Minutes of Second State Co-ordination Committee Meeting

Meeting Date :	12.06.2024
Meeting Time:	10.30 AM

Participants

State Authorities	**Central Authorities**
Co-chairs	
Dr.D. Jagannathan, IAS., Commissioner of Commercial Taxes, Ezhilagam, Chepauk, Chennai-05	Shri Ashish Varma, IRS, Principal Chief Commissioner of GST and Central Excise, Tamilnadu & Puducherry Zone, Chennai
Members	
Thiru J. Mohammed Navfal, IRS, Additional Commissioner (Intelligence) , O/o CCT, Chepauk, Chennai Thiru S. Subash chandra bose, Additional Commissioner (Policy and Public Relations) O/o CCT, Chepauk, Chennai	Ms. Rashmi Gautam, IRS, Additional Commissioner, Directorate General of Goods and Service Tax Intelligence, Chennai.
Co-opted Members / Nodal Officers	
Tmt. P. Gangashree, Deputy Commissioner (Intelligence & ISIC) , O/o CCT, Chepauk, Chennai Thiru G.V. Nagarajan, Deputy Commissioner (Legal) O/o CCT, Chepauk, Chennai	Shri V.S. Ramesh, Assistant Commissioner, (Technical) O/o the Pr.CC of GST & C.Ex., Chennai Shri K.P. Balaji, Superintendent, O/o the Pr.CC of GST & C.Ex., Chennai
Officers Nominated from Railways	
Shri.M.Aswin, Divisional Commercial Manager, Chennai Ms.D.Mohanapriya, Divisional Commercial Manager, Thiruchirappalli Shri. Sudharsan Bhat, Divisional Commercial Manager, Salem Shri. Balamurugan, Assistant Commercial Manager, Madurai	

GST Council Representative	
Ms. P.R. Reshmi, Under Secretary, GST CouncilSecretariat, New Delhi	
Officers other than Members	
Thiru.M.Parameswaran Additional Commissioner (Revenue), O/o CCT, Chepauk, Chennai Thiru.P.Narayanan Additional Commissioner(Legal) O/o CCT, Chepauk, Chennai Thiru.M.Ravi Additional Commissioner(System) O/o CCT, Chepauk, Chennai Thiru.S.Karthick Joint Commissioner(Policy & Planning), O/o CCT, Chepauk, Chennai Thiru.S.E.Prabhu Deputy Commissioner(Policy & Planning), O/o CCT, Chepauk, Chennai	Shri R. Rajasekaran, Assistant Director, DGGI, South Zonal Unit, Chennai.

Discussed Points :

Thiru V.S. Ramesh, Assistant Commissioner, CGST welcomed the Co- chairs, the Principal Chief Commissioner of GST and Central Excise, Tamilnadu & Puducherry, the Commissioner of Commercial Taxes, Tamilnadu, other members and co-opted members, GST Council Representative and Nominated officers from Railways for the second State Co-ordination Committee Meeting of Tamilnadu, held at GST Bhavan, Nungambakkam, Chennai.

The Principal Chief Commissioner (Pr.CC) of GST and Central Excise, Tamilnadu & Puducherry, Co-chair of the Committee welcomed the participants of this meeting. The Pr.CC emphasised that the objective of this State Coordination Committee is to create synergy and better co-ordination of various taxation activities, both at the State and Central levels which should be best for the society and for taking a unified stand and uniform view on various issues of taxation policies and procedures.

The Commissioner of Commercial Taxes, welcomed the Principal Chief Commissioner of GST and Central Excise, Tamilnadu & Puducherry and other members for the second State Co-ordination Committee Meeting. He expressed his confidence that this committee will pave way for co-ordinated efforts of the Central and State GST Officers on various issues of GST. He assured that this Committee will create better understanding and sharing of procedures adopted by the Centre and State GST Officials.

The Additional Commissioner (P&PR), O/o CCT, Tamilnadu briefly explained the objectives of the this committee in enabling the tax officers of both State and Centre by ensuring coordination, data sharing on audit and Inspection and common stand in legal issues and all other matters. He further traced the roots of the committee to recommendations made in the 50th GST Council meeting held on 11.07.2023. He then highlighted the agenda points of the second State Coordination Committee Meeting and explained one by one.

Agenda 1: Discussion on issues relating to Railway Authorities

- The Circular No.07 of 2024 dated 23.02.2024 issued by Ministry of Railways was discussed. The GST Council had forwarded the same in O.M. dated 11.03.2024 to all the States and CBIC & DGGST for the benefit of tax authorities.
- The Additional Commissioner (Intelligence) O/o the CCT, Tamilnadu who is the nodal officer from Commercial Taxes Department for coordination with Railway Authorities regarding the issues relating to GST compliance, requested to capturing of details of GSTIN, PAN, Commodity, invoice number and e-way bill for each of the Freight outward, Inward /Parcel Transactions by Railways. The Divisional Commercial Manager, Railways, Chennai has replied that this is related to policy decision and the same will be escalated to the Headquarters.
- The Assistant Commissioner, CGST pointed out that the Para 7 of the above circular does not permit the tax authorities for seizure of parcels / consignment which are in transit without any specific input on possible tax evasion. The DCM, Railways, Chennai has explained the rationale behind Para 7 of Freight Circular that "*No seizure by Central/State Tax authority is permitted while parcels*

are in transit...". The Commissioner of Commercial Taxes, Tamilnadu added that this issue may be taken up with the Railway's higher authorities for which the DCM, Railways, Chennai assured to take a note of this issue to resolve early.

