माल और सवा कर एव क ीय उ पाद श क धान म य आय कायालय
OFFICE OF THE PRINCIPAL CHIEF COMMISSIONER OF GST & CENTRAL EXCISE
क ीय माल और सवाकर एव क ीय उ पाद श क अचल : तिमल नाड एव पद#चरी
CENTRAL GST & CENTRAL EXCISE ZONE : TAMIL NADU & PUDUCHERRY
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F.No. GCCO/TECH/MEET/17/2023-TECH Date: .12.2025

Minutes of the 5th STATE CO-ORDINATION COMMITTEE MEETING between CGST & SGST authorities, held on 04.11.2025

The 5th State Co-ordination Committee meeting, in pursuance of GST Council OM dated 19.07.2023, was held between the Central GST authorities and State GST authorities of State of Tamil Nadu, along with the officers from GST Council, DGGI, DGGST, GSTN and in the Conference Hall, 3rd floor, GST Bhawan, 26/1, Mahatma Gandhi Road, Nungambakkam, Chennai, 600034, on 04.11.2025 at 11AM. The following members participated in the meeting.

CGST Authorities	SGST Authorities
Co-Chairs	
Shri Madan Mohan Singh, I.R.S., Principal Chief Commissioner of GST & Central Excise, Tamil Nadu & Puducherry Zone, Chennai	Thiru S.Nagarajan, I.A.S., Commissioner of Commercial Taxes, Ezhilagam, Chepauk, Chennai
Members	
Shri Murali Rao R J, Joint Commissioner, CGST, Pr.CCO, Chennai	Thiru S.Gnanakumar Additional Commissioner (Intelligence)
	Thiru. S.Subash Chandra bose, Additional Commissioner (Policy and Planning)
Co-opted Members	
Smt. Anu Joshy, Deputy Commissioner, Technical CGST, Pr.CCO, Chennai	Thiru G.V. Nagarajan Deputy Commissioner (Legal)
Shri K.Jagan, Deputy Director, DGGI, Chennai Zonal Unit, Chennai	Tmt. B.Saranya Deputy Commissioner (Intelligence & ISIC)
GST Council Representative	
Saurabh Kumar, Director, GST Council Secretariat, New Delhi (virtually)	

Officers other than Members	
Shri K.Harish, Additional Commissioner, CGST, Pr.CCO, Chennai. Shri S.Babukumar Jacob, Deputy Commissioner, DGGST, SZU, Chennai Shri V.Ramesh, Assistant Commissioner, Legal, CGST, Pr.CCO, Chennai Smt.R.Bhavani, Superintendent, Technical CGST, Pr.CCO, Chennai Shri Vibhakar Pandey, Superintendent, Technical CGST, Pr.CCO, Chennai Shri Dharmendra Sharma, AAD, DGGST, SZU, Chennai	Thiru A.B. Devendhira Poopathy Additional Commissioner (Non-GST and Public Relations) Thiru.M.Parameswaran, Additional Commissioner (Revenue Collection and Monitoring) Tmt. D.Ramadevi Additional Commissioner (Audit) Thiru M.Ravi Additional Commissioner (Legal) Tmt. T.Padmavathi Additional Commissioner (Systems) Thiru K.Arun Kumar Joint Commissioner (Data Analytics Unit) Thiru R. Sathiathilagam Joint Commissioner (Policy and Planning) Thiru S.Ram Mohan Deputy Commissioner (Policy and Planning)

Smt.Anu Joshy, Deputy Commissioner, CGST welcomed the Co-chairs, the Principal Chief Commissioner of GST & C.Ex., CGST Zone, Tamil Nadu & Puducherry & the Commissioner of Commercial Taxes, Tamil Nadu and all the members, co-opted members, the GST Council representative for the 5th State Co- ordination Committee meeting of Tamil Nadu. The agenda points of the State and the Center, were taken up for discussion, one after the other.

AGENDA - STATE

1. Return filing compliance of GSTR1 and GSTR3B in 2025-26, by Centre and State taxpayers (as on 30.10.2025) &

2. Details of action on Non-filers taken through Call centre:

The return filing compliance of GSTR1 and GSTR3B, for the months from March 2025 to August 2025, as on 30.10.2025, was reported. It was observed that it had taken six months to achieve 99% in return filing and that all out efforts, including nudging the taxpayers through call-centre to file the returns on time, were being undertaken to ensure

timely filing of returns. The action taken through the call centre for nudging taxpayers to file returns was detailed.

