

COMMISSIONERATE OF CT AND GST, ODISHA
FINANCE DEPARTMENT, GOVERNMENT OF ODISHA

No.CCT-PEI-POL-0155-2021 7869 /CT & GST

Dated 10 / 05 /2023

To,

Heads of all CT & GST Territorial Ranges

Heads of all CT & GST Territorial Circles& AUs

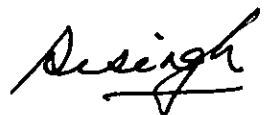
Sub: *Instructions regarding care to be taken during the process of registration, cancellation of registration and revocation of cancellation of registration of fake taxpayers under GST- reg.*

Madam/Sir,

Instructions were issued vide this office Letter No. 7635/CT & GST dated 11.06.2019 to monitor the registration process with due diligence both at the stage of grant of registration as well as after grant of registration to prevent the menace of fake registration and bogus invoicing.

Despite issue of such instructions to the field formations to do due diligence at the time of grant of registration, many persons having no functional business existence have managed to obtain registration and have issued fake invoices without actual supply of goods and/or services; generated e-waybills. Due to inaction of the concerned Proper Officers (in charge of registration) within the prescribed time, as many as 1168 numbers of registration applications have been approved automatically (deemed approved) in the GST IT system during the year 2022-23. The circle wise list of such "deemed approved" registrations is published in the "**Local Archives**". Out of these deemed approved registrations, around 120 numbers of registrations are found to be functionally non-existent (fake taxpayers) whose registrations have been cancelled *suo-moto* by the registering authorities.

Further, it is found that in most of the cases the Proper Officers are attending the registration applications on the last date and verifying the registrations applications very casually. It has also come to our knowledge that the Proper Officers are transferring the case to another circle/ Proper Officer at the last hour, which adds to such large number of applications getting deemed approved.



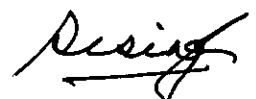
It is also seen that in case a Proper Officer proceeds on leave for more than 2-3 days, the Circle Officers are not ensuring that the charge/ work assignment of that Proper Officer is transferred to another Officer in time. Due to such laxity, the applications assigned to the Officer proceeding on leave get deemed approved and such laxity on part of the Circle Heads is not acceptable.

It is needless to mention here that timely action of the Proper Officers at the stage of examination of information and documents furnished in the application for registration and immediate physical verification of business premises post registration is extremely crucial to prevent grant of registration to fake entities and also to weed out the fake registrants.

In order to achieve the above objectives, it is, therefore, impressed upon the Circle Heads to ensure that the Proper Officers (in charge of registration) should act upon the following instructions diligently.

(A) PRE-REGISTRATION STAGE:

- (i) Under no circumstances, any application for new registration should be allowed to be "deemed approved" due to inaction of the Proper Officer within the time prescribed under Rule 9 of OGST Rules. In case, it is found that the applications for registration are deemed approved, the concerned Proper Officer in charge of registration will be held responsible.
- (ii) In cases where the applicants have NOT OPTED to undergo OTP based authentication of Aadhaar or failed to authenticate Aadhaar through OTP, the Proper Officer(s) should cause mandatory pre-registration physical verification of business premises of the applicants as required in terms of proviso (a) to the sub-Rule (1) of Rule 9 of OGST Rules and Rule 25 of OGST Rules.
- (iii) In cases where the applicants have undergone OTP based authentication of Aadhaar, the Proper Officer(s) should cause mandatory pre-registration physical verification of business premises of the applicants basing on data analytics and risk parameters, as required in terms of clause (aa) to sub-rule (1) of Rule 9 of OGST Rules and Rule 25 of OGST Rules.



- (iv) In cases where the applicants have successfully authenticated the Aadhaar through OTP, If the Proper Officer(s), upon examination of information and documents furnished in the application, find it fit to cause pre-registration physical verification of business premises in presence of the applicant, they may do it in some deserving cases with approval of their Circle Head forthwith in terms of clause (b) to sub-rule (1) of Rule 9 and Rule 25 of OGST Rules.

(B) POST-REGISTRATION STAGE:

- (i) In cases where the applicants have undergone OTP based authentication of Aadhaar and have not been subjected to pre-registration physical verification of business premises, the Proper Officer(s) should order for immediate physical verification of business premises of the registrants in terms of Rule 25 of OGST Rules.
- (ii) In case of receipt of any information/leads/report from the EI/Enforcement Section of the Commissionerate on fake registrants, the Proper Officer(s) should order for immediate physical verification of business premises of the registrants in terms of Rule 25 of OGST Rules.
- (iii) Consequent upon receipt of adverse reports that the registrant is functionally non-existent, the Proper Officer(s) shall initiate *suo-moto* cancellation proceedings against such fake registrants forthwith in accordance with provisions of Section 29 (2) of the OGST Act r/w rule 21 and 22 of the OGST Rules following principle of natural justice. It is to be ensured that the cancellation of registration of fake registrants may be done retrospectively from the date of registration.

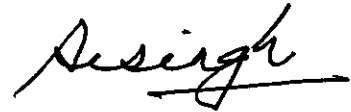
(C) REVOCATION OF CANCELLATION OF REGISTRATION/MULTIPLE REGISTRATION:

- (i) Care should be taken by the Proper Officer(s) that the application for revocation of registration of cancellation submitted by the applicants, whose registration has been cancelled on the ground that they are functionally non-existent, may be considered for rejection following the principle of natural justice.



- (ii) If the fake entities, after cancellation of registration, choose to apply for fresh registration instead of revocation of their cancellation of registration, care should be taken that their application for registration may be considered for rejection after causing physical verification of the place of business following the principle of natural justice. In this process, the Proper Officer should check the detailed records for reasons of cancellation of previous registrations of the applicant.

The Circle Heads are instructed to monitor the registration process so as to prevent registration of fake taxpayers and also to weed out the fake registrants. It is also instructed to ensure that while conducting this exercise, no genuine taxpayer is put into any kind of harassment keeping in mind the mandates under "Ease of Doing Business" initiative. Also, the Circle Heads and Range Heads are instructed to ensure that in case a Proper Officer is proceeding on leave, the charges of that Officer should be transferred/ de-allocated to another Officer before allowing such Proper Officer to proceed on leave.



(Sanjay Kumar Singh, I.A.S)
Commissioner of State Tax, Odisha

Memo No 7870 / CT & GST,

Dated 10/05/2023

Copy forwarded to all Special Commissioners/Additional Commissioners/Joint Commissioners/Deputy Commissioners/CT & GST Officers/Additional CT & GST Officers (H.O) for kind information and necessary action.



Additional Commissioner of State Tax
(Policy)

Memo No 7871 / CT & GST,

Dated 10/05/2023

Copy forwarded to Special Secretary to Government in Finance Department (CT-Branch) for kind information.



Additional Commissioner of State Tax
(Policy)