F. No. CBIC-20001/2/2026-GST
Government of India
Ministry of Finance
Department of Revenue
Central Board Indirect Taxes & Customs
GST Policy Wing

Room No. 16039, Kartavya Bhawan-01

New Delhi, Dated: 26.10.2026

To,

The Principal Chief Commissioners/ Chief Commissioners (All)

The Principal Director General/ Director General (All)

Madam/Sir,

Subject: Guidelines for the handling applications for GST registration – reg.

It is a bona fide expectation of every person, who applies for GST registration, that his registration application is quickly processed and GST registration is granted to him without any delay or hassles. However, grievances have been received regarding the difficulties faced by the applicants in some cases in getting GST registration, either due to rejection of the application for registration on various grounds, or due to the delay in processing of the registration application on account of queries being raised/ clarifications or additional documents being sought by the tax officers with respect to information submitted by the applicant in his application in FORM GST REG-01. While there is a need to exercise due diligence in processing registration application to prevent GST registration of being obtained by unscrupulous and fraudulent elements for passing on input tax credit (ITC) without any underlying supply, at the same time, it is also important to ensure that genuine applicants seeking registration are able to complete the process without undue inconvenience.

1.2 An analysis of GST registration applications, including the reasons for rejection and the nature of queries raised during processing, indicates that delays or rejections are often attributable to certain deficiencies in the applications which may include non-furnishing of requisite information or documents; submission of incorrect, incomplete, or inconsistent details, or uploading of documents that are not clearly legible. Such issues are commonly observed in respect of identity details of the applicant, proof of principal place of business, details relating to the constitution of the business, and identity details of the authorized signatory.

1.3 It may be relevant to emphasize that proper scrutiny of registration application by the proper officers plays a critical role in ensuring the integrity of the registration process and in

preventing misuse of the system. Instances have come to notice where some unscrupulous elements have been found to be mis-utilizing the facility of GST registration by obtaining fake registrations using identity of other persons, either with or without their knowledge, to fraudulently pass on ineligible input tax credit. Such a malpractice not only results in huge revenue loss for the Government, but is also against the interest of genuine and honest taxpayers, making them uncompetitive. To protect the interests of genuine and honest taxpayers, and to curtail the probability of fake registrations by such unscrupulous elements, the registration process has been streamlined over a period of time, by amendment in the provisions of CGST Rules, 2017.

1.4 While guidelines for processing of the application for registration have been issued by the Board for the tax officers vide instruction No. 03/2025-GST dated 17th April 2025, it is felt that similar guidelines may also be required for the applicants to facilitate them in furnishing proper and correct information and documents in the application for registration in FORM GST REG-01, so as to reduce requirement of seeking clarification or additional documents by the tax officers from the applicants during the processing of the registration applications, and thus expediting the processing of registration applications for genuine applicants.

2. Accordingly, to ensure uniformity in the implementation of the provisions of the law across field formations and to further streamline the process of GST registration, the Board, in exercise of its powers conferred by section 168 (1) of the CGST Act, 2017, hereby issues the following guidelines for the applicants filing application for GST registration.

3. **Registration application**

3.1 The application for GST registration (in cases other than by a non-resident taxable person, a person required to deduct tax at source under section 51 of CGST Act, 2017 and a person required to collect tax under section 52 of CGST Act, 2017 and a person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient in India) is to be filed by the applicant in FORM GST REG-01 online on the GST portal www.gst.gov.in.

3.1.1 The person required to deduct tax at source under section 51 of CGST Act, 2017 and the person required to collect tax at source under section 52 of CGST Act, 2017 may apply for GST registration in FORM GST REG-07 and the non-resident taxable persons need to apply for registration in FORM GST REG-09. Besides, a person supplying online money gaming from a place outside India to a person in India or a person supplying online information and database access or retrieval services from a place outside India to a non-taxable online recipient in India may apply for GST registration in FORM GST REG-10.

3.1.2 In addition to the guidelines provided in the subsequent paragraphs, a set of Frequently Asked Questions (FAQs) has also been prepared and annexed herewith as **Annexure-I** to provide further practical guidance on commonly encountered issues relating to the filing and processing of registration applications, including procedural timelines and specific taxpayer scenarios. These FAQs are intended to minimise ambiguities and facilitate smooth compliance by taxpayers, thereby reducing the need for repeated references to field officers. Further, a checklist of information and documents required to be furnished along with the registration application is annexed to this Circular as **Annexure-II**.

3.2 **Filing the application for registration**

The applicant may access the registration application on the portal by clicking Services>Registration>New Registration on the home page of GST portal. The detailed manual for step-by-step guidance of the applicants for filing the registration application has been provided on the GST portal and can be accessed by clicking Help and Taxpayer Facilities> GST Knowledge Portal> Register with GST from the home page of the GST portal.

