

14	Differential tax paid on account of declaration in 10 & 11 above		
Sr.No.	Description	Payable (₹)	Paid (₹)
	1	2	3
A	Integrated Tax	0.00	0.00
B	Central Tax	0.00	0.00
C	State/UT Tax	0.00	0.00
D	Cess	0.00	0.00
E	Interest	0.00	0.00

Pt. VI	Other Information							
15	Particulars of Demands and Refunds							
Sr.No.	Details	Central Tax (₹)	State Tax / UT Tax (₹)	Integrated Tax (₹)	Cess (₹)	Interest (₹)	Penalty (₹)	Late Fee / Others (₹)
	1	2	3	4	5	6	7	8
A	Total Refund claimed	0.00	0.00	0.00	0.00			
B	Total Refund sanctioned	0.00	0.00	0.00	0.00			
C	Total Refund Rejected	0.00	0.00	0.00	0.00			
D	Total Refund Pending	0.00	0.00	0.00	0.00			
E	Total demand of taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
F	Total taxes paid in respect of E above	0.00	0.00	0.00	0.00	0.00	0.00	0.00
G	Total demands pending out of E above	0.00	0.00	0.00	0.00	0.00	0.00	0.00

16	Information on supplies received from composition taxpayers, deemed supply under section 143 and goods sent on approval basis					
Sr.No.	Details	Taxable Value (₹)	Central Tax (₹)	State Tax / UT Tax (₹)	Integrated Tax (₹)	Cess (₹)

	1	2	3	4	5	6
A	Supplies received from Composition taxpayers	0.00				
B	Deemed supply under section 143	0.00	0.00	0.00	0.00	0.00
C	Goods sent on approval basis but not returned	0.00	0.00	0.00	0.00	0.00

17. HSN Wise Summary of outward supplies.

18. HSN Wise Summary of inward supplies.

To view the details uploaded for Table 17 & 18, download GSTR 9 in Excel/Json format.

19	Late fee payable and paid		
Sr.No.	Description	Payable(₹)	Paid(₹)
	1	2	3
A	Central tax	0.00	0.00
B	State Tax	0.00	0.00

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 there from and in case of any reduction in output tax liability the benefit thereof has been/will be passed on to the recipient of supply.

Date: 09-11-2019

Name of Authorized Signatory

SOHAM MODI

Designation / Status

Designated Partner

Form GSTR-3B

[See Rule 61]

System Generated Summary

(For Reference only)

Financial Year 2017-18

1. GSTIN	36ADBFS3288A2Z7
2(a). Legal Name of the Registered Person	SILVER OAK VILLAS LLP
2(b). Trade name, if any	SILVER OAK VILLAS LLP

3.1 Details of Outward supplies and inward supplies liable to reverse charge

Nature of Supplies	Total Taxable value(₹)	Integrated Tax(₹)	Central Tax(₹)	State/UT Tax(₹)	Cess(₹)
(a) Outward Taxable Supplies (Other Than Zero Rated, Nil Rated and Exempted)	81,44,750.00	0.00	4,88,685.00	4,88,685.00	0.00
(b) Outward Taxable Supplies (Zero Rated)	0.00	0.00	0.00	0.00	0.00
(c) Other Outward Supplies (Nil Rated, Exempted)	0.00	0.00	0.00	0.00	0.00
(d) Inward Supplies (Liable to Reverse Charge)	6,34,720.00	0.00	38,501.00	38,501.00	0.00
(e) Non-GST Outward Supplies	0.00	0.00	0.00	0.00	0.00

3.2 Out of Supplies made in 3.1 (a) above, Details of Inter-State Supplies made to Unregistered Persons, Composition Taxable Persons and UIN Holders

Nature of Supplies	Total Taxable value(₹)	Integrated Tax(₹)
Supplies Made to Unregistered Persons	0.00	0.00
Supplies Made to Composition Taxable Persons	0.00	0.00
Supplies Made to UIN holders	0.00	0.00

4. Eligible ITC

Details	Integrated Tax(₹)	Central Tax(₹)	State/UT Tax(₹)	Cess(₹)
(A) ITC Available(Whether in Full or Part)	27,869.00	20,43,062.00	20,43,062.00	0.00
(1) Import of goods	0.00	0.00	0.00	0.00
(2) Import of services	0.00	0.00	0.00	0.00
(3) Inward supplies liable to reverse charge (other than 1 & 2 above)	0.00	10,35,949.00	10,35,949.00	0.00
(4) Inward supplies from ISD	0.00	0.00	0.00	0.00
(5) All other ITC	27,869.00	10,07,113.00	10,07,113.00	0.00
(B) ITC Reversed	0.00	0.00	0.00	0.00
(1) As per rules 42 & 43 of CGST Rules	0.00	0.00	0.00	0.00
(2) Others	0.00	0.00	0.00	0.00
(C) Net ITC Available (A-B)	27,869.00	20,43,062.00	20,43,062.00	0.00
(D) Ineligible ITC	0.00	0.00	0.00	0.00
(1) As per section 17(5)	0.00	0.00	0.00	0.00
(2) Others	0.00	0.00	0.00	0.00

5 Values of Exempt, Nil-Rated and Non-GST Inward Supplies

Nature of Supplies	Inter-State Supplies(₹)	Intra-State Supplies(₹)
From a Supplier under Composition Scheme, Exempt and Nil Rated Supply	6,46,168.50	0.00
Non GST Supply	7,45,397.00	0.00

5.1 Interest and Late fee

Details	Integrated Tax(₹)	Central Tax(₹)	State/UT Tax(₹)	Cess(₹)
Interest	0.00	0.00	0.00	0.00
Late fee	0.00	890.00	890.00	0.00