Return filing compliance

Sl. No.	Return Month	GSTR-1 (%)		GSTR-3B (%)	
		State	Centre	State	Centre
1	March filed in April	99.92	99.89	98.96	96.58
2	April filed in May	99.34	98.76	97.00	93.89
3	May filed in June	99.30	98.27	97.84	95.02
4	June filed in July	99.53	98.25	98.58	95.92
5	July filed in August	98.62	96.63	97.25	93.69
6	August filed in September	97.93	95.34	97.20	93.68

3. Growth rate in gross revenue receipts of State and Centre taxpayers for the period from April 2025 to September2025:

Comparison of SGST+CGST+IGST+CESS (Rs. In Crore)						
Month	State		Growth	Centre		Growth
	2024-25	2025-26		2024-25	2025-26	
April	6,292	7,359	16.97%	5,919	6,473	9.36%
May	5,027	5,845	16.29%	4,737	6,386	34.80%
June	5,205	5,805	11.53%	5,012	4,871	-2.82%
July	5,399	6,125	13.45%	5,088	5,170	1.61%
August	5,323	5,836	9.64%	4,855	5,223	7.58%
September	5,827	5,995	2.88%	5,194	5,417	4.30%
Total	33,073	36,966	11.77%	30,805	33,540	8.88%

It was observed that the growth in overall revenue receipts, in respect of taxpayers this Fiscal Year so far was unsettled. The Commissioner, State GST remarked that the dip in revenue in September 2025 could be due to the rate reduction introduced in GST 2.0. The Joint Commissioner, CGST, added that the revenue receipts were affected by the

automobile sector which contributed to the major share of the revenue; that during the previous months- May and June, Hyundai, BMW the top players in the automotive sector, reported a downtrend in sales. Both the co-chairs insisted on keeping a close watch on the trend of revenue collections in the upcoming months and analyse the impact of GST 2.0 reforms.

4. Excess refunds claim by Tvl. Nissan Motor India Private Limited identified to the extent of Rs.288.25 crore for the period from October 2023 to December 2024

It was reported that a detailed analysis was conducted on the refund claimed by Tvl. **Nissan Motor India Private Limited,** during the period from October 2023 to December 2024. The taxpayer`s transactions were found to be, two-fold; they purchased manufactured parts from Renault Nissan and exported their goods, both, with payment of tax and without payment of tax.

While arriving at the aggregate total turnover, (which should include inter-state, intra-state and exports supplies), for the purpose of calculating the eligible amount for refund, it was seen that the taxpayer had not included the supplies made with payment of tax. So, removing a part of the turnover form the denominator, led to an increase in the total amount of refund claimed. The State GST were thus able to find that Rs. 288 crore was claimed as excess refund and a notice to recover such excess refund was issued. It was stated that, before this issue, the ratio of exports with payment of tax and without payment of tax was 60:40; that however, subsequently, after the issue of SCN, the export supplies with payment of tax has increased from 60% to 96%, which in itself has points to some aberration.

The Commissioner, SGST, remarked that the field formations could be advised to look out for such twofold transactions in export supplies and ensure that both the type of export supplies, i.e. with and without payment of tax, are reported in the aggregate total turnover, while claiming refund.

5. Filing of GSTR 7

The Addl.Commissioner, SGST, observed that post August 2024, filing of GSTR7 has been mandatory, subsequent to which the compliance of the same has been studiously followed. He presented a table of month-wise non-filers of GSTR7 in respect of State and Centre administered taxpayers and stated that they continue to follow up such non- filing by nudging the taxpayers to file returns, through call centres. It was requested that the Centre may follow up with the non -filers and also share Nodal officers at the district level to participate in the meetings convened by the respective district collectors, to coordinate with the Deputy Commissioner/Nodal officer of the CT Department for GSTR7 compliance.

The Joint Commissioner, CGST responded that Nodal officers from executive Commissionerates have already been nominated at district level, to represent CGST at such meetings.

6. Action on Bill traders

The Addl. Commissioner, Intelligence, presented that during the FY 2025-26, upto the month of September 2025, the State GST had identified 126 bill traders (Non genuine taxpayers), (administered by the centre) and had shared the details of the same with the CGST authorities; that, out of the same, 76 cases have been cancelled and 24 cases were under suspension, however, 26 cases were still found to be 'Active' as on 14.10.2025.

As on the date of the meeting, the active cases were found to be 15 cases only. It was observed that, if it were to be found that these cases were genuine, the same may be intimated to the State authorities for updating the status in their database as well as to drop proceedings initiated upon the beneficiaries under Rule 86A of TNGST/CGST Rules, 2017.

Selection of cases for Inspection and Audit

The Addl. Commissioner, SGST brought attention to the fact that the Centre authorities have also started operating in the Model-II GSTN BO and so requested that the INS-01 and ADT-01 of the Inspection and Audit modules, may be updated with the cases chosen for Inspection / Audit, in the portal, so as to avoid duplication in selection of cases for inspection and audit.

7. Sharing of DRC 01 with DRC 07

The Addl. Commissioner, SGST mentioned that, the State authorities were in receipt of copies of DRC 07 to initiate recovery action under Sec. 79 of TNGST/CGST Act, 2017 and requested that the copies of the relevant DRC 01 may also be shared to understand the issues in toto.