3.2.1. FORM GST REG-01 comprises Part A for generation of Temporary Reference Number (TRN) and Part B for submission of detailed application, capturing essential fields such as business constitution, reasons for registration, existing registration details, nature of premises and business activity, promoter/director/Karta/supply details, bank account particulars, principal place of business, state-specific information, goods/services classification (HSN/SAC codes), and authorised signatory details. Taxpayers may fill and submit this format directly on the GST Portal, ensuring complete and accurate reporting of all mandatory fields to prevent processing delays.

3.2.2 **Details pertaining to Part A of FORM GST REG-01:**

The applicant needs to provide correct details of PAN and the Legal name while filing Part A of FORM GST REG-01. The Legal Name of the business should be the same as mentioned in PAN issued by Income Tax Department, and that mentioned in Incorporation Certificate issued by Ministry of Corporate Affairs (MCA) in case of incorporated companies. In case of proprietorship concern, the name of the proprietor should be mentioned against the Legal Name. Besides, the applicant also needs to ensure that correct details of State/ Union Territory and District of his principal place of business are provided in Part A. The applicant is also advised that in case where the e-mail address and mobile number are linked to his PAN, the details of the same Email Address and mobile number may be provided in Part A of FORM GST REG-01.

3.3 **Details pertaining to Part B of FORM GST REG-01:**

3.3.1 **Business Details:**

In Part B of FORM GST REG-01, the applicant needs to select the correct constitution of the business, viz. Proprietorship, Partnership, Hindu Undivided Family (HUF), Private Limited Company, Public Limited Company, Limited Liability Partnership (LLP), Trust, Association of persons, Local Authority, PSU, etc. Besides, the applicant also needs to upload the copy of Partnership Deed in case of Partnership firm; Registration Certificate/ Proof of Constitution in case of Society, Trust, Club, Government Department, Association of Persons or Body of individuals, Local Authorities, Statutory bodies, etc.; and Karta document in case of HUF as mentioned in **Annexure-II**.

3.3.2 The applicant applying for registration as SEZ Unit or as a SEZ Developer, need to clearly exercise the option of "Yes" in the correct category and provide the correct name of the said SEZ unit or the SEZ Developer, as the case may be, and the details of the relevant Approval Order (Letter of Approval/ Letter of Permission) Number and date of such Approval Order, period of validity and the designation of the approving authority. Besides, in such cases, the applicant is also required to upload the copy of such Approval Order.

3.3.3 In cases where the applicant wants to opt for composition scheme at the time for filing application of registration, he should clearly exercise the option of "Yes" in the option for composition and also select the correct category for eligibility for composition scheme under the heading "Category of Registered Parson". Similarly, in cases where the applicant wants to opt for Casual Taxable Person and/or Rule 14A, he should clearly exercise the option of "Yes" against the respective fields.

3.3.4 The applicant is also advised to select the correct reason for obtaining registration from the drop-down list provided on the portal, such as crossing the threshold; voluntary registration; change in constitution of business; inter-State supply; liability to pay tax as recipient of goods or services under section 9(3) or 9(4) of CGST Act, 2017 etc.

3.4. **Details of the Promoters/ Partners**:

3.4.1 The applicant needs to provide the details of the proprietor in case of proprietorship concern, including his/her name, name of the father, date of birth, mobile number, e-mail address, gender, PAN, Adhaar Number (if available), Director Identification Number (if any), Residential address, designation/ status in the firm/company etc. In case of partnership firms/ LLP, the details of Managing Partner as well as all other partners need to be provided. In case of HUF, the details of Karta are to be provided. In case of a company, the details of Managing Director and all the whole-time directors are to be provided, while in case of Association, the details of all Members of Managing Committee and in case of Trusts, details of all Members of Board of Trustee are required to be provided by the applicant. In case of directors of a

Company and in case of Designated Partners in a LLP, Director Identification Number (DIN) is mandatorily required to be provided. These details are required to be furnished in respect of such persons under each relevant category, as specified in **Annexure-II**.

3.4.2 The applicant is required to upload recent photograph(s) of the following persons, as applicable, along with the application for registration:

(i) Proprietor, in case of proprietorship concern;
(ii) Managing/ Authorized/ Designated Partners (All partners, including Managing Partner, but limited to ten (if the total number of partners in the firm is more than ten), in case of Partnership Firm/ LLP;
(iii) Karta, in case of HUF;
(iv) Managing Director or the Authorised Person, in case of a company;
(v) Managing Trustee, in case of Trust;
(vi) Members of Managing Committee, including the Chairman, but limited to ten (if the number of Members exceeds ten), in case of Association of Persons or the Body of Individuals;
(vii) CEO or his equivalent, in case of Local Authority or Statutory Body; and
(viii) Person in charge, in case of Others.

