedure or system of pre-audit & post-audit may be kept in the GST Law. GST Law Drafting Committee may provide for the appropriate provision.

#### **INTEREST:**

14. It is recommended that the GST Law may provide for a prescribed time limit of 90 days from the date of the system generated acknowledgment of refund application within which refund has to be paid. It may also be provided in the GST law that, interest clause will start automatically once the prescribed time limit for sanctioning of refund has been breached.

14.1 The issue relating to dealing with the refund cases in which refund application has been filed but the same is found to be incomplete or deficient was discussed. It is recommended that the GST Law may clearly specify that the time limit for payment of interest will start from the date of the electronically generated acknowledgement of the refund application signifying that the application is complete in all respects. The GST Law may also provide for a time limit of 30 days from the date of receipt of refund application for raising queries/ deficiency memos by tax authorities regarding incompleteness of the refund documents. Piecemeal queries must be avoided. Once the applicant files a reply to the deficiency memo and the refund application is found complete as per the prescribed documents, the same should be acknowledged electronically by the refund sanctioning authority and the time limit for interest will start from the date of such electronic acknowledgement.

14.2 It is recommended that the rate of interest for delayed payment of refund and that in case of default in payment of GST should be different. The Committee recommends that the rate of interest in case of refund may be around 6% and that in case of default in payment of interest may be

around 18%. The GST Law may provide accordingly. The GST Law may also provide that the interest will accrue from the last date when refund should have been sanctioned even when the refund is ordered to be paid by the order of the appellate authority in the appeal filed by the applicant against order of rejection passed by the refund sanctioning authority. This would discourage refund sanctioning authority from rejecting refund claims on frivolous grounds.

**ADJUSTMENT:**

15 In some cases, the taxpayer may have outstanding demand under GST Act. The GST Law may provide for adjusting the refund claim against any amount of un-stayed confirmed demand lying beyond the appeal period. The refund order may clearly state the amount so adjusted and particulars of the adjusted demand may also be stated in the annexure to be attached with the order. Format of Application for refund and Refund order can be designed accordingly. Suggested format is enclosed as Annexure-IV to VI to this document.

**RECOVERY OF ERRONEUS REFUND:**

16 It is recommended that the GST law may provide for the provisions for recovery of erroneously granted refunds along with interest.

**(Satish Chandra)**  
Member Secretary  
Empowered Committee  
of State Finance Ministers

**(Rashmi Verma)**  
Additional Secretary  
Department of Revenue  
Government of India

## ANNEXURE-I

### CONSTITUTION ORDER OF JOINT COMMITTEE ON BUSINESS PROCESSES FOR GST

#### **EMPOWERED COMMITTEE OF STATE FINANCE MINISTERS**

**DELHI SECRETARIAT, IP ESTATE, NEW DELHI – 110002**

Tel. No. 2339 2431, Fax: 2339 2432 e-mail: [vatcouncil@yahoo.com](mailto:vatcouncil@yahoo.com)

No.15/45/EC/GST/2014/32

Date: 7<sup>th</sup> April, 2014

#### JOINT COMMITTEE ON BUSINESS PROCESSES FOR GST

During the last Empowered Committee meeting held on 10<sup>th</sup> March, 2014, it was decided that a Joint Committee under the co-convenership of the Additional Secretary (Revenue), Government of India and the Member Secretary, Empowered Committee should be constituted to look into the Report of the Sub-Group-I on Business Processes for GST and make suitable recommendations for Registration and Return to the Empowered Committee. It was also decided that the Joint Committee should also keep in view the Registration and Return requirements necessary for IGST Model. Accordingly, a Joint Committee, in consultation with the Government of India, is constituted with the following members:

##### Government of India

- (1) Smt. Rashmi Verma, Additional Secretary (Revenue) -- Co-convener
- (2) Shri P.K. Mohanty, Joint Secretary (TRU-I)
- (3) Shri M. Vinod Kumar, Joint Secretary (TRU-II)
- (4) Shri J.M. Kennedy, Director (TRU-II)
- (5) Director/Deputy Secretary holding the charge of State Taxes Section

##### States Government

- (1) Dr. J.B. Ekka, Commissioner of Taxes, Assam
- (2) Shri Prashant Goyal, Commissioner, Trade & Taxes, Delhi
- (3) Shri H.V. Patel, Commissioner, Commercial Tax, Gujarat
- (4) Shri Sudhir Rajpal, Commissioner, Excise & Taxation, Haryana