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6.1 Payment of Tax

Description	Total Tax Payable(₹)	Tax Paid Through ITC(₹)				Tax/Cess Paid in Cash(₹)	Interest Paid in Cash(₹)	Late Fee Paid in Cash(₹)
		Integrated Tax	Central Tax	State/UT Tax	Cess			
(A) Other than Reverse Charge								
Integrated Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Central Tax	4,88,685.00	0.00	4,88,685.00	0.00	0.00	0.00	0.00	890.00
State/UT Tax	4,88,685.00	0.00	0.00	4,88,685.00	0.00	0.00	0.00	890.00
Cess	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(B) Reverse Charge								
Integrated Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Central Tax	38,501.00	0.00	0.00	0.00	0.00	38,501.00	0.00	0.00
State/UT Tax	38,501.00	0.00	0.00	0.00	0.00	38,501.00	0.00	0.00
Cess	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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Minutes of the 9th GST Council Meeting held on 16 January 2017

The ninth meeting of the GST Council (hereinafter referred to as 'the Council') was held on 16 January 2017 in Vigyan Bhavan, New Delhi under the Chairpersonship of the Hon'ble Union Finance Minister, Shri Arun Jaitley. The list of the Hon'ble Members of the Council who attended the meeting is at Annexure 1. The list of officers of the Centre, the States, the GST Council and the Goods and Services Tax Network (GSTN) who attended the meeting is at Annexure 2. The officials from the Ministries of Power and Renewable Energy of the Government of India and the trade representatives who made presentations before the Council is at Annexure 3.

2. The following agenda items were listed for discussion in the ninth meeting of the Council –

1. Brief presentation by representatives of Power Sector
2. Confirmation of the Minutes of the 8th GST Council Meeting held on 3-4 January 2017
3. Provision of Cross-Empowerment to ensure Single Interface under GST
4. Discussion on issues of considering sale within twelve nautical miles as inter-state or intra-state sale
5. Date of the next meeting of the GST Council
6. Any other agenda item with the permission of the Chairperson

3. In his opening remarks, the Hon'ble Chairperson welcomed all the Members. He recalled that during the last meeting of the Council, the Hon'ble Minister from Bihar had suggested that Council should also hear the representatives of the Power Sector as electricity was very important to the common people. He stated that, accordingly, the representatives from the Power Sector had been invited to make a presentation before the Council.

Discussion on Agenda Items**Agenda Item 1: Brief presentations by representatives of Power Sector –**

4. The Hon'ble Chairperson invited the representatives of the Power Sector to make a brief presentation on the impact of GST on Power Sector.

4.1 Shri Pradeep Kumar Pujari, Secretary, Ministry of Power, in his introductory remarks, stated that implementation of GST would have an impact on the cost of generation, transmission and distribution of power. He observed that impact on thermal and hydel power plants would be different because coal was a major input for thermal power plants. He stated that any change in the tariff of power would have a big impact on the economy.

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5.1. The Hon'ble Minister from Kerala stated that his version recorded in the second sentence of paragraph 19.2 of the Minutes, should be changed and the phrase 'to raise the taxable threshold' should be replaced by the phrase 'to encourage voluntary registration'. The Council agreed to replace the version of the Hon'ble Minister as per the suggestion made.

5.2. The Hon'ble Minister from Karnataka stated that the decision recorded in paragraph 24(ii) in relation to Section 10(2) of the Draft GST Compensation Law implied that the Council would sit and decide the mode of raising additional resources only when amount in the GST Compensation Fund fell short. He observed that this would not be a practical approach and suggested that, instead, the Council could give a standing authorisation to the Government of India to raise additional resources when the amount in the GST Compensation Fund fell short. The Secretary to the Council (hereinafter referred to as 'the Secretary') suggested to also add the expression 'is likely to fall short' in the fourth line. The Council agreed to the suggestion of the Secretary.

6. In view of the above discussions, for Agenda item 2, the Council decided to adopt the Minutes of the 8th meeting of the Council with the changes as recorded below.

6.1 To amend the version of the Hon'ble Minister from Kerala recorded in the second sentence of paragraph 19.2 of the Minutes, by replacing the phrase 'to raise the taxable threshold' by the phrase 'to encourage voluntary registration.'

6.2 To replace the expression 'fell short' with the expression 'is likely to fall short or fell short' in the fourth line of paragraph 24(ii) of the Minutes pertaining to Section 10(2) of the Draft GST Compensation Law.

Agenda Item 3: Provision of Cross-Empowerment to ensure Single Interface under GST:

7. The Hon'ble Minister from West Bengal stated that he had written a letter dated 13 January 2017, to the Hon'ble Chairperson pointing out that many issues, which were discussed in the previous meetings of the Council, still remained and that some of these issues had direct bearing on the issue of dual control and cross-empowerment. He proposed that these issues should be discussed first such as the 13 changes to the Model GST Law proposed by the Law Committee and circulated as an agenda note under agenda item 7 for the 8th GST Council meeting held on 3 and 4 January 2017, the provisions of Appellate Tribunal and the fitment of various commodities into the tax slabs. He suggested that the subject of cross-empowerment might be taken up after discussing and deciding the above issues. The Hon'ble Chairperson stated that the issues relating to the Model GST Law could be taken up later and that in this meeting, the Council should try to resolve the thorny issue of cross-empowerment. He invited the Chairman, Central Board of Excise and Customs (CBEC) to give his views on this subject. He further stated that along with the Members, officers could also contribute in the discussion to follow.