3.4.3 While submitting photographs, the applicant needs to ensure that the photograph is of the person concerned individual and is not part of a group photograph. The photograph should show the full front face of the concerned person and should be a recent colour photograph of proper resolution and clarity. Such uploaded photograph should not be a copy of any identity document, such as PAN, Adhaar Number, Driving License, Passport, etc., either as such or in cropped form. Due care should be taken while uploading the photographs to ensure that the photograph of the concerned applicant/ person only is uploaded, as uploading of wrong photograph may lead to either a query being raised by the tax officer, or the rejection of the registration application.

3.5. **Details of Authorized Signatory:**

3.5.1 The applicant is required to provide the details of the primary authorized signatory and other authorized signatories, if any, including the name, name of the father, date of birth, mobile number, e-mail address, gender, PAN, Adhaar Number, if available, Director Identification Number (DIN), (where applicable), residential address, designation/ status, etc. The details of maximum ten (10) authorized signatories can be furnished in the application of

the registration. The photographs of such authorized signatories also need to be uploaded along with the application.

3.5.2 Besides, an authorization letter issued by the proprietor/ Partners/ Board/ Trust/ Management Committee, etc, appointing the said person as authorised signatory of the entity, must be uploaded as proof of appointment of the said authorized signatory.

3.5.3 The guidelines regarding the details to be furnished and photographs and documents to be submitted mentioned in Para 3.4 above are equally applicable in respect of authorized signatories.

3.6 **Details of Authorized Representative:**

3.6.1 The applicant may provide the details of an authorized representative, if any, in the registration application. Where such authorized representative is a GST Tax Practitioner enrolled under the provisions of section 48 of CGST Act, 2017, the Enrolment ID of such GST Tax Practitioner needs to be provided. In case of an authorised representative, other than GST Tax Practitioner, the details such as name, designation, mobile number, e-mail address, PAN, etc, of such representative need to be provided.

3.7 **Details of Principal Place of Business:**

3.7.1 Principal Place of Business (PPoB) is the primary location of business within the State where registration is applied for. The applicants are advised to be very careful while furnishing the details of the PPoB in the application for registration, as providing wrong or insufficient or inadequate details/ documents regarding the PPoB is one of the major reasons for either rejection of the application for registration, or raising of queries by the tax officers.

3.7.2 The applicant must provide the complete and specific address of PPoB, including but not limited to, the Building/ Flat/ Shop/ Plot No.; Khasra/ Khata Number, where applicable; Road/ Street; Locality/ Sub-locality; Village/ Town/ City; Taluka/ Block, where applicable; District; PIN Code; and nearby landmarks, if any. Due care should be taken to ensure that the correct PIN Code is mentioned in the said details, and as far as possible, latitude and longitude of the PPoB may also be provided. It is mentioned that the correct longitude and latitude of the PPoB can also be selected by the applicant on the portal while filing the details in the said application by dragging the marker on the map on the portal to the correct address of the PPoB. It is again reiterated that the address provided should be very specific and accurate for the said PPoB, to the extent of the particular shop/ house/ premises/ Flat, etc. and should not be left open, such as mentioning only the details of Khasra Number/ road/ locality/ colony/ village/ town, etc. Not providing the specific and accurate address of PPoB may result in issuance of queries by the tax officers or negative report in physical verification report of the PPoB by the

field officer, wherever applicable. The address furnished in the application form should match the address mentioned in the document detailed in para 3.8 furnished and uploaded with the application, as proof of Principal Place of Business.

3.7.3 **Jurisdiction Details:**

The applicant also needs to select the correct State as well as Centre jurisdiction from the drop-down menu shown on the portal as per the PIN Code details provided by the applicant. This will avoid any delay in processing of application of registration due to the requirement of transferring the application of registration or reassigning the ARN for physical verification to the correct jurisdictional tax authorities. Besides, correct contact details in form of e-mail address and mobile number need to be provided. Nature of the business to be carried out from the said premises, such as manufacturing/ wholesale business/ retail business/ supplier of services/ warehouse/ Depot, etc. should also be mentioned by the applicant from the drop-down menu provided on the portal.

3.8 **Documents to be furnished in respect of Principal Place of Business (PPOB):**

3.8.1 A list of requisite documents to be uploaded as proof of the Principal Place of Business while filing the registration application has been appended with **FORM GST REG-01** on the portal and is also annexed to this Circular as **Annexure-III**. The documentary requirements in respect of different types of possession of the said premises are explained in detail in the subsequent paragraphs:

3.8.2 **Own premises:**

3.8.2.1 The premises will be considered as owned by the applicant, if he himself, is the owner of the said premises. If the premises is not in the name of the applicant, but is in the name of some of the family members like parents/ spouse/ siblings, etc. or in the name of one of the partners/ directors, etc., then the said premises cannot be considered to be owned by the said entity/ applicant. In such cases, the applicant should not select "own" as the option under the "Nature of Premises", and instead, should select "Consent" or "rented/leased" or "shared", as the case may be, in respect of the nature of the said premises.

