Minutes of the 2nd State Co-ordination Committee meeting of the State of West Bengal jointly held by the Central GST Authority and State GST Authority

The 2nd State Coordination Committee Meeting was held on 24.04.2024 at Board Room, Chief Commissioner's Office, CGST & CX, Kolkata Zone, GST Bhawan, Kolkata-700107, co-chaired by the Chief Commissioner, CGST & CX Kolkata Zone and the Commissioner, State Tax, West Bengal. The list of officers from Centre and State who attended the meeting is at Annexure A.

At the outset Shri Sanjay Bangartale, Additional Commissioner, CCO, Kolkata Zone greeted and welcomed the Co-chairs and all the members of Co-ordination Committee, present in the meeting and narrated the agenda points in brief.

Thereafter, each agenda point was discussed and deliberated at length. The details of the same and the decisions taken are as follows:

1. Practices followed for recovery of arrears of tax, interest payments and fines etc.

Shri Devi Prasad Karanam, Commissioner, State Tax, West Bengal mentioned that there are divergent practices for recovery of arrears etc. He suggested for formation of a Committee in this regard and framing of Standard Operating Procedure (SOP).

Shri M. K. Kedia, Pr. Commissioner, CGST & CX, Kolkata North Commissionerate stressed upon the need for creation of a dedicated cell for tax recovery and persuasive action in the cases where relatively large amount of arrears of tax is involved.

Decision: One committee would be formed comprising two senior officers each from the State and Central Authority to draft the Standard Operating Procedure (SOP) for recovery of arrears.

2. Sharing of major detection and recoveries through Anti-Evasion, Audit and Modus Operandi for evasion

All the members appreciated the need of sharing information in this regard as the same would help in preventing evasion of tax and encourage uniformity in enforcement.

Decision: It was decided that as this coordination meeting is being held quarterly, at least five (5) major cases / modus-operandi detected during Audit / Anti-evasion operations by Centre / State would be shared during the meetings.

3. Practices followed for identifying fake registrations and passing of fake ITC and recovery thereof

Senior officers of State Authority suggested that:

- There should be special cancellation drive for fake registrations;
- Prompt action should be taken in case of fake ITC suppliers since many such entities obtain Registration, operate for 2 to 3 months only, pass on hefty amount of fake ITC during the period and subsequently become untraceable;
- The beneficiaries should be identified and cases should be booked against them;
- Registration of the taxpayers falling under the administrative control of Centre, found non-existent during investigation by State Authorities may be cancelled promptly as soon as such information is shared.

Senior officers of Central Authority stated that most of such registrations are obtained under advice/guidance of Chartered Accountants, therefore it was suggested to make CAs responsible for certifying the identity, place of business etc. of the applicants for GST registration in order to curb the menace of fake registration.

Shri Shrawan Kumar, Chief Commissioner, CGST & CX, Kolkata Zone opined that mere cancellation of registration of fake/bogus taxpayers is not enough to address the problem effectively. He stressed upon the fact that more proactive measures need to be taken to find out the operators / master minds and actual users of ITC. He also laid emphasis on bringing the investigations where registrations are cancelled by the authorities to their logical conclusions by way of issuing show cause notices, adjudication, etc.

Decision: One Nodal Officer from CGST side with dedicated e-mail id will be appointed for sharing of information with Nodal Officer from the State side for better coordination and results.

4. <u>Excess refund claims under Section 54(3)(ii) of CGST Act, 2017 by the fertilizer units under inverted duty structure</u>

Shri Devi Prasad Karanam, Commissioner, State Tax, West Bengal stated that till date no such refund has been sanctioned by the State authorities.

Shri Shrawan Kumar, Chief Commissioner, CGST & CX, Kolkata Zone, shared a case of excess refund claim by a fertilizer unit so that necessary action can be initiated if such refund applications are filed in future and also since the issue has Pan-India ramifications.

5. <u>Any other issue</u>

1. GST Suvidha Kendra:

   Decision: Nodal Officers from both State & Central Authorities will take note as situation demands.

2. Thematic Audit:

   Decision: Nodal Officers from Audit to be appointed to find out the feasibility of sharing common aspects.

3. Cross-empowerment:

   Decision: Utmost care to be taken to avoid harassment of taxpayers and information may be shared timely. In stand-alone cases, the investigation against any taxpayer may be transferred to Proper / Administrative authority to bring the same to its logical conclusion.

4. Miscellaneous:

   Shri Devi Prasad Karanam, Commissioner, State Tax, West Bengal pointed out the need for presence of a member from GST Council so that the relevant issues being discussed in the Coordination Committee Meetings can be placed before the GST Council for remedial measures.

   Decision: A letter to be issued to the GST Council with the request to nominate a member from their part for the subsequent Coordination Committee Meetings.

The meeting concluded with vote of thanks.