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8. The Chairman, CBEC observed that cross-empowerment in the context of Central Goods and Services Tax (CGST) and State Goods and Services Tax (SGST) was envisaged to facilitate trade and to ensure maximum utilisation of resources and skills of the tax administration of the Centre and the States. He observed that the States also wanted cross-empowerment under Integrated Goods and Services Tax (IGST) Act. He stated that there was already an agreement that for enforcement action, both the Central and the State administrations shall have jurisdiction over the entire taxpayer base. He further stated that there could also be cross-empowerment for granting tax refund subject to agreement by the accounting authorities. He stated that neither the Central nor the State tax administration should be completely ousted from any part of the value chain in order to ensure proper checks and balances. He further added that both the administrations should be empowered across the value chain and that there should be no division of taxpayers on the basis of turnover threshold of Rs. 1.5 crore. He stated that most activities relating to taxpayers with turnover below Rs. 1.5 crore could be entrusted to the States and that the Centre could only have a small presence in this taxpayer segment. He stated that for taxpayers with turnover above Rs. 1.5 crore, Centre could carry out a greater percentage of scrutiny. He suggested that the taxpayers could be given a choice to go to either of the two administrations and that a taxpayer could choose to go to the State administration for activities relating to registration, post registration, etc. On IGST, he emphasised that there was a Constitutional challenge to entrust its administration to the State tax authorities, but in order to help build a consensus, he presented two options by which the Central government could cross-empower the State tax authorities under the IGST Act. He stated that the first option could be to empower State tax administrations for all processes like scrutiny, demand, audit, etc. but they should refer the case to the Central tax administration wherever a need for adjudication arose so that the levy and collection of IGST remained with the Centre as envisaged under Article 269A of the Constitution. He further stated that the second option could be that the States could also carry out adjudication for demands arising under the IGST Act subject to a carve out that disputes relating to place of supply issues shall only be handled by the Central tax administration. The Hon'ble Chairperson invited comments from the Members on the proposal of the Chairman CBEC.

9. The Hon'ble Minister from Kerala stated that the proposal changed the entire complexion of the issue and he requested that a written proposal be presented. The Hon'ble Minister from Tamil Nadu also requested for a written proposal. He stated that the Central tax administration could conduct audit of 20% of the taxpayers below the turnover of Rs. 1.5 crore, and 50% of taxpayers above the turnover of Rs. 1.5 crore. As regards suggestion for carve out for exclusive jurisdiction of the Centre for adjudication on place of supply issues, he suggested that this should apply only where there was a dispute between two States. The Chairman CBEC suggested that carve out for the Central tax administration should be for all place of supply issues including where a third State was aggrieved or where there was a valuation challenge for an inter-State supply.

10. The Hon'ble Chief Minister of Puducherry stated that earlier, several permutations and combinations had been discussed on this issue including a proposal of vertical division. He added that an entirely new concept had been introduced by the Chairman, CBEC and

requested that it should be tabled in writing. The Hon'ble Minister from Karnataka observed that the proposal appeared rational and worthy of consideration but requested more details in terms of numbers. He also added that the Chairman, CBEC had introduced a few caveats which needed to be deliberated upon in greater detail.

11. The Secretary amplified the proposal made by the Chairman, CBEC. He stated that the proposed division was not of the taxpayer base but only for the purpose of audit. He observed that 5% of the total taxpayer base could be taken up for audit and a ratio of interventions for the Central and State tax administration within the overall 5% cap would need to be decided. He stated that out of the number of taxpayers that fell in the Central Government's responsibility, they would take a smaller number of taxpayers below the turnover of Rs. 1.5 crore for audit. He stated that the State Government would be at liberty to decide the ratio of taxpayers to be taken for audit in the segments below and above Rs. 1.5 crore turnover. He suggested that for taxpayers below the turnover of Rs. 1.5 crore, Centre could undertake not to audit more than 10% of the taxpayers and for the segment above the turnover of Rs. 1.5 crore, the officers of the State and the Central tax administration could sit together and decide the percentage of audit to be done by each. He stated, as an example, that more complicated service tax assessee could be taken up for audit by the Central tax administration. He stated that other than audit, servicing of taxpayers in other areas like change in registration particulars, etc. could be done by the State tax administration if the taxpayer was comfortable with them and this could also include taxpayers from the services sector. He stated that on cross-empowerment under the IGST Act, out of the two options proposed by the Chairman, CBEC, the better option would be that the States could do adjudication relating to issues arising out of inter-State supply except for place of supply issues as such disputes would affect the interest of two States.

12. The Hon'ble Deputy Chief Minister of Gujarat suggested to first arrive at the ratio for division and the rest could follow. He stated that as the theme of GST was 'one tax-one nation', the theme of GST administration should be 'one businessman-one registration-one tax administration'. He also requested to give examples regarding problems relating to place of supply which only the Central tax administration should adjudicate. The Hon'ble Minister from West Bengal stated that earlier, five options were on the table and that during the Empowered Committee meetings, there was unanimity on Option II. He observed that now a new, sixth option was proposed which was not very clear and required greater specificity. He suggested that the proposal be put in writing. He also stated that the amount of revenue and the total number of taxpayers would need to be looked into. The Hon'ble Minister from Tamil Nadu stated that the sixth option was also discussed earlier but its one component, namely, that 5% auditable sample should be divided equally between the Central and the State tax administration was rejected outright as the percentage of intervention above Rs. 1.5 crore would have exceeded 5%. Instead, he suggested that the auditable sample should be 5% each for taxpayers below and above Rs. 1.5 crore turnover. He also agreed that neither the Central Government nor the State Government should be ousted from any jurisdiction. He stated that 42 lakh taxpayers with turnover above Rs. 1.5 crore should be divided in the proportion of the staff strength of each administration. He also supported the proposal of the Chairman, CBEC that the other functions in relation to

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taxpayers below the turnover of Rs. 1.5 crore should be handled by the State tax administration. The Hon'ble Minister from Assam welcomed the proposal of the Chairman, CBEC to empower the State tax authorities under the IGST Act. The Hon'ble Minister from Telangana also observed that the suggestion of the Chairman, CBEC was a good one and it could be a basis to resolve this issue. Ms. Mona Khandhar, Secretary (Economic Affairs), Gujarat suggested to divide the taxpayers vertically.