3.8.2.2 In cases where the premises for PPoB is in name of the applicant and is owned by the applicant himself, the applicant needs to upload a clear and legible copy of the document as proof of the premises owned by him. In this regard, the applicant may submit the **copy of latest Property Tax receipt or copy of Municipal Khata or copy of document certifying Property Identification or latest copy of Electricity Bill or latest copy of Water Bill for the said premises in the name of the applicant and showing full and complete address of the said premises**, **which should be same as mentioned by the applicant in the application of registration**.

3.8.2.3 In case the premises is **owned by the deceased ancestor of the applicant and no document is available in the name of the applicant, then an affidavit in the requisite format annexed as Annexure – IV** needs to be uploaded by the applicant to this effect alongwith a clear and legible copy of death certificate of deceased ancestor and any one of the documents mentioned above in **Para 3.8.2.2** in the name of the deceased ancestor or in the applicant's name for the premises corresponding to the address to be declared as PPoB/APoB.

3.8.3 **Rented or leased premises:**

(a) Where lease/ rent agreement is available:

i. In respect of **premises which are taken on rent or lease by the applican**t and registered rent/lease agreement is available, the applicant is required to upload a clear and legible copy of the valid registered Rent/Lease agreement. In case **where the rent/ lease deed is required to be mandatorily registered** as per provision of laws/regulations of some States/Region concerned, either based on usage of the rented/ leased property or where the rent/ lease is for a period exceeding the specified period, and therefore, the applicant needs to upload a clear and legible copy of valid registered rent/ lease agreement in such cases**.**

ii. In cases, where **rent / lease agreement is not required to be registered**, in such cases, the applicant will have to upload a clear and legible copy of rent/lease agreement alongwith any one of the documents, as mentioned in **Para 3.8.2** above in the name of the landlord/lessor corresponding to the address to be declared as PPoB.

iii. In cases **where the electricity or water connection for the said rented/ leased premises is in the name of the applicant tenant**, the applicant will have to furnish a clear and legible copy of the latest electricity bill or water bill issued in his name, clearly indicating the complete address of the said premises, along with a valid rent agreement. Such documents may be accepted in lieu of the proof of premises required from the lessor.

(b) Where lease/ rent agreement is not available:

In respect **of rented/ leased premises, where the rent/ lease agreement is no**t **available**, an undertaking in the requisite format annexed as **Annexure V** needs to be uploaded by the applicant to this effect, along with the document showing the possession of the said premises by the tenant applicant, such as the a clear and legible copy of the latest electricity or water bill for the said premises containing the name of the tenant and showing full and complete address of the said premises.

3.8.4 **Premises on consent basis**:

3.8.4.1 Where the ownership of the premises is with a family member like spouse, parents, sibling, etc. or with a partner/ director, etc. and premises is made available to the applicant on consent basis, the applicant needs to upload consent letter in the requisite format annexed as **Annexure VI** issued in plain paper by the concerned owner of the premises duly signed by him and a clear and legible copy of any one of the documents as mentioned in **Para 3.8.2** above in the name of the consenter corresponding to the address to be declared as PPoB. The consent letter should clearly mention the details of the consenter and the applicant, the details of the property/ premises in respect of which consent is being given and the relationship between the consenter and the applicant. In cases, where the premises is co-owned by more than one owner, consent of all such co-owners needs to be provided.

3.8.5 **Co-working Spaces**:

In case where the applicant has declared co-working space as PPoB, the applicant needs to upload a clear and legible copy of the membership agreement with the co-working space provider, specifically providing details of the period of the agreement, specific suite/ cabin/ desk number allocated to the applicant, details as to whether the said premises is owned by the co-working space provider or whether the said premises has been taken on rent/ lease by the co-working space provider from the property owner. In case the said premises is owned by the co-working space provider, the applicant needs to also upload the copy of a document as mentioned in Para 3.8.2.2 above in the name of the co-working space provider corresponding to the address to be declared as PPoB. In case where the said premises has been taken on rent/ lease by the co-working space provider from the property owner, the applicant needs to upload the copy of the valid registered lease/ rent agreement entered between the co-working space provider and the property owner in addition to the membership agreement with the co-working space provider.

3.8.6 **SEZ/ SEZ Developer**:

If the principal place of business is located in the Special Economic Zone or the applicant is a Special Economic Zone developer, a clear and legible copy of approval letter (Letter of Approval/ Letter of Permission), with due validity, issued by the Development Commissioner of the SEZ is required to be uploaded.

