



The Institute of Chartered Accountants of India

GST & Indirect Taxes Committee

GOODS & SERVICES TAX UPDATE-176

Guidelines for Special All-India Drive against Fake Registrations

The Central and State Tax administrations have decided to launch a Special Drive on All-India basis to detect suspicious/ fake registrations and to conduct requisite verification for timely remedial action to prevent any further revenue loss to the Government. Accordingly, the following guidelines have been issued by the CBIC:

- 1. Period of special drive:** 16th May 2023 to 15th July 2023
- 2. Identification of fraudulent GSTINs:** Based on detailed data analytics and risk parameters, GSTN will identify such fraudulent GSTINs for State and Central Tax authorities and will share the details of such identified suspicious GSTINs, jurisdiction wise, with the concerned State/ Central Tax administration (through DGARM in case of Central Tax authorities) for initiating verification drive and conducting necessary action subsequently.

This may also be supplemented by the officers with analytical tools like BIFA (Business Intelligence & Fraud Analytics), ADVAIT (Advanced Analytics in Indirect Taxation), NIC Prime, E-Way analytics, etc, as well as through human intelligence, Aadhar database, other local learnings and the experience gained through the past detections and modus operandi alerts.

- 3. Information Sharing Mechanism:** A nodal officer shall be appointed immediately by each of the Zonal CGST Zone and State to ensure seamless flow of data and for coordination with GSTN/ DGARM and other Tax administrations. The Nodal officer of the State/ CGST Zone shall ensure that the data received from GSTN/ DGARM/ other tax administrations is made available to the concerned jurisdictional formation within two days positively.
- 4. Action to be taken by field formations:**
 - a) On receipt of data from GSTN/DGARM through the Nodal Officer, a time bound exercise of verification of the suspicious GSTINs shall be undertaken by the concerned jurisdictional tax officer(s). If, after detailed verification, it is found that the taxpayer is non-existent and fictitious, then the tax officer may immediately initiate action for **suspension and cancellation of the registration** of the said taxpayer in accordance with the provisions of section 29 of CGST Act, read with the rules thereof.
 - b) The matter may also be examined for blocking of input tax credit in Electronic Credit

Ledger as per the provisions of Rule 86A of CGST Rules without any delay.

- c) The details of the recipients to whom the input tax credit has been passed by such non-existing taxpayer may be identified through the details furnished in FORM GSTR-1 by the said taxpayer. Where the recipient GSTIN pertains to the jurisdiction of the said tax authority itself, suitable action may be initiated for demand and recovery of the input tax credit wrongly availed by such recipient on the basis of invoice issued by the said non-existing supplier, without underlying supply of goods or services or both. In cases, where the recipient GSTIN pertains to a different tax jurisdiction, the details of the case along with the relevant documents/ evidences, may be sent to the concerned tax authority, as early as possible.
- d) Action may also be taken to identify the masterminds/ beneficiaries behind such fake GSTIN for further action, wherever required, and also for recovery of Government dues and/ or provisional attachment of property/ bank accounts, etc. as per provisions of section 83 of CGST Act. Further, during the investigation/ verification, if any linked suspicious GSTIN is detected, similar action may be taken/ initiated in respect of the same.

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GST & Indirect Taxes Committee***

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