13. During the lunch break, the Secretary discussed the issue of cross-empowerment with the officials of the State and the Central tax administration. He explained that the proposal of the CBEC was not to divide the taxpayers vertically but to only assign them for audit purpose within an overall cap of 5%. The Principal Secretary (Finance), Odisha stated that it was important to fix responsibility for individual taxpayer to one of the two tax administrations. He stated that several processes would arise in GST like cancellation of registration for truant dealers and that one tax administration should have the responsibility to take all necessary legal steps in this regard. The CCT, Andhra Pradesh also supported a vertical division and stated that one tax administration would need to be responsible for issuing show cause notice etc. for one taxpayer. He expressed an apprehension that if dealers were not assigned to one administration, each would blame the other for lack of action. The Additional Chief Secretary (Taxes), Kerala stated that if freedom was left to the taxpayer to choose one of the two administrations, he might choose the one who would favour him. The CCT, Assam also expressed the apprehension that a taxpayer might not choose any tax administration or choose one who could collude with him. The ACS and CCT, Tamil Nadu stated that a large number of functions needed to be carried out in the field and the taxpayers needed handholding by the tax administration. The CCT, Uttar Pradesh supported dividing the taxpayer base. The CCT, Gujarat observed that for a successful implementation of GST, responsibilities to tax administrations should be assigned clearly and, if this was not done, there would be lack of accountability. He supported a vertical division. The CCT, Bihar supported the suggestion of Chairman, GSTN that a tax payer should report to the same authority to whom he was reporting presently and a tax payer who had an overlap between two tax administrations, could be given a choice to be assigned to one of the two tax administrations. CCT, Telangana supported a vertical division in a pre-defined ratio so that all tax-payers had one interface. He suggested that division should be done randomly by the computer.

14. After the lunch break, as per the demand made by some Members, the CBEC circulated a document outlining the broad principles for cross-empowerment of the State tax authorities under the IGST Act. In the paper, it was stated that CBEC was of the view that adjudication of the IGST could not be cross-empowered due to Constitutional impediments. It was further stated that if the Ministry of Law was able to find some legally viable method of delegation of adjudication in terms of Council's decision, then States might be empowered for the specified functions. The paper further stated that States might audit, scrutinise return /assessment and carry out enforcement functions. It added that the State's tax administration could issue demand, adjudicate or file appeals in respect of inter-State supplies of goods and services except in the following situation: (i) where issue related to changing the declared nature of supply from intra-State to inter-State or vice versa or led to

change in the destination of supply from one State to another; (ii) consumption of supply was required to be apportioned between various States; (iii) valuation of inter-State supplies between related parties; (iv) the consuming State advise that the case be adjudicated by the Centre; (v) all import and export related functions.

15. The Secretary summed up the deliberations during the lunch break meeting with the officers and informed the Council that the overwhelming view of the States was to have a division of tax-payers for administrative purposes between the Central and the State tax administrations. He further informed that two options emerged in this regard: the first was that the present Value Added Tax (VAT) dealers could report to the State tax administration and the service tax registrants could report to the Central tax administration and that the tax payers who were registered with both the administrations, could be given a choice as to which administration to report to. He said that the second option was to divide the tax payer base across the entire value chain through a stratified random sampling by computer and also taking into account the geographical location of the tax payers. He observed that this would give certainty to the tax payer as to which tax administration he had to deal with. He added that independent of this arrangement, there should be a separate division regarding the units to be audited and that the units so divided could continue with one tax administration for three years or one year. He also referred to the paper circulated by the CBEC on crossing-empowerment under the IGST Act.

16. The Hon'ble Minister from West Bengal observed that the oral proposal of the Chairman, CBEC had only one caveat but the written paper circulated by the CBEC had five caveats. He expressed that the notion of taking geographically stratified sample was problematic. He further pointed out that CBEC's proposal appeared to be more in the nature of loud thinking as it was contingent upon the Ministry of Law being able to find a viable legal solution. The Hon'ble Chairperson stated that CBEC had taken a strict legal view that IGST could only be levied and collected by the Central tax administration and apportioned to the States. He pointed out that there was another view that under Article 258 of the Constitution, the Hon'ble President of India, with the consent of the Hon'ble Governor of the State, could entrust the function of the Central administration to the State administration. The Hon'ble Minister from Karnataka stated that another alternative was to delegate the entire task of administration to the States as was done under the Central Sales Tax(CST) Act under Article 269 of the Constitution. Dr. C. Chandramouli, ACS and CCT, Tamil Nadu pointed out that the Preamble of the CST Act provided for levy, collection and distribution of taxes for inter-State trade and commerce. He added that Section 9(2) of the CST Act permitted State tax administration to assess, re-assess and collect tax on behalf of the Government of India and emphasised that this delegation was given under the CST Act itself. The Hon'ble Chairperson observed that once the principles for cross-empowerment under the IGST Act were settled, the modalities under the Law could be worked out separately.