3.8.7 It is reiterated that while uploading any such documents on the portal as a part of application for registration, due care must be exercised by the applicant to ensure that such uploaded documents are clear, complete and fully legible

3.9 **Details of Additional Place of Business**:

In cases where the applicant needs to provide details of any additional place of business, the details of all such additional places of business in the said State of registration may be provided. It is further clarified that the documentary requirements for amending details of the Principal Place of Business or Additional Place of Business remain same as those specified for the Principal Place of Business in the preceding paragraphs and as detailed in the appended list (**Annexure III**). It is also clarified that telecommunication towers, bank Automated Teller Machine (ATM), which are unmanned installations are not required to be declared as the PPOB or as an APOB in the GST registration application.

3.10 **State Specific Information:**

In some States, the applicant is also required to provide some State specific information in the application for registration. For example, in respect of application for registration applied in the State of Maharashtra, Rajasthan, Odisha, Andhra Pradesh, Assam and Madhya Pradesh, furnishing of information of electricity connection in respect of the premises for principal place of business, viz. Name of Electricity Board or Unit and Consumer Account Number/ Electricity Consumer Number is mandatory. The applicant may ensure that such details required specifically for the State concerned, where registration is applied for, may be provided correctly, along with supporting documents, if any.

3.11 **Details of the Bank Account**:

As per rule 10A of CGST Rules, 2017, a registered person is required to furnish the details of the bank accounts, which are in the name of the applicant/ registered person and have been obtained on the PAN of the applicant/ registered person, within a period of 30 days from the date of grant of registration, or before furnishing of details of outward supplies in FORM GSTR-1/ Invoice Furnishing Facility, whichever is earlier. Accordingly, whereas furnishing of the details of the bank account is not mandatory at the time of filing application for registration, the applicant is advised to furnish the details of his Bank Account, where available at the time of applying for registration, in his application for registration. Such details include the Account Number, type of account, Bank Name, IFSC Code, Branch Address. The said Bank account should invariably be in the name of the applicant and should be obtained on the PAN of the applicant. The applicant can give details of more than one account in the application for registration. The applicant is also required to upload the documents related to the said bank account(s) in form of scanned copy of first page of the bank passbook, or the relevant page of the Bank Statement, or the scanned copy of the cancelled cheque containing the name of the Proprietor/ Business entity, Bank Account No., IFSC and Bank Branch details, etc.

4. In cases, where the application for registration is being filed by a person whose previous registration, obtained on the same PAN, had been suspended as per the provisions of sub-rule (2) or sub-rule (2A) of rule 21A of CGST Rules, 2017, or had been cancelled as per the provisions of rule 22 of CGST Rules, 2017, the applicant needs to ensure that all his due returns for such suo-moto suspended or cancelled registration, including final return in FORM GSTR-10, as applicable, have been filed and no liability is pending against the said suo-moto suspended/ cancelled registration.

5. **Processing of registration application:**

5.1 As per provisions of rule 9 of CGST Rules, 2017, in cases, where the applicant has opted for authentication of Adhaar number, as specified in sub-rule (4A) of rule 8 of CGST Rules, 2017, while filing the application for registration, and has successfully got the Adhaar authenticated, the registration application is required to be processed by the proper officer within a period of seven working days from the date of submission of the application. In cases, where the applicant has either not opted for authentication of Adhaar number or fails to undergo such authentication of Adhaar number; or where the applicant is identified on the common portal, based on data analysis and risk parameters, for carrying out physical verification of places of business; or where the proper officer, with the approval of competent authority, deems it fit to carry out physical verification of places of business, the registration application is to be processed within thirty days of the submission of the application for registration, after physical verification of the place of business according to the provisions of rule 25 of CGST Rules. It is, therefore, in the interest of the applicant that he opts for and undergoes authentication of Adhaar number, as specified in sub-rule (4A) of rule 8 of CGST Rules, 2017, to get his application for registration processed at the earliest.

5.2 It is also added that as per first and second provisos to sub-rule (4A) of rule 8 of CGST Rules, 2017, in cases where the applicant has opted for authentication of Adhaar number, the applicant may be identified on the common portal, based on data analysis and risk parameters, for biometric based Adhaar authentication, for taking photograph of the applicant, and for verification of original copies of the documents uploaded by the applicant in the application for registration, at one of the Facilitation Centres notified for the said purpose. In cases, where the applicant has not opted for authentication of Adhaar number, he will be required to visit the Facilitation Centre for the purpose of taking the photograph and for verification of original copies of the documents uploaded by him in the application for registration. In such cases, application for registration shall be deemed to be complete only on successful verification as per the said provisions. Therefore, it is in the interest of the applicant to undergo the above said authentication/ verification at the Facilitation Centres in timely manner in such cases.

