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OFFICE OF THE CHIEF COMMISSIONER OF GST AND CUSTOMS
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Date: .08.2024

MINUTES OF THE MEETING OF THE STATE CO-ORDINATION COMMITTEE, TELANGANA STATE HELD ON 25-07-2024

Meeting of the State Co-ordination Committee of Telangana State for the quarter ending June, 2024 was held on 25-07-2024 at 16.00 hrs. This was the first meeting for the financial year 2024-25 as mandated by the GST Council in its 50th Meeting. The meeting was chaired by Shri Sandeep Prakash, IRS, Chief Commissioner, Central Tax & Customs, Hyderabad Zone and co-chaired by Dr. T.K. Sreedevi, IAS, Commissioner, Commercial Taxes, Government of Telangana. The list of officers who attended the meeting is as under:

Sl.No.	Name of the Member (Mr./Ms.)	Designation
1	Ch. Venkat Reddy, IRS	Additional Director General, DGGI, Hyderabad
2	Mankoskar Surendrakumar Chandrakant Rao, IRS	Principal Commissioner, Medchal GST Commissionerate (Special Invitee for Agenda Item No. 4)
3	Sahil Inamdar, IRS	Additional Commissioner, Chief Commissioner's Office.
4	B. Sumidaa Devi, IRS	Joint Secretary, GST Council Secretariat
5	I. Samyuktha Rani	Joint Commissioner, Commercial Taxes (Policy)
6	S. Balakumar	Deputy Director, Directorate General of Goods and Services Tax, South Zonal Unit.
7	Sri Lakshmi	Deputy Commissioner, Commercial Taxes
8	KRKVNS Radha Krishna Rao, IRS	Assistant Commissioner, Central Tax, Chief Commissioner's Office.

The following points were discussed in the meeting:

1. Biometric based Aadhar Authentication of GST Registration:

Member, Central Board of Indirect Taxes and Customs, vide D.O. No. CBIC-2016/02/20213-GST, dated 15-5-2024, informed that it was directed during the National Conference of Enforcement Chiefs of the State and Central GST formations held on 04-03-2024 to roll out Biometric based Aadhar authentication project on pan-India basis. Consequently, a letter vide File No. GCCO/1(22)/71/2024-ADMN, dated 12-06-2024 was addressed to the Commissioner, Commercial Taxes, Government of Telangana, Hyderabad, with a request to make logistical and infrastructural arrangements for setting up Suvidha Kendras in the State of Telangana. The matter was, accordingly, discussed and following decisions were taken:

a) Logistical and infrastructural arrangements will be made by the State GST authorities;

b) Wherever possible resources of Central and State GST Departments can be combined for setting up and operation of GST Suvidha Kendras and wherever not possible to combine the resources, independent setup may be considered;

c) It would be advantageous if common locations are selected in geographically convenient places in Hyderabad;

d) As far as outside formations are concerned, common facilities shall be considered wherever it is possible. Otherwise, independent arrangements shall be made;

e) As the Biometric Aadhar Authentication is likely to be implemented from 1st September, 2024, all the arrangements have to be completed in August, 2024;

f) Shri Sahil Inamdar, Additional Commissioner (CCO), Central Tax and Smt. Samyuktha Rani, Joint Commissioner, State Taxes were directed to complete the ground work and come up with implementation plan by 2nd August, 2024; and

g) Chief Commissioner, Central Taxes and Commissioner, State Taxes will meet again on 5th August, 2024 for finalization of the implementation plan.

2. Conflicting interpretation being taken by the State and Central GST authorities in matter of development of open land into plots by a developer:

Issue: In cases where the land is developed into open plots by entering into Development Agreement cum General Power of Attorney (DAGPA) with the land owners the developer renders various services to the land owner for making the plots. The services include obtaining statutory permissions, civil works like internal roads, compound wall, drainage lines, etc. In some cases, the developer allows use of his brand name and supply the service of assisting in sale of plots pertaining to land owner. The developer gets an agreed part of developed plots as consideration for such supply made to land owner. The developer is liable to pay GST on the services rendered to the land owners.

However, it is observed that in such cases, the State GST authorities have initiated various proceedings for recovery of proportionate reversal of ITC taken by the developer under Rule 42 & 43 of the CGST Rules, 2017, by considering the said supplies to be sale of land and thus exempted (basing on taxpayer's GST returns).

In a recent case of M/s. Kancharla & Giridhari Homes Pvt Ltd., registered with State GST authorities, similar issue was noticed when DGGI has initiated investigation. The matter was discussed with SGST authorities, and, as requested by them, the case was transferred to them, as the investigation was initiated by SGST authorities before DGGI.