17. The Hon'ble Minister from Karnataka stated that CBEC's written proposal on cross-empowerment was more complex than what the Chairman, CBEC had offered in his oral intervention and that he was more comfortable with the latter. He observed that one caveat

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had turned into five caveats and he had reservations in this regard. The Hon'ble Minister from Tamil Nadu observed that CBEC's written note was at variance with the statement of the Chairman, CBEC. He stated that in his view, IGST could not work without cross-empowerment to the State tax authorities and that it was not a correct way of discussion to state that the legal department would need to find a solution for cross-empowerment. He suggested that in order to avoid dual interface for tax payers, there should be a cut off of Rs. 1.5 crore turnover and audit of a certain percent of tax payer falling below this threshold could be done by the Central tax administration but otherwise, the control of the taxpayers in this segment should rest with the States. He added that taxpayers above the turnover of Rs. 1.5 crore should be divided equally between the Central and the State tax administrations. He stated that the overall percentage of sharing should be 75% for the States and 25% for the Centre and that small taxpayers should remain with the State administration except for a small number to be audited by the Central tax administration. He also suggested to have a higher percentage of audit, say 20%, for taxpayers with turnover of more than Rs. 1.5 crore. He added that all three taxes, i.e. SGST, CGST and IGST should be treated in the same way. The Hon'ble Chairperson invited response of the Members to the suggestions made by the Hon'ble Minister from Tamil Nadu. The Hon'ble Deputy Chief Minister of Gujarat suggested that there should be no artificial division of tax payers based on Rs. 1.5 crore turnover. He added that most of the taxes came from tax payers above the turnover of Rs. 1.5 crore. He did not support the idea that division of tax payers below Rs. 1.5 crore should be only for audit and that for other business processes, tax payers should be given the choice to approach one of the two tax administrations. The Hon'ble Minister from Kerala stated that tax payers with turn over below Rs. 1.5 crore should be exclusively with the State tax administration and those above the turnover of Rs. 1.5 crore should be divided equally between the two administrations. He further stated that there should be cross-empowerment under the IGST Act. Shri Alok Shukla, Joint Secretary TRU, CBEC stated that like States had concern regarding ensuring correctness of assessment of IGST and wanted powers under the IGST Act, the Central administration must also have a say on the collection of CGST for tax payers with turn over below Rs. 1.5 crore. He added that the Centre's jurisdiction for enforcement, audit and scrutiny of returns should not be completely ousted in respect of taxpayers below Rs. 1.5 crore turnover segment but the other functions could be carried out by the States. He also suggested that for tax payers below Rs. 1.5 crore turnover, Centre's intervention could be limited to 1% within the overall cap of 5%. The Hon'ble Minister from Tamil Nadu observed that this construct was not workable as one was talking of two universe of tax payers - one with turnover below Rs. 1.5 crore and the other with turnover above Rs. 1.5 crore.

18. The Hon'ble Chairperson enquired whether the model suggested by the Hon'ble Minister from Tamil Nadu was acceptable. The Hon'ble Minister from Tamil Nadu clarified that his proposal was not the same as the Option IV on the table. He suggested that Centre should have powers to audit a certain percentage of units having turnover below Rs. 1.5 crore and that the powers of enforcement and return scrutiny should lie with both the administrations. The Hon'ble Deputy Chief Minister of Gujarat stated that the entire universe of taxpayers should be divided in the ratio of two-third for the States and one-third for the Centre. He also stated that there should be no ceiling of Rs. 1.5 crore turn over for

administrative division. The Hon'ble Minister from Assam supported this proposal. He observed that there could be a potential dispute as to when a taxpayer crossed the turnover threshold of Rs. 1.5 crore or conversely went below this threshold. The Hon'ble Minister from Maharashtra also supported a vertical division in the ratio of two-third for the States and one-third for the Centre and suggested that computer could do this division. The Hon'ble Minister from Kerala stated that all taxpayers below the turnover of Rs. 1.5 crore should be exclusively under the control of the State tax administrations. Shri Manish Kumar Sinha, Commissioner GST Council suggested that whatever model was adopted, the risk prone taxpayers for audit should be drawn from the entire taxpayer base.

19. The Hon'ble Chairperson, summing up the discussion laid out a few broad guidelines for a possible decision on the subject. He stated that out of the entire universe of the taxpayer base, draw a line of division for taxpayers below and above the turnover of Rs. 1.5 crore. For taxpayers below the turnover of Rs. 1.5 crore, States could do the entire administration. He added that scrutiny and audit could be done as per the agreed percentage drawn from the net taxpayer base below the turnover of Rs. 1.5 crore. He observed that the same principle could be applied in respect of scrutiny and audit of taxpayers with turnover above Rs. 1.5 crore. He also added that the enforcement functions shall remain common for both the tax administrations. The Hon'ble Minister from Tamil Nadu suggested that taxpayers paying IGST should also be included in this taxpayer base.

20. The Hon'ble Minister from West Bengal observed that in the goods segment, as per their calculation, the Centre was overall gaining approximately 23.54 lakh taxpayers and that the States were gaining approximately 17.07 lakh taxpayers in the services segment. He therefore strongly argued that all taxpayers below Rs. 1.5 crore should be with the State tax administration and that the Central administration should not take up audit of 10% of the taxpayers in this segment. The Hon'ble Minister from Kerala stated that the State tax administration was closer to small dealers in the administrative reach and he agreed that the Centre could have a small space for auditing taxpayers falling below the turnover limit of Rs. 1.5 crore and that this sample could be drawn from the entire taxpayer base below Rs. 1.5 crore turnover. The Hon'ble Minister from Maharashtra reiterated his preference for a vertical division with two-third share going to the States from the entire value chain and suggested that a variation of this principle might be allowed for those States who wanted to have exclusive control of taxpayers below Rs. 1.5 crore turnover. He added that the two-third share of such States could be calculated after adjusting the total number of taxpayers below Rs. 1.5 crore turnover in their share. He observed that his proposal would help in expanding the tax base of the States and would obviate the need to expand their tax collection overhead. The Hon'ble Deputy Chief Minister of Gujarat supported this proposal. The Hon'ble Chairperson observed that the pattern of division should be uniform across the country.