- (5) Shri Kifayat Hussain Rizvi, Commissioner, Commercial Tax, J&K
- (6) Shri Ajay Seth, Commissioner, Commercial Tax, Karnataka
- (7) Shri Shyam Jagannathan, Commissioner, Commercial Tax, Kerala
- (8) Shri Amit Rathore, Commissioner, Commercial Tax, Madhya Pradesh
- (9) Dr. Nitin Kareer, Commissioner, Sales Tax, Maharashtra
- (10) Shri Abhishek Bhagotia, Commissioner, Commercial Tax, Meghalaya
- (11) Shri Manoj Ahuja, Commissioner, Commercial Tax, Odisha
- (12) Shri Sanjay Malhotra, Commissioner, Commercial Tax, Rajasthan
- (13) Shri K. Rajaraman, Commissioner, Commercial Tax, Tamil Nadu
- (14) Shri M.K. Narayan, Commissioner, Commercial Tax, Uttar Pradesh
- (15) Shri Dilip Jawalkar, Commissioner, Commercial Tax, Uttarakhand
- (16) Shri Binod Kumar, Commissioner, Commercial Tax, West Bengal

**Empowered Committee of State Finance Ministers**

- (1) Shri Satish Chandra, Member Secretary      --      Co-convener

2. The Committee will submit its report to the Empowered Committee in two months time.

Sd/-  
(Satish Chandra)  
Member Secretary  
Empowered Committee of  
State Finance Ministers

Copy to: All the Members of the Joint Committee

Copy also to:

- (1) PS to Chairman, Empowered Committee of State Finance Ministers
- (2) Adviser to Chairman, Empowered Committee of State Finance Ministers
- (3) Sr.A.O./OSD/F.O./A.O., Empowered Committee of State Finance Ministers



## ANNEXURE-II

### CONSTITUTION OF SUB-COMMITTEE ON GST REFUND PROCESSES

#### **EMPOWERED COMMITTEE OF STATE FINANCE MINISTERS**

**DELHI SECRETARIAT, IP ESTATE, NEW DELHI – 110002**

Tel. No. 2339 2431, Fax: 2339 2432 e-mail: [vatcouncil@yahoo.com](mailto:vatcouncil@yahoo.com), [vatcouncil@gmail.com](mailto:vatcouncil@gmail.com)

No.15/45/EC/GST/2014/170

Date: 14<sup>th</sup> November, 2014

### CONSTITUTION OF SUB-COMMITTEE ON GST REFUND PROCESSES

During the last meeting of the Joint Committee on Business Process for GST held on 12<sup>th</sup> November, 2014, it was decided to form a Sub-Committee to look into the GST refund processes. Accordingly, a Sub-Committee consisting of the following is constituted:

#### Government of India

- (1) Shri Upender Gupta, Additional Commissioner, GST Cell -- Co-convener
- (2) Shri Manish Sinha, Director (CX)
- (3) Shri Rajiv Yadav, Director (ST)

#### State Governments

- (1) Shri Manoj Ahuja, Commissioner, Commercial Tax -- Co-convener  
Government of Odisha
- (2) Shri Amit Rathore, Commissioner, Commercial Tax,  
Government of Madhya Pradesh
- (3) Dr. Nitin Kareer, Commissioner, Sales Tax, Government  
of Maharashtra
- (4) Shri M. Girees Kumar, Commissioner, Commercial Tax,  
Government of Kerala

Goods and Services Tax Network

- (1) Shri Prakash Kumar, Chief Executive Officer

Special Invitee

- (1) Shri Ajay Seth
2. The Sub-Committee should submit its report in one month's time.

Sd/-  
(Satish Chandra)  
Member Secretary  
Empowered Committee of  
State Finance Ministers

Copy to: All the Members of the Committee

LIST OF PARTICIPANTS OF THE MEETING HELD ON 22<sup>ND</sup> AND  
23<sup>RD</sup> JULY, 2015

Government of India

1. Smt. Rashmi Verma, Additional Secretary (Revenue), Government of India
2. Shri Rajeev Yadav, Director (Service Tax), CBEC, Government of India
3. Shri B.B. Agrawal, Principal Commissioner, CBEC, Government of India
4. Shri Upendar Gupta, Commissioner, GST, CBEC, Government of India
5. Shri M.K. Sinha, Commissioner (LTU), Audit, CBEC, Government of India
6. Shri G.D. Lohani, Commissioner, CBEC, Government of India
7. Shri Ravneet Singh Khurana, Deputy Commissioner, CBEC, Government of India
8. Shri Sachin Jain, Additional Commissioner, CBEC, Government of India
9. Shri P.K. Manderna, Superintendent (GST Cell), Government of India