5.3 Small taxpayers who mainly supply to unregistered persons, or issue tax invoices in respect of supplies made to registered persons for passing on ITC on a monthly basis below Rs. 2.5 lakh, may take the benefit of simplified registration under Rule 14A of the CGST Rules, 2017. They can opt to pass on ITC below Rs. 2.5 lakh per month while applying for GST registration under FORM GST REG-01. Under Rule 14A, registration is granted automatically by the system within 3 working days. Similarly, applicants identified by the system based on risk-based parameters and data analytics for electronic grant of registration under Rule 9A are also given registration automatically by the system within 3 working days from the date of submission of the application.

5.4 Where the application is found to be deficient, either because of incomplete or contradictory details or information or documents furnished by the applicant; or due to the documents being illegible, not clear or not providing complete details, such as identity of the person/ complete address, etc., the proper officer may seek a clarification or information or documents through a notice in FORM GST REG-03, within seven working days from the date of submission of application only in the following cases:

i. Where any document is incomplete or not legible, the proper officer may seek complete or legible copy of the same.
ii. Where the address of place of business does not match with the document uploaded by the applicant, or where such uploaded document does not appear to be a valid proof of the address of the said place of business, the proper officer may seek additional documents as per the list of documents in **Annexure-IV** to confirm the address details.
iii. Where the address of place of business is incomplete or vague, the proper officer may seek complete and unambiguous details of the address along with the corresponding documentary proof.

5.4.1 It has also been observed that sometimes unwarranted documents are sought by raising queries such as residential address of the applicant/Managing Director/Authorized Signatory not being in the same city or the State where the registration has been sought; Udyam Certificate; raising objections that the kind of activities mentioned in the registration application cannot be conducted from the particular premises etc. While raising queries/seeking additional documents, officers handling registration applications should not seek unwarranted documents or raise any presumptive query which is not relevant for processing of registration application.

5.4.2 The proper officer may issue a notice electronically to the applicant in FORM GST REG-03, as referred to in para 5.4 above, in cases where the application has not been identified

by the system for physical verification of the place of business. In cases where the application has been identified by the system for physical verification, or where the proper officer, with the approval of an officer authorised by the Commissioner not below the rank of Assistant Commissioner, considers physical verification of the place of business necessary, such notice shall be issued within thirty days from the date of submission of the application.

5.5 The applicant is required to submit the said clarification, information or the documents in FORM GST REG-04 within a period of seven working days from the date of receipt of such notice. The proper officer is, thereafter, required to take a decision of the application of registration within seven working days of the receipt of the clarification, information or the documents from the applicant in FORM GST REG-04. The proper officer shall carefully examine the clarification, information or documents furnished by the applicant in FORM GST REG-04. Where the proper officer is satisfied with the reply furnished by the applicant in FORM GST REG-04, he shall approve the application for registration within seven working days from the date of receipt of such reply. However, where the proper officer is not satisfied with the clarification, information or documents furnished by the applicant, he may, for reasons to be recorded in writing, reject such application and inform the applicant electronically in FORM GST REG-05 within 07 working days from the date of receipt of reply.

5.6. Where applications have been identified by the system for physical verification of the place of business is to be carried out, the proper officer shall immediately initiate the process for physical verification of the place of business in accordance with provisions of rule 9 of CGST Rules read with rule 25 thereof. Thus, the officer must ensure that the physical verification report along with the other documents, including photographs, is uploaded on the system in FORM GST REG-30 at least five days prior to the expiry of the time period thirty days from the date of submission of application. The officer carrying out physical verification shall ensure the following:

a. Give a specific report regarding existence/non-existence of principal place of business declared by the applicant.
b. In case entity is found non-existing, efforts made in respect of locating the said premises, need to be recorded in the physical verification report.
c. Upload on the portal, GPS enabled site photograph and other documents, if any, during physical verification visit.
d. In case the ARN assigned for physical verification belongs to a different jurisdiction, the same should immediately be reassigned by the concerned officer to its correct jurisdiction through the portal.

5.7 The registration shall be deemed to have been approved if no action is taken by the proper officer within the time period specified in rule 9 of CGST Rules, 2017, as also mentioned above.

6. In view of above, the proper officer shall process registration applications submitted in FORM GST REG-01 by adhering strictly to the prescribed list of required documents, ensuring that no additional or unnecessary papers are sought from applicants to facilitate a smooth and taxpayer-friendly process. Where documents are found incorrect, incomplete, or mismatch, for instance, due to discrepancies in details, the officer shall issue a notice solely through FORM GST REG-03, providing applicants a clear opportunity to rectify without alternative communication or outright rejection. The primary objective remains to onboard genuine businesses efficiently into the GST system, so the proper officer shall refrain from personal or subjective assessments, such as classifying electricity connections as domestic or commercial, scrutinizing bill amounts, or deeming residential premises unfit for business. Further, verification of utility bills (like electricity or water) or property tax receipts shall be limited to confirming the applicant's name and address. In examining rental or lease agreements, the officer shall verify mainly document's validity, inclusion of both the applicant's and lessor's names and the exact property address.