21. The Hon'ble Chief Minister of Puducherry stated that he supported the proposal made earlier by the Hon'ble Minister from Tamil Nadu. The Hon'ble Minister from West Bengal stated that his position was only slightly at variance with that of the Hon'ble Minister of Tamil Nadu. He stated that he did not support the proposal that 10% of

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taxpayers below the turnover of Rs. 1.5 crore should be allowed intervention by the Central tax administration. Shri Somesh Kumar, Principal Secretary (Revenue), Telangana stated that his State supported a vertical division across the taxpayer base and stated that there should be no dual control in respect of audit by the Central tax administration for taxpayers with turnover below Rs. 1.5 crore. He also supported the suggestion to give flexibility to the States in determining the share of two-third taxpayers falling under their jurisdiction. He further stated that such an arrangement should not be made as a part of the law; rather it could be operated through a resolution which could be changed later. He stated that the Council could also permit a State to move from one model to another. Shri Tuhin Kanta Pandey, Principal Secretary (Finance), Odisha stated that there should be no diffused accountability except for enforcement and that a fixed proportion of dealers should be assigned to the Central and the State tax administrations. He added that option may also be made available to any State if it wishes to be allocated 100% taxpayers below the turnover of Rs 1.5 crore subject to the overall share/proportion of dealers allocated to a State.. The Hon'ble Minister from West Bengal stated that for division of taxpayers in the segment of above Rs. 1.5 crore turnover, a standardized model should be followed. The Hon'ble Minister from Kerala emphasised that the Central Government could not handle the small taxpayers below Rs. 1.5 crore turnover. The Principal Secretary (Revenue), Telangana suggested an alternative that the present Central Excise and Service Tax assesseees with turnover below Rs. 1.5 crore could be continued with the Centre for the next three years. The Hon'ble Minister from West Bengal observed that this formulation had already been rejected earlier. The Hon'ble Minister from Tamil Nadu pointed out that it would be a challenge to identify taxpayers on the basis of supply of goods and services. The Hon'ble Chief Minister of Puducherry stated that the Central Government would need to create additional infrastructure if it got more taxpayers under its jurisdiction and therefore supported the proposal of the Hon'ble Minister from Tamil Nadu.

22. The Hon'ble Chairperson summed up the suggestions and the possible solutions: (i) there should be a vertical division of taxpayers where two-third share should go to the States and one-third share should go to the Centre (Gujarat's suggestion); (ii) for taxpayers below Rs. 1.5 crore, the administrative control should vest with the States and only 10% of units to be audited by the Central tax administration (Tamil Nadu's proposal); (iii) administration of taxpayers below Rs. 1.5 crore turnover to rest with the States and those above Rs. 1.5 crore to be divided between the Centre and States; (iv) States could have flexibility to negotiate the numbers with the Central tax administration; (v) Intelligence based action could be taken by both tax administrations without any division; (vi) Scrutiny and audit to be part of the division; (vii) IGST to be cross-empowered either under law or under Article 258 of the Constitution with a carve out for the Central tax administration in relation to place of supply issues; (viii) Territorial waters within the twelve nautical miles of the coastline to remain a territory of the Union of India unless the Supreme Court decided otherwise in the ongoing litigation on this subject but power to collect State tax in this area to be delegated by the Union of India to the States.

23. The Hon'ble Minister from West Bengal responded that Members from five States including the large State of U.P. were not present in this meeting and suggested that a

decision on this issue be deferred till the other Members were also present in the Council meeting. The Hon'ble Chairperson stated that there was a Constitutional binding in relation to GST implementation time line and that if some Members were not present due to election related commitments, the officers from such States were present and could express their views. The Hon'ble Minister from West Bengal observed that the issue regarding allowing 10% audit to Central tax administration for taxpayers below Rs. 1.5 crore turnover was an important matter and it should be discussed when the Hon'ble Member from U.P. was also present. The CCT Gujarat suggested that within the overall formula of two-third and one-third division between State and the Centre, it could also be considered whether the base of the Service Tax payers could be left with the Central tax administration. The Hon'ble Minister from Assam observed that the States might need to create more posts at State level if administration of all Service Tax assessee below the turnover of Rs. 1.5 crore was entrusted to the States. The Hon'ble Minister from West Bengal suggested that both the Central and the State tax administrations could completely give up audit of taxpayers below Rs. 1.5 crore turnover and that the other aspects of administration should be left with the States alone.

24. The Secretary informed that in the officers' discussion during the lunch break, all State Governments expressed a preference of a vertical division of the taxpayers. He stated that there were approximately 26 lakh taxpayers between the turnover of Rs. 20 lakh to Rs. 1.5 crore, and if 20% was given to the Centre, about 5 lakh taxpayers would be with the Centre and 20 lakh taxpayers would go to the States. He further stated that taking approximately 14 lakh taxpayers above the turnover of Rs. 1.5 crore, and doing an equal division, 7 lakh taxpayers each would fall in the jurisdiction of the Central and State tax administrations. He stated that in total, about 12 lakh taxpayers would fall within the jurisdiction of the Centre and about 27 lakh would fall within the jurisdiction of the States and this broadly conformed to the formula of one-third taxpayers being allocated to the Centre and two-thirds to the States. The Hon'ble Minister from Maharashtra reiterated that regional variation should be permitted for administrative division of taxpayers. The Hon'ble Chairperson observed that States had historically taken a certain position in respect of taxpayers below the turnover of Rs. 1.5 crore and that needed to be taken note of. The Hon'ble Minister from Tamil Nadu suggested that there should be a particular percent of division of taxpayers below Rs. 1.5 crore turnover and another percent for taxpayers above Rs. 1.5 crore. He further stated that no carve out should be allowed in relation to cross-empowerment under IGST. The Hon'ble Chairperson stated that the only grey area left was in relation to division of taxpayers below Rs. 1.5 crore threshold where the Centre proposed a 20% share and the Hon'ble Minister from Tamil Nadu had suggested a 10% share. He further observed that there was not much substantial difference between the two proposed percentages of 20 and 10.