The Joint Commissioner, CGST stated that in effect the DRC 01 was part of the DRC 07. DRC 07 is a complete document that included the facts of the case as detailed in the SCN, the taxpayer's responses and the findings/discussions of the adjudicating authority and as such sharing of DRC 01 would be duplication of work. The Addl. Commissioner, CGST added that the entire document is uploaded online and could be retrieved.

8. Modus Operandi of cases with Revenue potential (Inspection cases)

(i) Tvl. GREAT LAKES INSTITUTE OF MANAGEMENT (GSTIN:33AACCG2885L1ZD)

Issue Involved: Supplies made to SEZ (without payment of tax)

Tvl. Great Lakes Institute of Management is providing Educational services (SAC: 9992) which includes both exempted (for approved courses such as PGCM, PGDM, and online PGDM) and taxable (for non-approved courses such as Corporate Learning and Development, PGXPM and PGPM flex). Since the outward supplies are both taxable and

exempted, they are not eligible to avail the entire ITC on the purchases effected by them on various sources. The total ineligible ITC amounting to Rs. 6,89,70,661/- has been reversed ; Supplies made to SEZ unit (without payment of tax) but LUT not filed for the year 2023-24 and not obtained endorsement from the Development Commissioner of the SEZ for the years 2023-24 and 2024-25 and in this regard, an amount of Rs. 0.23 crore collected at the time of inspection.

Revenue Collected in cash: Rs.0.23 Cr

ITC Reversed: Rs. 6.89 Cr

(ii) **Tvl. ORISSA ALLOY STEEL PRIVATE LIMITED (GSTIN: 33AAJCR8647J1ZV)**

Issue Involved: Reversal of ineligible ITC

The taxable person is engaged in import of coal to generate Electricity and sell it to TANGEDCO. Supply of Electricity is exempted under GST as per the Notification No.02/2017 (Central Tax), dated 28.06.2017. The ITC amount is accrued on verification of their accounts. At the time of inspection, it was found that ITC was accrued to the extent of Rs. 12.62 Cr. As the outward supply is exempted from tax, it was pointed out to reverse the entire ITC. Accordingly the taxable person had reversed the ITC permanently through the monthly GSTR return of July 2025, filed on 20.08.2025.

ITC Reversed – Rs. 12.62 Cr.

(iii) **Tvl. IDFC FIRST BHARAT LIMITED (GSTIN: 33AACCG4482F1ZT)**

The taxpayers are business facilitators to IDFC First Bank Ltd and have claimed exemption for the supply made to the bank, which is located in rural area. However, they didn't make permanent reversal of ITC involved in the exempted supply under Rule 42 of the TNGST Rules.

ITC Reversal made till 31.10.2025 – Rs. 11.48 Cr

(iv) **Tvl. KANNAN AGENCIES (GSTIN:33AAFFK9892F1Z0)**

Tvl. Kannan Agencies is a wholesale distributor in Medicine. The taxpayer is making payment of paltry sum of amount after deduction of ITC. (ITC-cash ratio is very meagre). Hence, surprise inspection was conducted in the business premises on 21.08.2025 and huge suppression of turnover amounting to Rs.5,81,28,183/- was identified with reference to the data found in their 'Wonder' Software. The taxpayer has accepted the defect and paid the tax difference along with penalty for a sum of Rs. 75,29,216/- from cash Ledger and

Rs. 4,92,473/- from credit Ledger totalling to Rs. 80,21,689/-

Revenue Collected – Rs. 0.80 Cr

Modus Operandi of cases with Revenue potential (Audit cases)

(i) Tvl. United India Insurance Company Ltd (GSTIN: 33AAACU5552C1ZQ)

Mismatch in ITC as per GSTR-2A and GSTR-3B - Excess claim of ITC; Tax @ 18% on cross charge income; Reversal of ITC availed on Legal and Professional Charges

Revenue Detected: Rs.10.65 cr

Revenue Collected: Rs.1.11 cr

(ii) Tvl. SOLON INDIA PRIVATE LIMITED (GSTIN: 33AAHCM2684G1ZG)

The taxpayer has effected outward supply of solar power plant works contract services i.e supply of both goods and services and paid tax only for supply of goods. Hence tax is levied as per Notification No. 24/2018-CT(R), dated 31/12/2018 at 70:30 ratio.

Revenue Detected: Rs.1.22 cr

9. Activities of tax Research Unit

a. Un-claimed IGST ITC:

The Addl.Commissioner, SGST, observed that, since GST is a destination based tax, any IGST ITC that is coming into the State has to be either utilised or availed and reversed, so that the same may be properly shared with the State through settlement. He therefore requested that the Centre may advise the centre administered taxpayers, who are prima facie ineligible for ITC availment / IGST ITC, who have neither claimed nor utilised /reversed & those who have made incorrect reversal of IGST ITC in Table 4(B)(2) (temporary reversal) of GSTR-3B instead of Table 4(B)(1) (permanent reversal) of GSTR-3B, to follow the IGST ITC reversal.