6.1 Further, it is clarified that, in terms of Rule 14A of the Central Goods and Services Tax Rules, 2017, a registered person opting to exit from the simplified registration scheme shall follow the procedure prescribed for regular registration. Such person shall submit the withdrawal application in FORM GST REG-32 alongwith the documents as specified in FORM GST REG-01, and the standard process for normal registrations shall apply mutatis mutandis.

7. The applicant is advised that all the requisite information/ details, along with all the required documents, legible and complete in all sorts, may be provided in the application for registration. It is also informed that the process of registration in GST is totally online and faceless, without need for physical interface, except in respect of the process of physical verification of the premises of the applicant, where such physical verification is required to be undertaken as per the provisions of rule 9 and rule 25 of CGST Rules, 2017, or where the biometric authentication of Adhaar, verification of the original copy of documents and taking of photographs has to be undergone at one of the Facilitation Centres. Besides, all the communications with the applicant related to registration process, either by the system or by the proper officer, has to be made through the common portal only. The applicant should be

vigilant about the communications/ notices sent to him through the common portal, so that he can take timely action in respect of any communication sent through the common portal.

8. Where the applicant feels aggrieved, either due to delay in processing of the application for registration, or due to unwarranted queries being raised by the proper officer, he may file a complaint/ grievance with the jurisdictional Chief Commissioner of Central Tax/ Commissioner of State Tax, on the special e-mail identified by the Zones/ States for the said purpose.

9. It is requested that suitable trade notices may be issued to publicize the contents of this Circular.

10. Difficulties, if any, in implementation of these instructions may be informed to the Board.

Your faithfully,

(Gaurav Singh)
Commissioner (GST)

Annexure-I

FREQUENTLY ASKED QUESTIONS

A. Registration Form

Q.1. When do I require to obtain GST registration?

A. You need to obtain GST registration if either:

i. your annual aggregate turnover on a PAN basis for supplying goods, services, or both exceeds the prescribed threshold limit, or

ii. you fall under any category that requires mandatory registration irrespective of turnover.

Besides, suppliers whose turnover is below the prescribed threshold may also obtain GST registration voluntarily.

Q.2. What is the prescribed threshold limit of annual aggregate turnover for GST registration?

A. For suppliers exclusively dealing in goods, the prescribed annual aggregate turnover threshold for GST registration is ₹40 lakhs, while for suppliers engaged in the supply of goods and services both or supply of services only, it is ₹20 lakhs.

However, these limits are relaxed for special category States at their option, where threshold limit of ₹20 lakhs applies for goods suppliers and ₹10 lakhs for service suppliers.

Further, the persons engaged in exclusive supply of ice cream and other edible ice (whether or not containing cocoa), pan masala and all goods classified under Chapter 24 of the First Schedule to the Customs Tariff Act, 1975, i.e., tobacco and manufactured tobacco substitutes must mandatorily take registration under the Act, irrespective of the threshold limit.

Before applying for GST registration, you must verify the applicable threshold limit for your State or Union territory.

Q.3. Who are mandatorily required to obtain GST registration irrespective of the annual aggregate turnover threshold?

A. The following categories of persons are mandatorily required to obtain GST registration regardless of turnover:

a. Persons making any inter-State taxable supply;

b. Casual taxable persons making taxable supply;

c. Persons required to pay tax under reverse charge mechanism;

d. Persons required to pay tax under sub-section (5) of Section 9 of the Central Goods and Services Tax Act, 2017 ("CGST Act")

e. Non-resident taxable persons making taxable supply;

f. Persons required to deduct tax under Section 51 of CGST Act (TDS deductors), whether or not separately registered;

g. Persons making taxable supply on behalf of other taxable persons (as agent or otherwise);

h. Input Service Distributor (ISD), whether or not separately registered;

i. Persons making taxable supply of goods or services through an electronic commerce operator required to collect tax at source under Section 52 of CGST Act;

j. Every electronic commerce operator required to collect tax at source under Section 52 of CGST Act;

k. Persons supplying online information and database access or retrieval services (OIDAR) from outside India to a person in India (other than registered person);

l. Any other person or class of persons as may be notified by the Government on Council recommendations.

However, if any of the above-mentioned persons is exempted from obtaining registration mandatorily through a notification, he may not be required to obtain GST registration.

Q.4. How and where to file an application for GST registration?

A. You can file an application for GST registration **online on the GST portal** (https://www.gst.gov.in/) through **Services → Registration → New Registration** on the GST portal.

Q.5. What forms for registration are required to be filled by various taxpayers?