25. The Hon'ble Minister from Tamil Nadu sought clarification that the proposed division was only in respect of audit and that all other administrative powers was to vest with the States. The Secretary clarified that there was a need for a vertical division for administrative purposes and that the proposed division of taxpayers was 20% for the Centre and 80% for States in respect of taxpayers below Rs. 1.5 crore turnover and 50% each for

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the States and the Centre for taxpayers above Rs. 1.5 crore turnover. The Hon'ble Minister from Karnataka stated that in principle, they opposed administrative division and observed that at State level, a flexibility could be given for not having such a division. The Hon'ble Minister from Haryana stated that a blanket division in the ratio of two-third and one-third could lead to skewed number and he suggested that this ratio should be applied for each slab of taxpayers such as for turnover slabs up to Rs. 20 lakhs, from 20 lakh to 50 lakh, from 50 lakh to 1 crore, from 1 crore to 1.5 crore and so on. He also observed that the proposed arrangement should not be binding on all the States. The Hon'ble Minister from West Bengal stated that for taxpayers below the turnover of Rs. 1.5 crore, there were three options on the table, namely to have a division in the ratio of 80% and 20% or 90% and 10% or 100% and 0% in favour of the States. He stated that Tamil Nadu's position was very close to the option of 100% and 0%. He added that the proposal made by the Hon'ble Minister of Tamil Nadu was not acceptable to his State and he sought a flexibility for West Bengal that 100% of its taxpayers below Rs. 1.5 crore turnover would remain with the State. The Hon'ble Chairperson stated that broadly, the concern of the States was that the Central tax administration should not scrutinise the books of account of small taxpayers in the goods sector and one solution to this concern could be that the 20% taxpayers allocated to the Centre should only be from the Service Tax assessee base. The Hon'ble Minister from Assam strongly supported this proposal. The Hon'ble Minister from West Bengal reminded that there was a unanimous decision of the Empowered Committee of State Finance Ministers on this subject and it needed to be respected. The Hon'ble Minister from Haryana stated that the decision of the Empowered Committee was taken on the basis of certain inputs but now many more factors had to be taken into account to arrive at a decision. The Hon'ble Minister from Tamil Nadu stated that he agreed to the suggestion that 10% taxpayers below Rs. 1.5 crore turnover be allocated to the Centre in order to reach an agreement on cross-empowerment under IGST. The Hon'ble Minister from Assam reminded that the division of IGST taxpayers was not on the radar of the Empowered Committee.

26. The Hon'ble Chairperson stated that a revised formulation could be that for taxpayers below Rs. 1.5 crore turnover, 20% taxpayers in the jurisdiction of Centre could only be Service taxpayers and taxpayers above Rs. 1.5 crore turnover should be divided equally between the two administrations. He stated that other suggestions remained the same which he had earlier put on the table. The Hon'ble Minister from Bihar supported the proposal of the Hon'ble Chairperson. The CCT Andhra Pradesh raised an issue whether goods would include 'deemed' goods and whether these would remain with the States. The Secretary observed that the 'deemed' goods were mostly considered as services and that the Centre would have to get a share of such Service Tax assessees. The Hon'ble Minister from West Bengal stated that restaurant was in the category of deemed goods and it should remain in the jurisdiction of States. The Hon'ble Minister from Tamil Nadu suggested not to divide the taxpayer base on the basis of service category and suggested that the division should be based on the available resources with the Centre and the State tax administrations. The Hon'ble Minister from West Bengal again suggested that there could be no audit of taxpayers below Rs. 1.5 crore but the Hon'ble Minister from Tamil Nadu observed that audit was an important function and it should not be dispensed with.

27. The Hon'ble Minister from Maharashtra suggested that the existing taxpayer base should be divided in the ratio of two-third and one-third in the favour of States and for the new registrants also the same formula should be followed. The Secretary stated that no turnover figure would be available for the new registrants and that these could be divided equally between the Centre and the State tax administrations. The Hon'ble Chairperson stated that the new registrants could be divided one each between the Centre and the States. The Hon'ble Chairperson also stated that those States which wanted a different basis of division, could arrive at an agreement with the Central Government. The Hon'ble Minister from Haryana suggested that the Hon'ble Chairperson could seek the views of each State on this issue. The Hon'ble Minister from West Bengal objected to this suggestion and stated that this amounted to voting in disguise. He also reminded the House that earlier on many occasions the sense of the House was not adopted as the basis of consensus and on this issue, no sense of the House had emerged as yet. The Hon'ble Chairperson observed that the Council had avoided voting till now and it must continue to work on the principle of consensus and develop a healthy convention in this regard. The Hon'ble Minister from Tamil Nadu stated that he had changed his position and now supported a vertical division with two-third of taxpayers going to the States and one-third to the Centre. The Hon'ble Chairperson stated that in order to reach consensus, he offered that of the taxpayers below Rs. 1.5 crore turnover, 90% should be allocated to the States and 10% to the Centre. He invited the Hon'ble Minister from West Bengal to join the emerging consensus on the basis of this revised proposal. However, the Hon'ble Minister from West Bengal stated that he was unable to join the consensus as he was still of the view that the entire taxpayer base below the turnover of Rs. 1.5 crore should fully remain in the administrative jurisdiction of the States and that his dissent should be recorded.