- The Principal Chief Commissioner of GST & Central Excise stated that though the position is understandable from the Railway's point of view, the legal compliance under GST Act has to be examined. He stated that issue was already highlighted in the State Co-ordination Committee meeting held at Puducherry. On the reply of the GST Council Secretariat representative that the matter had the approval of GST Council, his doubts were laid to rest and he had no further queries.

Agenda 2: Sharing of new *Modus-operandi* in Tax Evasion and Audit

- The Additional Commissioner (Intelligence) explained the various modus-operandi adopted by the taxpayers regarding services of hiring of vehicles to Goods Transport Agency (GTA) for which the supplier of vehicles collected 18% tax from GTA and in turn the GTA availed ITC on outward supply. He also explained the case of supply of recharge coupons by suppliers of Telecom services which were not disclosed in their GST returns.
- The Assistant Commissioner, CGST stated that the major audit para and investigation cases booked by the CGST and SGST authorities may be shared on quarterly basis and also informed that the quarterly audit bulletin published by DG Audit will be useful for sharing information with the State. The Commissioner of Commercial Taxes observed that the State GST Officers should make use of DG Audit bulletin and the cases may be shared every month without any restriction in number of cases.

Agenda 3: Cross Checking Mechanism of Enforcement Action initiated by CGST And SGST Authorities

- The Additional Commissioner (Intelligence), Tamilnadu stated that the list of cases inspected by the State authorities from 01.04.2023 to 31.01.2024 have been shared on 18.03.2024 and list of 4148 cases shared for conducting GST audit. Also 33 cases identified as non-existent persons have been referred to CGST authorities for suspension / cancellation.

Agenda 4: Monitoring of Return Filing - Utilisation of Outbound Call Centre of State GST

- Before discussing the Agenda on Return filing, the Revenue comparison of taxpayers of Tamilnadu Zone was discussed. Out of the 12,99,894 total taxpayers of Tamilnadu, 4,69,042 i.e, 36% are administered by the Center and 8,21,852 i.e, 64% are State administered taxpayers. The revenue growth rate of Taxpayers in Centre jurisdiction in Tamilnadu was 21% in 2022-23 & 16% in 2023-24 and the revenue growth rate of Taxpayers in State jurisdiction in Tamilnadu was 23% in 2022-23 & 16% in 2023-24 compared to corresponding previous years.

- Similarly, the GSTR-1 and GSTR-3B return filing status by the Centre / State administered taxpayers were also discussed in the meeting. The national average Return filing is 97% for Centre and 98% for State administered taxpayers in the year 2023-24. In the month of April, 2024 the national average Return filing is 91% in GSTR-1 & 89% in GSTR-3B for Centre and 94% in GSTR-1 & 92% in GSTR-3B for State administered taxpayers.

- The Additional Commissioner (Revenue Collection & Monitoring), stated that the non-filers of returns are repeatedly contacted by the outbound Call centre of the State so as to make them file returns. Repeated nudging of non-filers has helped in reducing the number of non-filers of returns.

- The updated list of 955 non-filers upto the month of April 2024 relating to Centre has now been shared with the State GST. All these taxpayers are called upon to file returns from 10.06.2024 by the call centre.

- The Principal Chief Commissioner of GST & Central Excise thanked the Commissioner of Commercial Taxes for his initiative in using outbound call centre for following up return non-filers.

Agenda 5: Analysis of Refunds issued

- The Additional Commissioner (Revenue Collection & Monitoring), stated that Standard Operating Procedures (SoP) for issue of Refunds has been issued vide Commissioner of Commercial Taxes, Tamilnadu Circular No. 16/2023 dated 10.11.2023.

- As per this circular a two step verification is being followed in all cases of refund claim. All refund claims received by the jurisdictional proper officer for refund are sent to the territorial Joint Commissioner who assigns the refund task to another proper officer who prepares a detailed scrutiny report and send the report to the jurisdictional proper officer of that refund claim. The jurisdictional proper officer issues refund after complete checking of the verification report and other documents in detail. The result of verification of refunds issued was presented by him.

- Assistant Commissioner, CGST explained that, post audit and refund claims are processed as per CBIC's instruction No. 3/2022 GST dated 14.06.2022. High risk cases as per DGARM reports are being verified thoroughly to avoid any loss of revenue. The Commissioner of Commercial Taxes observed that the DGARM risk score profiling for refund analysis shall be studied and used by State GST officers.