It was also requested that appropriate drop orders may be passed on auto-populated DRC-01C cases on account of ITC claimed and reversal made cases, by considering the claim of un-claimed IGST ITC pertaining to FY 2024-25.

Further, it was stressed that taxpayers who had unclaimed IGST ITC pertaining to FY 2024-25 due to the reason that the same was ineligible, may be advised/sensitised to avail and reverse the same for the financial year 2024-25 before 30.11.2025, the due date.

b. UPI Data verification:

It was stated that, verification of recipients of UPI payments such as PhonePe, Google Pay etc. in Tamil Nadu, revealed discrepancies for registered taxpayers in the turnover reported in GST returns and receipts through UPI. Data on such discrepancies were forwarded to the Central authorities vide the three references dated 22.05.2025, 20.06.2025 and 18.09.2025, for further verification and to take appropriate action.

The Additional Commissioner CGST, observed that, while verifications are being done and action taken to issue SCNs, it was imperative that the same be substantiated with supporting /relied upon documents to stand the test in the Court of law. The Joint Commissioner, CGST, reported that while conducting verifications, it was found that there were cases where the turnover reported in the GST returns were actually greater than the UPI payments and in certain other cases, it was found that the taxpayers were dealing with exempted supplies. It was also reported that in two cases, SCNs were issued to the taxpayers. The Joint Commissioner, further stated that, they would complete the exercise of verification and intimate such cases where the issue of SCN is finalised, for sharing of Relied-Upon-Document, to strengthen the case.

c. Follow up on rectification of orders passed for defects noticed in Inward supply:

The Addl.Commissioner, SGST stated that, GST being destination based consumption tax, in all orders passed for defects found in the place of inward supply, it may be ensured that the place of supply is rightfully marked as 'Tamil Nadu', viz.'33' in the system, so that the State can receive the due share of the tax from the Centre, during the process of settlement. In cases where there has been an error in marking the place of supply, by the officer, it was requested that rectification of such orders may please be undertaken.

It was further observed that, in cases where the taxpayers make payment through DRC 03 for IGST defects relating to inward supply, it may be ensured and the taxpayers be advised to mark the place of supply as '33'- 'Tamil Nadu'.

The Addl.Commissioner, SGST remarked that wherever, there is a part payment of IGST dues against assessment orders, or where the payment of pre-deposit for appeal is made, the State dues are not settled by the Common Portal, even though the Place of Supply in such cases is mentioned as "Tamil Nadu". Hence requested that such part-payment of IGST dues against DRC-07 or payment of pre-deposit for appeals, may be done through filing of DRC-03 (Voluntary Payment), and adjusting the same by filing DRC 03A, instead of "Paying it against demand".

d. Analysis of Composition taxpayers:

As per Sec. 10 of TNGST/CGST Act, 2017, the turnover threshold for the composition taxpayers dealing only with goods and for Restaurant services is upto Rs. 1.50 crore and those dealing with services is upto Rs. 50 lakhs. The Addl.Commissioner, SGST stated that, an analysis of the Composition taxpayer was made for the FY 2019-20 to 2024-25 and the following defects were identified.

- Taxpayers involved in the supply of restaurant services who have paid tax less than 5 percent.
- Taxpayers involved in the supply of services who have paid tax less than 6 percent;
- Taxpayers involved in the supply of services with turnover exceeding Rs. 50 Lakhs but still under composition scheme;

The list of the above defects in respect of Centre taxpayers will be shared for further verification and necessary action.

10. Legal Issues - Inputs sought for filing Counter Affidavit

The Addl.Commissoner, SGST, reported the status of inputs sought from Central authorities for filing Counter affidavits, where the challenges are made against the Provisions and Rules of the GST Act & Rules, Notifications issued thereunder or the Central Authorities are named as respondent, wherein common stand of defence has to be taken. According to the report, the State had sought for inputs in respect of 116 cases and so far, the same has been shared in respect of 91 cases, leaving a balance of 25 cases for which the inputs are yet to be shared, as on the date of the meeting.

11. M/s Dell International India (P) Ltd.:

The Addl. Commissioner, SGST, further detailed the present status of the case of M/s Dell International Services India (P) Ltd., wherein the Hon'ble High Court of Madras, vide Order dated 02.01.2025 in WP No. 1924 of 2021, had directed to amend the GSTR-3B returns for the period from July 2017 to November 2017, to adjust the belatedly transitioned CENVAT credit of Rs.74,61,65,427/- , in respect of capital goods towards the output tax due and refund the cash payment made to an extent of Rs.74,61,65,427/- . Since, the directions of the Hon'ble High Court of Madras was beyond the statutory provision of the Act and required to be agitated by way of filing Writ Appeal, by the State authorities, who are the assessing authority. They have requested for filing of appeal from the central authorities and the request has been forwarded to the Chennai North Commissionerate, the Nodal Commissionerate, as per Master instructions.

