भारत सरकार Government of India
वित्त मंत्रालय Ministry of Finance
राजस्व विभाग Department of Revenue
केंद्रीय अप्रत्यक्ष कर और सीमा शुल्क बोर्ड Central Board of Indirect Taxes and Customs
जी.एस.टी. और सीमा शुल्क के मुख्य आयुक्त का कार्यालय, पुणे क्षेत्र
Office of the Chief Commissioner of GST & Customs, Pune Zone
जी.एस.टी. भवन, 41-ए, ससून रोड, वाडिया कॉलेज के सामने, पुणे – 411001
GST Bhawan, 41-A, Sassoon Road, Opp. Wadia College, Pune – 411001
ई-डाक पता/E-mail address: ccu-cexpune@nic.in; दूरभाष सं./Telephone No.: 020-26051800

Minutes of the 3rd Centre-State Co-ordination Committee Meeting for the state of Goa held on 04.10.2024

The 3rd meeting of the Centre-State Co-ordination Committee for the state of Goa constituted vide Office Order No. 57/2023 dated 06.12.2023 was held in accordance with the directives issued by the GST Council Memorandum dated 19th July 2023. The meeting was held virtually via video conferencing on 04th October, 2024 at 11:30Hrs. in virtual mode. The meeting was attended by the following members:

S.No.	Name of the Officer	Designation	Designation in the Committee
1	Shri Mayank Kumar	Chief Commissioner, CGST & Customs, Pune Zone	Co-Chair
2	Shri S. S. Gill	Commissioner, SGST Goa	Co-Chair
3	Shri Vishant S. N. Gaunekar	Additional Commissioner of State Tax (HQ), Goa	Member
4	Shri Vivek Naik	Additional Commissioner of State Tax (Enforcement-North), Goa	Member
5	Shri Kunal Anuj	Joint Commissioner (Tech), CGST Goa	Member
6	Smt. Pallavi Gupta	Joint Commissioner, CGST Goa	Nodal Officer
7	Shibi Singh Gaharwar	Deputy Director, DGGI, Goa	Member
8	Shri Mrunal Marathe	Deputy Commissioner of State Tax, SGST Goa	Member

2. Agenda Points for discussion: -

(A) Maintaining, updating and sharing details of field level officers.

(B) Data sharing on important audit paras and modus operandi detected in audit.

(C) Making corroborative efforts on the issues pertaining to tax payer facilitation as well as tax payer grievances.

(D) Coordination in the matter regarding investigation/anti evasion proceedings, so as to ensure that on the same issue, investigation in respect of taxpayers is not undertaken by multiple administrations.

(E) Any other GST matter deemed fit for coordinated work between Central and State Tax Administrations.

3. At the outset, the nodal officer welcomed all the members present in the meeting and informed the attendees that the primary purpose of this meeting was to foster improved co-ordination between officials of the Central Tax and State Tax departments.

4. Thereafter, the above agenda points were taken up for discussion:

(A) Maintaining, updating and sharing details of field level officers.

It aims in enhancing communication between the Central and State GST Authorities. By doing so, it establishes more direct and efficient lines of communication, thereby facilitating smoother interactions and co-ordination among tax authorities.

It was informed by the nodal officer that as per direction issued in the previous meeting held on 12.03.2024, a list of field level officers has been exchanged between the CGST, Goa and SGST, Goa.

The Co-chairs appreciated the action taken and directed that any changes, whenever made, an updated list shall be shared accordingly.

(B) Data sharing on important audit paras and modus operandi detected in audit.

The Chief Commissioner, Pune Zone took note that, as decided in the previous meeting held on 12.03.2024, a training cum workshop was organized in the month of June'2024 by the Circle-VI& VII, Goa of Audit-II Pune Commissionerate. Additional Commissioner, SGST Goa and more than 20 officers from SGST, Goa and CGST, Goa participated in the said workshop. Further it was suggested by the Co-Chairs that such workshop shall be conducted at regular intervals. The members of the committee welcomed the suggestion.

With regards to sharing of important audit paras, the Chief Commissioner, Pune Zone has informed the committee members from SGST, Goa that CGST side has shortlisted a list 4 audit paras in respect of observations noticed during audit of units located at Goa which needs to be shared with the SGST, Goa. The said audit paras were also discussed at the meeting. Issue involved and GIST of Paras is as under:

1. **TAXPAYER: FUNSKOOL INDIA LTD:**
   AUDIT PERIOD: JULY 2017 TO MARCH 2022

Issue: Non-payment of tax on account of misclassification of goods supplied as exempted or nil rated goods.

The taxpayer has supplied certain goods like Magnetic Slates falling under HSN 95030090, classifying it incorrectly under HSN 9610 without payment of appropriate tax considering the same as exempted or nil rated.

