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GST Update: CBIC launches All India Drive against Fake/Non-Genuine GST Registrations

Recently, the GST Department has come across various fraudulent practices of bogus/fake invoices, etc. routed through Fake/ Non-Genuine GST Registrations. Accordingly, the Central Board of Indirect Taxes & Customs (CBIC) has decided to launch an All-India Drive to identify such fake/non-genuine registrations under the GST system. The Instructions issued by the CBIC for this drive have been summarised as under:

Purpose:

The purpose of the drive is to identify fake / non-genuine GST taxpayers by undertaking "**verification**" of the business premises.

Period:

The drive will be conducted from 16th May, 2023 to 15th July, 2023.

Method:

Jurisdictional Tax Officers shall undertake physical verification at the registered business premises of the "**suspicious GSTINs**". List of such GSTINs would be prepared by Centre and State based on data analytics, risk parameters, human intelligence, etc.

If the GST Officer has reasons to believe that the taxpayer is "**fake or non-genuine**", he/she would initiate actions such as:

- Suspension and Cancellation of registration;
- Blocking of balance in Electronic Credit Ledger;
- Initiate tax recovery incl. attachment of property/bank accounts, etc.

GST Officers would also trace the mastermind as well as beneficiaries (suppliers and recipients for fake/bogus invoicing) of the fraudulent transactions. Legal actions shall be initiated against all such persons involved in the fraudulent transactions.

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Key Pointers for Taxpayers/Businesses:

- Physical verification will be done only if taxpayer is included in the “**suspicious GSTINs**” list.
- GST Officers are required to do physical verification i.e., existence of taxpayer and business premises.
- GST officers would not (and cannot) do “**inspection**” of the business premises or books of accounts at the time of verification.
- Documents that may be verified includes business premises related documents (viz. Electricity bill, property tax bills, rent agreement, etc.) and KYC documents of Proprietor/Director/Partner and authorized person.
- Any action such as cancellation, tax recovery, etc. would be taken after issuing notice and following legal procedures and giving opportunity to taxpayer for giving reply.
- Taxpayer are legally required (irrespective of the above verification) to:
 - Include All place of business in the GST Registration Certificate;
 - Update/Amend GST Registration Certificate for the changes, if any;
 - Display GSTIN certificate at the registered place of business (including GSTIN on the name board at the entry);
 - Maintain books of accounts and supporting documents.



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