The Joint Commissioner, CGST responded on this issue by stating that the GST Policy Wing has been addressed on this issue, vide letter dated 27.06.2025, to provide specific grounds of appeal, including references to relevant statutory provisions, judicial precedents, and departmental circulars to challenge the Court's order and that the same would be shared with State authorities. The Addl.Commissioner, SGST added that the taxpayer had also filed a caveat in the matter, to which, the Commissioner, SGST instructed that the quick action should be taken to file appeal, since ten months have already lapsed.

Important case laws:

Bharat Marketing Company – W.P. No. 6602 of 2024, dated 04.02.2025

The issue relates to reversal of ITC as per section 16(4) of the GST Act, 2017 and the petitioner is allotted to Central Authority. The Hon'ble High Court has allowed the Writ Petition based on the amendment carried out vide Finance Act (No.2) of 2024. Further, the Hon'ble High Court has directed to refund any tax that is collected from the petitioner from the cash ledgers/credit ledger prior to this amendment, which is contrary to Section 150 of the Finance Act (No.2) of 2024.

The Addl. Commissioner, SGST stated that in similar cases, the State has filed Review petitions against the orders of the Hon'ble High Court in W.P. No. 25081 of 2023 and other cases and hence, Review Petition in the instant case , to correct the error of ordering refund (without considering the amended provisions of section 150 of the Finance Act (No.2) of 2024), has to be filed by Centre.

The Addl. Commissioner, SGST stated that there are a batch of WPs in the Hon'ble High Court, on the issue of assessment/demand made under Sec.74, where the taxpayer challenges that the reasons for suppression/ intention to evade is not elucidated in the SCN and that Sec. 74 has been invoked due to lack of time. The department 's stand is that since taxation is in the 'Self-assessment' regime, the onus is on the taxpayer to declare all details in the returns and if anything is not declared or falsely claimed, the same would amount to suppression/ misdeclaration and liable for action under Sec. 74 of the TNGST/CGST Act, 2017. The Chief Commissioner and the Commissioner, State GST concurred to have a meeting of the legal cell of the Centre and State.

12-13. Sharing of GSTR-9, Return Scrutiny parameters & Systemized scrutiny of returns and best practices adopted by CBIC:

The Addl. Commissioner, SGST mentioned that the Systems wing had taken up the scrutiny of returns and identified 21 parameters from GSTR 9 and found defects in the GST returns. These data were forwarded to the field formations for further action. The list in respect of Centre taxpayers can also be generated and shared.

The Joint Commissioner, CGST remarked that the DGARM wing of the CBIC were carrying out similar activity in respect of the Centre taxpayers based on certain risk parameters and such short listed GSTINs were populated on the dashboard of the range officers for Scrutiny of returns. It was reported that post scrutiny, SCNs will be issued if any discrepancies found, and that, as on date, Scrutiny for the FY 2021-22 has been completed.

The Commissioner, SGST suggested that the list of GSTINs shortlisted for scrutiny by Centre may be compared with those of the State for a given FY, and any improvement could be made based on such comparison, on either side. It was mentioned that, whereas the State

had around 500 GSTINs for Scrutiny per Circle, which is the equivalent of a Range in the Centre formation, who had about 20 GSTINs for Scrutiny. It was also mentioned that four officers were posted in a Circle, whereas each range had about one officer, or even in certain cases, two ranges were manned by a single officer.

The Joint Commissioner, CGST, mentioned that the SOP on Scrutiny could be shared with the State.

14. Request for Login credentials for ADVAIT to the state for enhanced data analysis and identification of revenue leakages

The State requested login credentials for ADVAIT, for using the same to enhance their data analysis. Principal Chief Commissioner stated that an official request for login credentials of ADVAIT, if sent, would be forwarded to the DG Systems.

15. GSTN Back Office issues faced by the CGST officials and monitoring mechanism established, if any, for redressal

The Addl.Commissioner, SGST mentioned that they are having regular /weekly meetings with GSTN to resolve their GSTN BO issues. The Joint Commissioner, CGST stated that, the Directorate of Systems exclusively handles system related issues, escalates / trouble shoots GSTN BO issues by coordinating with the GSTN.

16. Methods followed for third party data integration for reconciliation & assessment with GST returns, with or without API:

The Addl. Commissioner, SGST, stated that the third party data integration for reconciliation and assessment is being made from data obtained through UPI etc. In the Central Authority, it was stated that, data integration was done by DGARM and the field formations are not involved in the same.

AGENDA – CENTRE

The Joint Commissioner, CGST, presented the following points of the Centre, for discussion.