HSN 9610: Slates – Nil.

HSN 95030090: Other Toys – 12%

The slates manufactured and supplied by the taxpayer appear does not fall under HSN 9610 which is exempted, meant for educational purpose in school. The slates manufactured are Magnetic slates as a toy for recreational purpose of children and is rightly classifiable under HSN 95030090 attracting GST at 12%.

Accordingly, GST is payable at 12% on such clearances and the GST payable worked out to Rs.8,28,130/-

Taxpayer agreed and paid the GST.

2. **TAX PAYER: STATE BANK OF INDIA:**
   AUDIT PEIROD: JULY 2017 TO MARCH 2022

Issue: Ineligible ITC availed on Furniture and Fixtures purchased by staff members of SBI, Goa Rs.11,18,980/- along with interest and Penalty.

During the course of Audit and on verification of ITC input invoices it is noted that the taxpayer has availed ITC credit of **Rs.11,18,980/-** for the period July 2017 to March 2022 in respect of invoices relating to purchase of Furniture and Fixtures purchase by staff members of SBI which are not in relation to furtherance of business of the Bank as per the requirement of Section 16(1) of the CGST Act, 2017.

Tax payer agreed and paid the GST along with interest.

3. **TAX PAYER: MOLBIO DIAGNOSTICS PVT. LTD:**

   AUDIT PERIOD: JULY 2017 TO MARCH 2021

Issue: Non-payment of GST on clearance of Medical Kits without payment of GST as FOC or Free supply:

During the course of audit, it was observed that the taxpayer has removed Medical Kits amounting to Rs.40,54,81,772/- involving GST of Rs.4,86,57,812/- without payment of duty under the guise of free supply as part of main supply. In the instant case, the contract price between the buyer and the seller for supply was pre-determined and accordingly sale transactions executed. Any situation which warrants reduction of price subsequent to sales need to be addressed as provided under GST law. It appeared that the supply of Medical kits, subsequent to sale of main products, under the pretext of free supply, clearly amounts to supply without payment of GST.

Tax payer has not agreed with the contention of the department. Show Cause Notice issued.

4. **TAX PAYER: TIMBLO DRY DOCKS PVT. LTD.:**

AUDIT PERIOD: JULY 2017 TO MARCH 2023

Issue: Non-payment of Tax on Leasing of Shipyard

During the course of audit on examination of certain documents viz. Tax Invoices and Lease Agreement, it was observed that the taxpayer have leased out ship building facility including structures and equipment installed therein (herein after collectively referred to as 'Shipyard') located at Southern Bank of River Zauri at Survey No. 28, Xelvona Village, Quepem, Goa, in consideration of fixed Rent and variable Rent, to MOC Shipyard Pvt. Ltd (herein after referred to as "MOC"), under the Lease Agreement dated 30.01.2020 as amended vide Addendum -1 dated 30.01.2020 and Addendum -2 dated 23.03.2020, for the period of 10 years, commencing from 1st May,2020 with 'lock in' period of two years from 1st May,2020 to April,2022.

It has been stipulated in the Lease Agreement that the Shipyard is leased out on annual fixed minimum rent of USD 20,00,000 (USD Two Million only) in equivalent INR, payable quarterly in arrears of equal tranches of USD 5,00,000/-, due and payable on or before the fifth day of each quarter during the term. In addition to fixed minimum rent, Lease Variable Rent equivalent to Twenty Percent (20%) of the Net Profits as per the Audited Accounts of MOC, due and payable within (7) months of the end of the preceding financial year, was also fixed under the aforesaid agreement. It was also agreed that MOC would purchase the raw material and consumables from the noticee as per their requirement, during the term of Lease Agreement. It has also been stipulated in the Lease Agreement that if MOC terminates the lease during the Lock In period i.e. 01/05/2020 to 31/04/2022, MOC will have to pay the Fixed

Minimum Rent for the remaining duration of the lock in period as payable under the agreement.

It has been observed that the shipyard was in possession of MOC during the period from May, 2020 to December, 2020 and the Tax Payer was providing services like leasing of shipyard, Supply of spares and consumables, Manpower supply, administrative services etc. to MOC, as per the Terms and conditions of the Lease Agreement.

As per the provision of Section 7(1)(a) of the CGST Act, 2017 the expression "supply" includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for **a consideration by a person** in the course or furtherance of Business. Whereas, the term **'Consideration'** has been defined under Section 2(31) of the CGST Act, 2017.

As per the definition, the 'consideration' in relation to the supply of goods or services or both includes

(a) Any **payment made or to be made**, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government.

(b) The monetary value of any act or forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government.

