

TAX INFO

S. No. 039 Dated 15.06.2023

Latest update on GST Law: **Summary of Instruction No. 03/2023-GST dated 14th June, 2023.**

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The menace of fake registrations and issuance of bogus invoices for passing of fake ITC has become a serious problem, causing revenue loss to the government. Instruction No. 01/2023-GST dated 04.05.2023 was issued for coordinated action on a mission mode by Central and State tax authorities in the form of a **Special All-India Drive against fake registrations.**

The following **guidelines are issued** for strengthening the **process of verification of applications for registration** by tax officers:

1. The officer shall initiate the process of scrutiny and verification of the details filled by the applicant in the application for registration in FORM GST REG-01 and the documents uploaded by the applicant along with the said application. FORM GST REG-01 prescribes a list of documents to be uploaded by the applicant in respect of photograph, constitution of business, principal place of business, bank account, etc. The proper officer shall carefully scrutinize the said documents to ensure that the documents are legible, complete and relevant. Further, the details or information furnished by the applicant in the application should also be carefully examined by the proper officer to check completeness of the same, to correlate and cross-verify the same with the uploaded documents and to check the authenticity of the applicant.
2. The details of the address of principal and additional places of business and the corresponding documents uploaded with the application as proof of address may be closely scrutinised to verify completeness and correctness of address of such places of business.
3. The authenticity of the documents furnished as proof of address may be cross-verified from the publicly available sources, such as websites of the concerned authorities such as land registry, electricity distribution companies, municipalities, and local bodies, etc.
4. The Directorate General of Analytics and Risk Management (DGARM), in coordination with GSTN, is conducting risk rating of the applications for registration in form of High, Medium and Low risk rating for each application for registration (ARN), based on data analytics and risk parameters, and making the same available to the CGST field formations in the form of Report Series 400 on DDM portal on regular basis. Accordingly, the proper officer shall check the said risk rating made available by the DGARM in respect of the concerned ARN and take the same into consideration while verifying and processing the said application. Special attention needs to be paid to cases where “High” risk rating has been assigned to an ARN.
5. The proper officer may also check as to whether the registration(s) has been obtained on the same PAN earlier, either within the same State or other State(s). In such cases, the status of the said PAN as well as the compliance record of the said GSTINs may also be checked from the portal. The proper officer may also give due consideration and special attention to the cases involving inter alia the following circumstances:
 - i. where any registration obtained on the PAN of the applicant has been cancelled previously;
 - ii. where any registration obtained on the PAN of the applicant is suspended at the time of verification of a new application of registration;
 - iii. whether any application for registration on the PAN of the applicant has been rejected previously;
 - iv. whether the place of business of the applicant appears to be risky based on local risk parameters;

- v. whether proof of address of place(s) of business prima facie appear to be suspicious/ doubtful on the basis of scrutiny of the application and the documents.
6. Where the applicant has either failed to undergo authentication of Aadhaar number or has not opted for authentication of Aadhaar number, the proper officer shall immediately initiate the process for physical verification of the place of business in accordance with provisions of rule 9 of CGST Rules read with rule 25 thereof. In this regard, the concerned officer must also ensure that the physical verification report along with the other documents, including photographs, is uploaded on the system in FORM GST REG-30.
7. Even in cases where the applicant has undergone authentication of Aadhaar number, if the proper officer, based on the scrutiny of the application for registration and the uploaded documents, is of the opinion that physical verification of the place of business is essential to check the authenticity of the applicant, the proper officer may get such physical verification conducted in a time bound manner. The concerned zones may devise a suitable mechanism at the local level so as to ensure that physical verification is conducted in a timely manner in respect of such essential cases.
8. No application for grant of registration is approved on deemed basis for want of timely action on the part of tax officers. Strict view may be taken where any gross negligence is observed on part of the concerned officer. Wherever it is noticed that the application for registration has been granted deemed approval, the reasons for the same may be got examined by the Principal Chief Commissioner/ Chief Commissioner for taking subsequent remedial action, if any, in a time bound manner.
9. Where ever the registration is granted on deemed approval basis or where registration is granted by the proper officer in cases covered under the parameters referred in Point No.5 as well in cases where “High” risk rating has been assigned to an application for registration (ARN) in DGARM Report Series 400, and where physical verification of the place of business was not conducted before grant of such registration, the CPC officer shall communicate the details of such cases to the concerned jurisdictional Commissionerate immediately after registration and physical verification of the place of business shall be got conducted by the concerned Commissionerate within 15 days of such registration, in the manner prescribed in rule 25 of CGST Rules, 2017.
10. Wherever the registered person is found to be non-existent or fictitious, subsequent remedial action(s) may be taken without any delay. The Principal Chief Commissioner/ Chief Commissioner of the CGST Zones may closely supervise the status of processing of the applications of registration, including physical verifications, within their zones.

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