1. Recent best practices instituted by CBIC

a. Monitoring mechanism on reforms introduced in GST 2.0

The introduction of the major tax reforms, GST 2.0 has overseen a significant overhaul of the GST structure, to a much simpler three slab system of 5%, 18% and 40%. To ensure that the benefits rolled out in the reforms introduced in GST 2.0 are effectively passed on to the end customer, the CBIC has introduced a monitoring mechanism to watch the price trends of sensitive commodities, before and after GST Rate reduction, on a weekly basis.

The Joint Commissioner stated that, the entire list of commodities and services that have undergone reforms, were broadly grouped under the sectors such as FMCG, Electronics, Transport/Automobile, Agriculture, Health, Education, Construction, Handicrafts/Art, Daily Essentials, Food/Dairy, Machines, Personal Care/ Wellness and the major players/ brands involved in the supply of such products/services were identified. The field formations are doing a weekly comprehensive study on the effect of the rate changes on each of the above goods/services, by comparing the MRP, pre and post revision, to ensure that the reduced rates are reaching the end customer.

b. Grievance Redressal Mechanism

GST registration related grievances:

The Joint Commissioner, CGST stated that a dedicated email id, regngrievance-prcco@gov.in for redressal of specific grievances in GST Registration, has been assigned and a nodal officer has been nominated at the Zonal and Commissionerate level to attend to the same. He observed that the grievances received on this platform are monitored on a hourly basis and resolutions are immediately provided wherever possible or escalated for further redressal.

All GST related grievances:

The Joint Commissioner, further detailed the following set of guidelines, prescribed by the Board for speedy and effective redressal of all other GST related grievances. The guidelines include,

- Time lines prescribed for attending physical grievances;

- Nodal officers at Commissionerate headquarters in the rank of Additional Commissioner have been, nominated to attend all GST related grievances;
- All Senior officers to be accessible to public/taxpayers during working hours , without prior appointment; to hold fortnightly open house sessions to redress issues/receive feedback;
- Grievances to be recorded, reviewed periodically to identify recurring issues;
- Dedicated whatsapp number to be assigned at Commissionerate level.

Apart from the above, the Pr.Chief Commissioner observed that a dedicated portal, the Centralised Public Grievance Redressal and Monitoring System (CPGRAMS), is instituted by the Central Government, for handling/redressing grievances from the public, across various Ministries. The timelines prescribed for CPGRAMS are strictly monitored and that for the last four months, the GST department has been consistently at the top of the table for timely addressing the grievances. The replies to the grievances are uploaded in the portal and there is also a feedback mechanism available to the applicant/aggrieved party and any unsatisfied comment /feedback is taken up for review by the highest authority, in the department.

2. GST 2.0 - Impact on Paper Industry and Notebook Conversion sector

The Joint Commissioner stated that the paper industry has represented that, the recent reforms introduced in GST 2.0, has inadvertently and adversely affected their industry, and also the notebook conversion sector and had requested that the NIL rate on paper supplied to Notebook sector, and GST on Notebooks may be revised to 18% and 5%, respectively.

It was stated that, prior to GST 2.0, the inputs/input services (Wood/Chemicals/Capital goods/input services) for the paper industry attracted 18% whereas, the output supply – paper was liable to 12% GST, which resulted in an inverted duty structure and consequent refund of the ITC.

However, post GST 2.0, the input supplies continued at 18% and the output supply- paper for notebooks was assigned a NIL GST rate.

Such rate reduction had the following effects:

- Even though there was an inverted duty structure, in as much as the output supply was NIL rated, there was no scope for refund;
- The tax on input becomes Cost;
- The ITC reversal burden in respect of supply of paper to Notebook sector, comes into effect in the value chain and is actually passed on to the end consumer, the students;

- Surge in imports of notebooks, due to reduction of IGST on imported notebooks from 12% to zero, where there is no impact by way of ITC reversal;
- Increased imports pose a threat to the domestic sector, in particular the notebook conversion who are majorly MSMEs.

The Commissioner, SGST observed that the GST 2.0 reforms had just been through one return cycle and any request on rate changes, be it paper supplied to Notebook sector or Notebook itself, cannot be entertained immediately and should be put on hold to see the trend in the coming months, and also wait for the feedback from the Tamil Nadu Newsprint and Paper Ltd.(TNPL), in which the State Government of Tamil Nadu is a stakeholder and Tamil Nadu Textbook Society .

3. Waiver of e-way bills for Road Testing

The Joint Commissioner, CGST stated that, out of the various automobile manufacturers in the State, M/s Mahindra & Mahindra, alone applies for waiver of e way bills for 'road testing' and the same has been extended to them on an year to year basis, by the Commissioner of State Tax, in consultation with the Principal Chief Commissioner of Central Tax, under Rule 138(14)(d) of the TNGST Rules, 2017.