States

1. Shri Gautam Das Gupta, Deputy Commissioner of Taxes, Assam
2. Shri T. Ramesh Babu, Additional Commissioner, Commercial Tax, Andhra Pradesh
3. Shri Arun Kumar Mishra, Joint Secretary, Finance, Bihar
4. Shri Santosh Kumar Sinha, Additional Commissioner, Commercial Tax, Bihar
5. Shri Deepak Kanan, Additional Commissioner, Commercial Tax (GST), Bihar
6. Shri R.K. Trivedi, Additional Commissioner, Commercial Tax, Chhattisgarh
7. Shri Kishor Bhalla, Deputy Commissioner (VAT), Daman & Diu and Dadra & Nagar Haveli
8. Shri Vijay Kumar, Commissioner (VAT), Trade and Taxes, Delhi
9. Shri Jagmal Singh, Deputy Director, Trade and Taxes, Delhi
10. Shri Dipak M. Bandekar, Additional Commissioner, Commercial Tax, Goa
11. Dr. P.D. Vaghela, Commissioner, Commercial Tax, Gujarat
12. Ms. Aarti Kanwar, Special Commissioner, Commercial Tax, Gujarat

13. Shri Shyamal Misra, Commissioner, Excise & Taxation, Haryana
14. Shri Hanuman Singh, Additional Commissioner, Excise & Taxation, Haryana
15. Shri J.C. Chauhan, Commissioner, Excise & Taxation, Himachal Pradesh
16. Shri P.K. Bhat, Additional Commissioner, Commercial Tax, Jammu & Kashmir
17. Smt. Nidhi Khare, Secretary-cum-Commissioner, Commercial Tax, Jharkhand
18. Dr. M.P.Ravi Prasad, Joint Commissioner, Commercial Tax, Karnataka
19. Dr. Rajan Khobragade, Commissioner, Commercial Tax, Kerala
20. Shri M.I. Mansur, Assistant Commissioner, Commercial Tax, Kerala
21. Shri Sudip Gupta, Deputy Commissioner, Commercial Tax, Madhya Pradesh
22. Shri P. Velrasu, Special Commissioner, Sales Tax, Maharashtra
23. Shri B.V. Borhade, Joint Commissioner, Sales Tax, Maharashtra
24. Shri P.M. Kulkarni, Deputy Commissioner, Sales Tax, Maharashtra
25. Shri K. Sanglawma, Commissioner of Taxes, Mizoram
26. Shri H. Rangthanmawia, Superintendent of Taxes (GST Cell), Mizoram
27. Shri Niten Chandra, Commissioner, Commercial Tax, Odisha
28. Shri Sahadev Sahoo, Joint Commissioner, Commercial Tax, Odisha
29. Shri K. Sridhar, Deputy Commissioner, Commercial Tax, Puducherry
30. Dr. Karthik, Additional Secretary, Punjab
31. Shri Pawag Garg, Additional Commissioner, Excise & Taxation, Punjab
32. Shri Vaibhav Galriya, Commissioner, Commercial Tax, Rajasthan
33. Shri Manoj Rai, Joint Commissioner, Commercial Tax, Sikkim
34. Shri D. Soundraraja Pandian, Joint Commissioner (Taxation), Commercial Taxes, Tamil Nadu
35. Shri K. Chandrasekhar Reddy, Additional Commissioner, Commercial Tax, Telangana
36. Shri Vikas Singh, Commissioner of Taxes and Excise, Mizoram
37. Shri Vivek Kumar, Additional Commissioner, Commercial Tax, Uttar Pradesh
38. Shri Abhijit Gupta, Commercial Tax Officer (IT), Uttar Pradesh
39. Shri N.C. Sharma, Additional Commissioner, Commercial Tax, Uttarakhand
40. Smt. Ujjaini Datta, Joint Secretary, Finance, West Bengal

### Goods and Services Tax Network (GSTN)

1. Shri Navin Kumar, Chairman, Goods and Services Tax Network
2. Shri Prakash Kumar, Chief Executive Officer, Goods and Services Tax Network

### Empowered Committee of State Finance Ministers

1. Shri Satish Chandra, Member Secretary, Empowered Committee
2. Shri Bashir Ahmed, Adviser, Empowered Committee

## ANNEXURE-IV

Government of -----

Department of -----

### **Form GST –**

### **Refund Claim Form under ----- Goods & Services Tax Act, -----**

(To be used by Tax Payers only)

1. GSTIN																			
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2. Full Name of Taxpayer																				

3. Taxpayer's address	Building Name/ Number																			
	Area/ Road																			
	Locality/ Market																			
	Pin Code																			

4. Amount of refund claimed (Rs.)	IGST	CGST	SGST

5. Ground for claiming refund	
(provide reasons in detail, attach additional sheets, if required)	
[Attach /upload supporting documents)	