28. After further discussion, the Council agreed to the decisions as recorded below in respect of cross-empowerment to ensure single interface under GST.

- i. There shall be a division of taxpayers between the Central and the State tax administrations for all administrative purposes;
- ii. Of the total number of taxpayers below Rs. 1.5 crore turnover, all administrative control over 90% of the taxpayers shall vest with the State tax administration and 10% with the Central tax administration;
- iii. In respect of the total number of taxpayers above Rs. 1.5 crore turnover, all administrative control shall be divided equally in the ratio of 50% each for the Central and the State tax administration;
- iv. The division of taxpayers in each State shall be done by computer at the State level based on stratified random sampling and could also take into account the geographical location and type of the taxpayers, as may be mutually agreed;
- v. The new registrants shall be initially divided one each between the Central and the State tax administration and at the end of the year, once the turnover of such new registrants was ascertained, those units with turnover below Rs. 1.5 crore shall be divided in the ratio of 90% for the State tax administration and 10% for the Central tax administration and those units above the turnover of Rs.1.5 crore shall be divided in the ratio of 50% each for the State and the Central tax administration;

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- vi. The division of the taxpayers may be switched between the Centre and the States at such interval as may be decided by the Council;
- vii. The above arrangement shall be reviewed by the Council from time to time;
- viii. Both the Central and the State tax administrations shall have the power to take intelligence-based enforcement action in respect of the entire value chain;
- ix. Powers under the IGST Act shall be cross-empowered to the State tax administration on the same basis as under the CGST and the SGST Acts either under law or under Article 258 of the Constitution but with the exception that the Central tax administration shall alone have the power to adjudicate a case where the disputed issue relates to place of supply, or when an affected State requests that the case be adjudicated by the CGST authority and for such issues of export and import as may be discussed in the Law Committee of officers and brought back to the Council for decision;
- x. The territorial water within the twelve nautical miles shall be treated as the territory of the Union of India unless the Hon'ble Supreme Court decides otherwise in the on-going litigation on the issue but the power to collect the State tax in the territorial waters shall be delegated by the Central Government to the States.

Agenda Item 4: Discussion on issues of considering sale within twelve nautical miles as inter-state or intra-state sale

29. This agenda item was covered during the discussion on agenda item 3.

Agenda Item 5: Date of the next meeting of the GST Council

30. Before discussing the next date of the meeting, the Council briefly discussed the date of implementation of GST. The Hon'ble Minister from Maharashtra suggested that GST should be implemented from 1st April, 2017. The Hon'ble Minister from Assam stated that it was not desirable to change the tax regime in the middle of the financial year and suggested that it should be implemented from 1st April, 2017. The Hon'ble Minister from Kerala stated that the decision could not be rushed to implement GST from 1st April, 2017 and that it could also be implemented from July or August, 2017. The Hon'ble Minister from Bihar expressed his preference for introducing GST from 1st April, 2017 but if it was not possible, he stated that it must be implemented from 1st July, 2017. The Hon'ble Minister from Karnataka suggested that there must be a time schedule for each task for timely roll out of GST. The Hon'ble Chairperson stated that the next step for the Council was to approve the cleaned draft of the Model GST Law, IGST Law and the GST Rules. The Hon'ble Chairperson asked the officers of Law Committee as to by when the revised Model GST Law could be brought before the Council. Shri Upender Gupta, Commissioner (GST), CBEC stated that the Tribunal provisions and certain provisions of law that the Council had directed to examine would need to be discussed in the Council as part of the revised Model GST Law. He also informed that after the revised Model GST Law had been put in the public domain on 26 November, 2016, several comments had been received and on this account, about 15 to 20 minor changes might be needed. On enquiry from the Hon'ble Chairperson, he informed that the revised Model GST Law could be brought to the Council for its consideration by around 15 February, 2017. The Hon'ble Minister from

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Clarifications / Instructions / Orders - GST

F. No. CBEC-20/10/07/2019-GST

Government of India

Ministry of Finance

Department of Revenue

Central Board of Indirect Taxes Customs

GST Policy Wing

Dated: 22nd June, 2020

To

The Principal Director General,
Directorate General of GST Intelligence,
2nd Floor. Wing- VI, West Block- VIII
R.K. Puram,
New Delhi- 110066

Sir,

Subject: Reference form DGGI on Cross empowerment under GST. reg.

I am directed to refer to DGGI letter F.No.574/CE/66/2020/Inv./15308 dated 26.05.2020 on the issues related to cross empowerment of officers in terms of provisions of section 6 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "the CGST Act").

2. Issue raised in the reference is whether intelligence based enforcement actions initiated by the Central Tax officers against those taxpayers which are assigned to the State Tax administration gets covered under section 6(1) of the CGST Act and the corresponding provisions of the SGST/UTGST Acts or whether a specific notification is required to be issued for cross empowerment on the same lines as notification No. 39/2017-CT dated 13.10.2017 authorizing the State Officers for the purpose or refunds under section 54 and 55 of the CGST Act.

3.1 The issue has been examined in the light of relevant legal provisions under the CGST Act, 2017. It is observed that Section 6 of the CGST Act provides for cross empowerment of State Tax officers and Central Tax officers and reads as:-