It was brought to the attention that other automobile manufacturers like Hyundai, BMW raise e-way bills / delivery challan for road testing. As such, it was felt that an uniform practice was required in this matter.

The Commissioner, State GST observed that if the other taxpayers approached for such exemption, the same could be extended and that the period could be extended to three years since the law did not prescribe any validity period for such exemption.

4. Reduction in GST rate on 'Job Work' under residual category:

The Joint Commissioner, CGST stated that many representations have been received from trade associations for reduction in GST rate on Job work under the residual category, to 5% with ITC. It was represented that such supplies so far, were taxed @12%, however, w.e.f 22.09.2025, the same has been increased to 18%.

The following reasons were enumerated for such request:

- Such Job work were majorly performed by Micro and Small industries;
- Increase in GST to 18% results in locking up of working capital, hindering smooth business operations and financial stability ;
- Payments to MSME, as mandated, not made within 45 days, disrupting cash flow;

- Reducing to 5% will not affect Government revenue as GST paid by principal manufacturer;
- Reducing to 5% with ITC, would ensure uniformity across all job work services of similarly placed job workers.

The Joint Commissioner, CGST stated that, if agreed to this representation could be forwarded to the GST Council, for consideration.

5. Progress made on 4th SCCM points

The Joint Commissioner, CGST reported compliance status of the following points from the 4th SCCM meeting.

Legal issues- Uniform stand in GST legal issues

In line with the policy to adopt uniform stand in Legal issues by Centre and State, so far, Counter affidavit filed by the Centre where the challenge is against the section, rule, notification, order or circular and policy, inputs in respect of 91 cases have been shared so far, and as on date, inputs/ counter affidavits in respect of only 25 cases remain to be shared. It was stated that, out of this, 4 cases pertain to Customs and inputs in respect of the remaining 21 cases, details will be shared at the earliest.

UPI data verification

Verification of recipients of UPI payments by State and data shared in respect of –

(a) receipts more than Rs. 20 lakhs ;

(b) taxpayers under reported turnover in GST returns.

Verification process is under way and action taken, so far , was reported as below. 19

cases - Receipts vide UPI found to be lesser than the turnover reported in GST returns and hence no case;

6 cases - the supplies made were exempt; 2

cases - SCNs have been issued.

The process of verification is being carried out in respect of the remaining GSTINs shared.

6. Significant Audit /Investigation Cases

The Modus operandi in respect of the following investigation/Audit cases across the CGST Zone, was shared by the Joint Commissioner, CGST.

(i) M/s Minda Instruments Limited:

Issue Involved: Classification

Total differential tax: ₹4,86,32,681/-.

Recovery: Tax of ₹10,43,949/- and interest of ₹1,79,675/-.

The taxpayer, M/s Minda Instruments Limited, engaged in the manufacture of instrument clusters for OEMs, had misclassified their supplies as "Measuring and Checking Instruments" under HSN 9029, taxable at 18%, instead of "Parts and Accessories of Motor Vehicles" under HSN 8708, taxable at 28%.

For the period from 2019-20 to 2023-24, the total differential tax computed at ₹4,86,32,681/-.Out of this, ₹10,43,949/- pertaining to FY 2022-23 and FY 2023-24, has been paid through DRC-03, along with applicable interest of ₹1,79,675/-. SCN has been issued for the period 2019-20 to FY 2021-22 (Chennai Outer)

(ii) M/s. Mangalam Jewels, Coimbatore:

Issue involved: Suppression of Purchase & Sale of Gold

Total tax evasion detected – Rs.51.2 Crore

M/s Mangalam Jewels, a jewellery manufacturer in Coimbatore, was found to have suppressed purchases and sale of gold and gold jewellery. From their computer data and whatsapp chat, it could be found that they were supplying gold and gold jewellery without payment of GST, against receipt of cash and pure gold and were receiving pure gold as barter, without payment of GST. The jeweller had stored the data in three different software, one for GST, one for all transactions including with GST and without GST and the third one for issues & receipts of gold sent for manufacture. The proprietor of the unit who was the mastermind was arrested on 12.09.2025 and remanded to judicial custody.

(iii) M/s Sun Exports:

Issue involved: Suppression of Turnover

Total tax evasion detected – Rs.25,62,615/-

Recovery : Rs.25,62,615/-

M/s. Sun Exports, engaged in trading and export of biri leaves, was found to have

suppressed taxable turnover by not declaring B2C outward supplies in GST returns, leading to tax evasion. A physical verification of stock was conducted on 27.05.2025, during which shortage of biri leaves was detected. (Madurai).