6. Tax Period for which refund claimed	<b>From</b>																				<b>To</b>																		
		dd	mm	yy			dd	mm	yy																														

7. Details of Bank Account																				
i) Bank Account No.																				
ii) Bank Account Type																				
iii) Operated in the name of																				
iv) Name & Address of Bank/Branch																				
v) MICR No. / IFSC																				

8. Verification

I/We \_\_\_\_\_ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

Signature of Authorised Signatory \_\_\_\_\_

Full Name (*first name, middle, surname*) \_\_\_\_\_

Designation / Status \_\_\_\_\_

Place																				
-------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Date						
	Day	Month	Year			

## ANNEXURE-V

Department of -----

Government of -----

**Form GST –**  
[ See Rule - - ]

Reference No.

Date -

### Refund order under ----- Goods & Services Tax Act, ----

1. GSTIN																				
----------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

2. Full Name of Tax Payer																				

3. Tax Payer's address	Building Name/ Number																			
	Area/ Road																			
	Locality/ Market																			
	Pin Code																			

4. Receipt No. & date of refund application	Receipt No. -	Receipt date -
---	---------------	----------------

5. Act	Tick <input checked="" type="checkbox"/> one	<input type="checkbox"/> IGST <input type="checkbox"/> CGST <input type="checkbox"/> SGST
6. Type of refund application	Tick <input checked="" type="checkbox"/> one	<input type="checkbox"/> Return type <input type="checkbox"/> Application

Note - Return type can be regular & composition (say, GST-20,21) etc.

7. Tax Period for which refund claimed	<b>From</b>									<b>To</b>								
		dd	mm	yy			dd	mm	yy									

8. Refund calculation	Amount (Rs.)																			
(i) Refund claimed																				
(ii) Refund reduced, if any																				
(iii) Refund allowed (i – ii)																				
(iv) Interest due in case of delayed payment of refund																				
(v) Amount of adjustment against outstanding demand																				



(vi) Net amount of refund payable	(iii + iv - v)																			
9. Details of Bank Account																				
i) Bank Account No.																				
ii) Bank Account Type																				
iii) Operated in the name of																				
iv) Name & Address of Bank/Branch																				
v) MICR No. / IFSC																				

(Signature)

Name

(Designation)

Ward/Circle/Unit/Other

(Place)

(Date)

Note - Please quote your GSTIN while communicating with the department ----- in this matter or in any other matter whatsoever.

**ANNEXURE-VI**

**Reduction / Adjustment Summary**

Sr No.	Description	Year & Tax Period	Amount (reduction / adjustment)	Order No.	Order date	Balance demand, if any remaining after adjustment
1	2	3	4	5	6	7
1.	Reduction of refund amount					
2.	Adjustment against outstanding demand					
	<b>Total</b>					

(Signature)

Name

(Designation)

Ward/Circle/Unit/Other

(Place)

(Date)

## ANNEXURE-VII

Department of -----

Government of -----

### **Form GST -** [See Rule -- ]

#### **Refund Claim Form under ---- Goods & Services Tax Act, -----**

[To be used only by Embassies, International and Public Organisations and their Officials]

1. Registration No.														
---------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--

2. Tax Period for which refund claimed	<b>From</b>							<b>To</b>						
		dd	mm	yy		dd	mm		yy					

3. Full Name of Embassy / Organisation /														

4. Address of Embassy / Organisation	Building Name/ Number													
	Area/ Road													
	Locality/ Market													
	Pin Code													
	Email Id													
	Telephone Number													
	Fax Number													

5. Entry Number of ---- Schedule under which the applicant is eligible to claim refund		
--	--	--

6. Amount of refund claimed (Rs.) (As per invoice detail provided below)	IGST				CGST				SGST				

7. Details of purchases of tax paid goods in respect of which refund of tax is sought

Sr. No.	Invoice date	Invoice No.	Supplier's GSTIN	Supplier's Name	Value / Price (excluding tax)	Tax (Rs.)		
						IGST	CGST	SGST
1	2	3	4	5	6	7	8	9
Total								

8. Details of Bank Account in which refund should be remitted	Bank Account Number																			
	Bank Account Type																			
	Operated in the name of																			
	MICR / IFSC																			
	Name of Bank																			
	Address of Branch																			

9. Verification

I/We \_\_\_\_\_ hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my/our knowledge and belief and nothing has been concealed therefrom.

Signature of Authorised Signatory \_\_\_\_\_

Full Name (*first name, middle, surname*) \_\_\_\_\_

Designation / Status \_\_\_\_\_

Place \_\_\_\_\_

Date

	Day		Month		Year