Further the Board vide Circular No. 178/10/2022-GST dated 3rd August, 2022 in Para 7.1.6, specifies that the amount paid or referred to as fine or penalty for early termination of lease as contemplated by the contract, as part of commercial terms agreed to by the parties, constitute consideration for the supply of a 'facility of early termination of a lease agreement'. Therefore, such payments are actually payments that amount to consideration for supply, and are subject to GST, in cases where such supply is taxable. Since these supplies are ancillary to the principal supply for which the contract is signed, they shall be eligible to be assessed as the principal supply.

Therefore, as per the clarification given in the Board Circular, the amount of fixed rent per month to be recovered from MOC by the Tax Payer, after the termination of Lease Agreement constitute 'consideration' for the supply of a 'facility of early termination of a lease agreement'. Therefore, such payments amount to consideration for supply and are subject to GST and since this supply is ancillary to the principal supply i.e. Leasing of Shipyard, it will be eligible to be assessed as the principal supply.

In view of the execution of the agreement by both parties to it and relevant law provisions, the tax was leviable on the amount of consideration i.e. Fixed Rent and Variable Rent fixed under Lease Agreement, on the taxable Supply i.e. the service of leasing of shipyard, in terms of Section 9 of the CGST Act,2017 read with section 7 of the CGST Act,2017.

The amount of tax liability on the Tax Payer worked out to Rs. 5,36,82,990/-(CGST Rs.2,68,41,495/- and SGST Rs. 2,68,41,495/-)
Tax payer did not agree with the observation. Show Cause Notice is being issued.

The Commissioner, SGST Goa appreciated the CGST side for sharing of abovesaid audit paras and assured that the same will be shared with the field level officers of the SGST, Goa.

(C) Making corroborative efforts on the issues pertaining to tax payer facilitation as well as tax payer grievances.

The Co-Chairs have acknowledged that both the sides have necessary inhouse grievance redressal system to redress the grievances of the taxpayers viz. CPGRAMS, GST Seva Kendra, e-Helpline etc. however, there is always scope for better service to the taxpayers' utmost satisfaction.

In this regard, the Chief Commissioner, Pune Zone has informed that a Grievance redressal committee (GRC) for the state of Goa has been reconstituted vide Trade Notice No. 01/GST/2024 dated 31.07.2024. The first meeting of GRC for the state of Goa will be convened soon.

(D) Coordination in the matter regarding investigation/anti evasion proceedings, so as to ensure that on the same issue, investigation in respect of taxpayers is not undertaken by multiple administrations.

It was proposed by the nodal officer, that the meetings can be organized with greater frequency at the local level between the enforcement wings of CGST/DGGI and the state tax officials for information sharing to avoid separate enquiry proceedings and investigations by multiple authorities and that streamlining this process is essential to reduce inconvenience to taxpayers and will enhance the investigative performance of all agencies. The Co-Chairs welcomed and accepted the suggestion and informed that suitable guidelines would be issued after due consideration.

(E) Any other GST matter deemed fit for coordinated work between Central and State Tax Administrations.

The Commissioner, SGST Goa informed the members of the committee that the setting up of 8 GST Suvidha Kendras (GSK's) for rolling out Biometric Based Aadhar Authentication and Document Verification System in the state of Goa is under process. Out of total 8 GSK's, 7 GSK are being set up by the SGST, Goa and 1 GSK is being set up by the CGST, Goa at GST Bhavan, Panaji, Goa. In connection, the Commssioner, SGST Goa suggested that the list of officers posted for duty at designated GSK's shall be shared between CGST, Goa and SGST, Goa for better mapping purposes and better co-ordination. Procurement of hardware and systems as per specifications given by the GSTN is under process and shall be completed within 15 days from SGST, Goa side.

The Chief Commissioner, Pune Zone directed the CGST, Goa to speed up the process of setting up of 1 GSK being set up at GST Bhavan, Panaji, Goa.

5. The meeting ended with a vote of thanks delivered by the Nodal officer, Centre-State Co-ordination Committee, Goa to all the members for their participation, acknowledging the valuable contributions and attendance of everyone present in the meeting.

Signed by
Mayank Kumar
Date: 22-11-2024 15:50:05

Chief Commissioner
CGST & Customs, Pune Zone

Commissioner
State Tax, Goa

Copy to:
1. The Chief Commissioner, CGST & Customs, Pune Zone
2. The Commissioner, State Tax, Goa
3. Deputy Director, DGGI, Goa Regional Unit, Goa.
4. The Joint Commissioner (Technical), CGST, Goa
5. The Additional Commissioner, State Tax-I, SGST, Goa.
6. The Additional Commissioner, State Tax-II, SGST, Goa.
7. The Deputy Commissioner, State Tax (GST), Goa
8. The Joint Secretary, GST Council Secretariat
9. The Senior DCM/DCM Manager of Railway