(iv) M/s. Tamil Nadu Civil Supplies Corporation:

Issue involved: Non declaration of TDS deducted and non payment of GST

Total tax not paid– Rs.4.39 Crore (Tax -Rs.2.06 Crore; Interest -Rs.2.02 Crore; Penalty-Rs.0.31 Crore)

Recovery: Rs. 4.39 Crore on 30.09.2025

Based on the investigation conducted by HPU, Chennai North, it was found that M/s. Tamil Nadu Civil Supplies Corporation had deducted TDS from their suppliers but not declared the same in GSTR-7 returns for 4 months in the year 2019-20 & 2020-21.

(v) Modus Operandi shared by DGGI:

The Deputy Director, Chennai Zonal Unit, DGGI, presented a MO identified by the DGGI, detailed hereunder.

To foster MSMEs, various schemes have been launched by Government of India e.g. Pradhan Mantri Mudra Yojana (PMMY) and Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) and respective State governments, wherein, collateral-free loans and financial guarantees are provided for new and small enterprises, subject to fulfilment of certain conditions.

In the state of Tamil Nadu, State Government has also launched various such schemes namely NEEDS (New Entrepreneur-cum-Enterprise Development Scheme), AABCS (Annal Ambedkar Business Champions Scheme) etc., wherein, the eligible candidates / enterprises are given loan assistance and capital subsidies on their total project cost and interest subvention on loan repayment.

NEEDS – This Scheme is designed to promote first-generation entrepreneurs by supporting projects with costs ranging from ₹10 lakhs to ₹5 crores. Under this scheme, an individual-based capital subsidy of 25% of the project cost is provided, subject to a maximum of ₹75 lakhs. Additionally, a 3% interest subvention is offered on loans. Loan assistance is available through Tamil Nadu Industrial Investment Corporation (TIIC), Commercial banks, and Tamil Nadu Industrial Cooperative Banks Ltd. (TAICO), facilitating easier access to credit for eligible entrepreneurs.

AABCS - This is a dedicated initiative by the Government of Tamil Nadu to empower entrepreneurs from Scheduled Caste (SC) and Scheduled Tribe (ST) communities by offering

a 35% capital subsidy on eligible project costs (up to ₹1.5 crore) and a 6% interest subvention on loans for procuring machinery and equipment. The loan tenure eligible for interest subvention is limited to 10 years. This scheme aims to reduce financial barriers, promote entrepreneurship, and foster sustainable business development among SC/ST entrepreneurs, thereby driving inclusive economic growth in Tamil Nadu's MSME sector.

Procedure for availing above-said schemes:

Upon submission of the required documents by eligible beneficiaries, the banks, TIIC, or TAICO open a term loan account in the beneficiary's name and disburse the sanctioned loan amount into this account. Further, upon submission of invoices for the supplies procured from vendors by the beneficiary, the Bank / TIIC / TAICO makes the payment, inclusive of GST, against the said supplies to vendors' account from beneficiaries' term loan account. Following this, the District Industries Centre (DIC), after conducting due verification of the documents and project progress, recommends the beneficiary for the release of capital subsidy and interest subvention benefits under the NEEDS and AABCS schemes.

GST implication:

Whenever any vendors registered with GST department supplies goods / services to the beneficiaries under MSMEs schemes, payment against those supplies are made by the banks from beneficiaries' term loan account and that too along with GST component. It has been observed that several vendors who are supplying goods and services to the MSME beneficiaries, have failed to discharge their GST liability on such supplies despite having received the GST component. Given the widespread adoption of MSME schemes across India by a large segment of the population, the associated Goods and Services Tax (GST) implications are significant. With over 5.9 crore registered MSMEs employing more than 25 crore individuals, the cumulative GST collected through transactions under these schemes may contribute substantially to government revenues, if regularized.

The Commissioner, State GST observed that, in cases where one of the party is a State entity, it was decided to get them also involved and get the relevant details from such State departments to explore and identify the avenues that lead to GST leakage and ensure that the GST dues are properly accounted and recovered.

The meeting ended with vote of thanks.

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S.Nagarajan, I.A.S.,
Commissioner of Commercial Taxes
Co-Chair, (State)

MadanMohan Singh, I.R.S.,
Pr. Chief Commissioner of CGST & C.Ex.
Co-Chair, (Centre)

ADC

Copy to

i. All the Members and Co-opted Members / Nodal officers of the State Co-Ordination Committee, Tamil Nadu
ii. The Additional Commissioner (P & PR), CT, Chennai. {adcpprect.ctd@tn.gov.in} - with a request to forward the minutes to all the Members and Co-opted Members / Nodal officers (from state side) of the State Co-Ordination Committee, Tamil Nadu. {cct.ctd@tn.gov.in , adcpprect.ctd@tn.gov.in }
iii. The Addl. Director General, DGGST, Chennai –{dggst-szu@gov.in}
iv. The Under Secretary, GST Council Secretariat, New Delhi- {gstc.secretariat@gov.in}
v. The Deputy Director, DGGI, SZU, Chennai –{dgcei_chzu@nic.in }