***Decision**: As the issue needs to be studied in depth, Shri Sai Kishore, Additional Commissioner, Commercial Taxes Department and Smt. Vaishali Malhotra, Additional Director, DGGI shall discuss the matter to achieve greater clarity on the issue and to follow a common practice. Compliance maybe reported to the Committee by 10th August, 2024.*

3. Nomination/ appointment of Nodal officer in Central GST authorities and State GST authorities for easy sharing of details / information called for by one organisation with other without any difficulty.

Issue: In one of the intelligences developed by DGGI, it appeared that one taxpayer appeared to be availing ITC in GSTR-3B without receipt of goods/services which is in contravention of Section 16(2) of CGST Act, 2017 read with Section 20 of IGST Act. The taxpayer was falling under the administrative control of State GST Authorities and the GST registration of the entity was cancelled suo-moto effective from 21.07.2021.

During the course of investigation, reference was made to the State GST authorities, seeking certain information with respect to registration and cancellation of the said entity as the TP is under the administrative control of Telangana State GST authorities and the investigating team could not view the same on the GST Backend application. However, no reply has been received in this regard till date.

In these instances, difficulties are being faced by the field officers in obtaining or sharing of the information called for between State and Central authorities in the course of investigation, hampering / delaying the course of investigation. To avoid these difficulties, Nodal officers may be appointed / nominated for coordinating with clear instructions to provide relevant data in prescribed / time bound manner as a single point of contact for hassle free sharing of details / information called for by one organisation with other without any difficulty. The matter has already been taken up by DGGI with the State GST authorities in the matter of M/s. AAA INFRA vide letter dated: 06.06.2024

***Decision**: Ms. Rupa Sowmya, Deputy Commissioner (Policy), Commercial Taxes Department, is nominated as Single Point of Contact for State Tax for all issues other than legal matters. For Legal issues, Shri Jitender Reddy, Additional Commissioner, is nominated as Single Point of Contact. As far as Central GST is concerned, vide Minutes of the Meeting of the State Coordination Committee, Hyderabad Zone, held on 31-10-2023, Shri Sahil Inamdar, Additional Commissioner, Chief Commissioner's Office, was nominated as SPoC for CGST.*

4. Filing of counters in cases before High Court where both SGST and CGST / DGGI are respondents.

Issue: In cases before Telangana High Court where both Central and State GST authorities are the respondents, counter need to be filed by both the authorities separately, so as to bring the case to logical conclusion. In one of the cases (M/s. JR Seamless Pipes Pvt Ltd.), an investigation was initiated by DGGI based on information that taxpayer is indulging in fake ITC.

Subsequent to the investigation initiated by DGGI, taxpayer filed writ petition in the Hon'ble High Court of Telangana and prayed for stay of proceedings, citing that a case of similar issue is already being pursued by the State Government authorities and that they have already paid some payments through DRC-03 towards tax in respect of that case. The High Court has ordered stay and to file counter affidavit by the respondents vide order dated 23.1.2021.

Consequent to the Hon'ble High Court's orders, DGGI filed the counter affidavit on 7.6.2021 as one of the respondents and also correspondences were made with SGST authorities regarding filing of their counter affidavit in the Hon'ble High Court. However, it is learnt that the State GST authorities have not filed the counter affidavit and the WP is pending for disposal and the stay order is still in vogue.

Further, it was observed that in the instant case, the Hon'ble High Court of Telangana in its interim order dated 23-03-2021 in I.A.No. 1/2021 in W.P. No. 7159/2021 had ordered for refraining the CGST authorities from conduct of parallel investigation and from resorting to any coercive action emanating out of such investigation.

***Decision:** It was noted that both Central Tax and State Tax authorities are* *cross empowered to take action against the taxpayers. Therefore, in view of the direction of the Hon'ble High Court of Telangana, the SGST authorities should complete the investigation of M/s. JR Seamless and, based on the outcome of investigation, take necessary action including against the suppliers / recipients (even if they are under Central Tax administration), as deemed fit. Principal Commissioner, Medchal GST Commissionerate was accordingly advised to return the reference(s) received from the State Tax authorities for necessary action at their (State Tax) end.*

5) Ms. Sumidaa Devi, Joint Secretary, GST Council Secretariat, informed that all India exercise on curbing of fake ITC is being initiated on 16th August, 2024.

(Sahil Inamdar)
Additional Commissioner

Signed by
Sahil Vilas Inamdar
Date: 13-08-2024 12:51:18