Agenda 6: Uniformity in stand on legal cases before High Court – Cross Empowerment-

- The Additional Commissioner (Legal) stated that CBIC's revised master instructions dated 14.08.2019 is being followed. In cases filed against the assessment or other issues raised by State officer where Centre is included in the writ petition either as a proforma party or not included, the counter affidavits are finalised on the basis of the inputs available with State.

- The Principal Chief Commissioner of GST & Central Excise and Commissioner of Commercial Taxes asked whether any issues are there beyond the circular. The Additional Commissioner (Legal) explained that there is no violation of circular. He stated that totally 65 writ declarations has been shared to Central Nodal officers on 15.03.2024, out of which copy of counter affidavit execution has been received in 30 cases and the remaining is under process

- On the judgment in the case of Writ petition filed by Tvl. Vardhan Infrastructure & others relating to the issue of Cross empowerment, the Commissioner of Commercial Taxes, Tamilnadu stated that the GST Council Secretariat has been addressed on

22.05.2024 requesting suitable action. In this regard, the Under Secretary, GST Council stated that the issue has been forwarded to the GST Policy wing. The Principal Chief Commissioner of GST & Central Excise observed that there was enough clarity in the matter and Writ Appeal could be filed shortly.

Agenda:7 Biometric Aadhaar authentication

- The Additional Commissioner (P&PR) explained that the pilot project on Biometric Aadhaar authentication has been introduced in, Gujarat, Andhra Pradesh and Puducherry. This authentication process is introduced to prevent fraudulent activities such as fake invoices, tax evasion and misuse of ITC by impersonation. For this amendment has been made in Rule 8(4A) of the CGST Rules, 2017.

- The Pr.CC highlighted the guidelines that States have to take organise infrastructure requirement of biometric aadhar authentication and Centre will support with required manpower wherever necessary. The CCT stated that, as the issue involves financial Implication by expenditure, the same will be consulted with the Finance Department of Tamilnadu.

Agenda 8: Welcome Letter & Controlling of fraudulent registration

- The Additional Commissioner (P&PR) explained that Standard Operating Procedure (SoP) for Welcome letter has been issued by the Commissioner of Commercial Taxes, Tamilnadu to prevent non-existent taxpayers from obtaining registration by misusing the GST system. As per the circular, the Territorial Joint Commissioners will send "Welcome letter" to all newly registered taxpayers by RPAD and if the letter is undelivered, the task will be forwarded immediately to the Registering Authority who initiates SCN to cancel registration of taxpayer in the GST portal.

- The Principal Chief Commissioner, GST & Central Excise observed that this is a good initiative taken by the State and also thanked CCT for sharing the Welcome letter in both English & Tamil languages with CGST.

- The Additional Commissioner (Systems) explained the hierarchy of operations involved in this methodology and how the tasks are sent to the registering authority in cases where the "Welcome Letter" sent to the taxpayer is returned undelivered. The Pr.CC instructed Shri. Ravi Chowdary, Superintendent, Office of the Pr. CC of GST & Central Excise to study the procedures and technicalities involved in the IT implementation of 'Welcome letter' by the State in order to have least extra workload burden on officers due to introduction of this initiative.

- The Commissioner of Commercial Taxes also explained that a street survey is being undertaken for the first time after 7 years of implementation of GST, so as to verify the existence of taxpayers in their registered place of business and also to identify unregistered business entities and traders. A pilot street survey was already completed in 3 divisions.

Agenda : 9 GSTAT Infrastructure

- For the State of Tamilnadu 2 Benches are to be formed at the 3 locations of Chennai, Coimbatore and Madurai.

- The Commissioner of Commercial Taxes stated that the building for Chennai has been identified and the Pr. CC of GST & Central Excise has been requested on 15.05.2024 to allot space of 4000 Sq.ft for accommodating the Office of State Authorized Representative (AR) in the proposed location of GSTAT bench sitting, Chennai at BSNL Building, Kush kumar Road, Nungambakkam, Chennai

- The Assistant Commissioner, CGST explained that proposal for renting the above mentioned building has been submitted to the Department of Revenue on 20.05.2024 and for Coimbatore tender has been floated in GEM Portal.

- For Madurai, offer has been received from BSNL offering its building at Bibikulam, Madurai and the same is under examination.

The Additional Commissioner (P&PR) expressed vote of thanks to Co-chairs, members and participants of the Second State Co-ordination Committee meeting.

The meeting came to an end at about 12.30 Noon.

Sd/- D.Jagannathan CCT Co-chair (State)	Sd/- Ashish Varma Pr.CC Co-chair (Centre)

Copy to:

1. All the Members and Co-opted Members/Nodal Officer of the State Co-ordination Committee, Tamilnadu.
2. Sr.DCM/DCM, Railways at Chennai, Trichy, Salem and Madurai.
3. Co-opted members of the State Co-ordination Committee of Tamilnadu, GST Council Secretariat, New Delhi.
4. PA to CCT, Tamilnadu.

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27/6/24

Joint Commissioner (P&P)