A. The taxpayer is shown the following list in the "I am a" drop-down list provided.:

- Taxpayer
- Tax Deductor
- Tax Collector (e-Commerce)
- GST Practitioner
- Non Resident Taxable Person
- United Nation Body
- Consulate or Embassy of Foreign Country
- Other Notified Person
- Non-Resident Online Services Provider and/or Non-Resident Online Money Gaming Supplier

Based on the taxpayer type, the following GST registration form is required to be filed:

S.No.	Category of taxpayer	FORM
1.	Application for Registration by normal taxpayer, ISD and Casual taxable person	**GST REG-01**
2.	Application for Registration of Tax Deductor at Source under section 51 of CGST Act or Tax Collector at Source under section 52 of CGST Act	**GST REG-07**
3.	Application for Registration of Non- Resident Taxable Person	**GST REG-09**
4.	Application for OIDAR Supplier from outside India to India	**GST REG-10**
5	Application for grant of Unique ID to UN Bodies/Embassies/others.	**GST REG- 13**

Q.6. What other GST forms are relevant for an applicant during the GST registration process?

A. Other forms relevant for the taxpayer are as follows:

S.No.	Form	Description
1.	**FORM GST REG-02**	Acknowledgement of registration application
2.	**FORM GST REG-03**	If the proper officer is not satisfied with the documents submitted with the registration application, he may issue a notice for Seeking Additional Information / Clarification/ Documents relating to the said application for Registration
3.	**FORM GST REG-04**	Submission of reply to the notice received in FORM GST REG-03
4.	**FORM GST REG-05**.	If the applicant fails to respond to the notice within the prescribed time, or if the Proper Officer is not satisfied with the reply furnished to the show cause notice, an order rejecting the application for registration will be issued.
5.	**FORM GST REG-06**	Registration Certificate

Q.7. How does the "Reason for Registration" affect the processing of my GST application?

A. The reason selected for registration is an important detail which should describe why you are seeking GST registration and it is required to be aligned with the Constitution of Business and other details provided in the application to ensure smooth processing. It may also be helpful in determining the category of registration, the liability and even at the time of cancellation.

Q.8. Is there any simplified procedure for obtaining GST registration for small businesses.

A. Yes, a simplified registration scheme for small businesses has been introduced with effect from 1st November 2025 as per rule 14A of Central Goods and Services Tax Rules, 2017 (CGST Rules) 2017. This optional scheme is for small businesses who do not need to pass on Input Tax Credit (IGST+CGST+SGST) more than ₹2.5 lakhs per month to registered recipients. Under this scheme, registration is granted automatically within three working days from the date of application without any intervention by officer. It may however be noted that

simplified registration scheme under rule 14A of CGST Rules, 2017 is not applicable in cases where the person needs to pass on ITC more than Rs. 2.5 lakh in a month.

Q.9. What are the conditions and restriction for obtaining simplified GST registration?

A. To avail this simplified scheme, a small supplier must:

i. file application for GST registration in FORM GST REG-01,

ii. opt for Aadhaar authentication while filing the application and

iii. choose registration under Rule 14A by declaring that they will abide by all conditions and restrictions as mentioned under:

   a. He cannot declare outward taxable supplies to registered persons involving total tax amount exceeding Rs.2.5 lakh in a month.
   b. He cannot obtain more than one GST registration in a State/Union Territory on the same PAN under Rule 14A of CGST Rules, 2017.

Q.10. I have obtained GST registration under simplified registration under rule 14A now I want to pass on ITC more than Rs. 2.5 lakh in a month to registered recipients, how can I withdraw from the simplified registration scheme under the said rule. And to obtain a normal registration?

A. You can withdraw from the simplified registration scheme and become a regular taxpayer by in the following manner:

File all pending returns due till the date of filing of application for withdrawal in FORM GST REG-32 on the common portal, subject to condition that you should have filed at least return for one tax period after obtaining registration under rule 14A of CGST Rules, 2017.

Once you submit FORM GST REG-32, your withdrawal application will be processed using the same procedure as a normal registration application made under FORM GST REG-01. After approval, you will become a regular taxpayer and will no longer be subject to the Rule 14A restrictions.

Q.11. Where can I find the manual/tutorial for a step-by-step procedure for filing registration application?

0A. A complete manual/tutorial for guiding applicants step-by-step to file GST registration application is available on the GST portal at:

https://tutorial.gst.gov.in/userguide/registration/index.htm#t=Apply_for_Registration_Normal_Taxpayer.htm

Apart from this tutorial, the application form itself provides tool tips and real-time contextual guidance to help applicants fill up the registration form correctly.

Q12. Do I need to visit the GST office for filing GST registration application?

A. There is no need to visit GST office for registration application. GST registration application needs to be filed online on the GST common portal (https://www.gst.gov.in/). Upon successful submission of application, you will receive an acknowledgment of registration application in FORM GST REG-02.

Q13. Do I need to visit the GST office for getting my registration application processed after filing registration application on the common portal?

A. GST registration application is processed online on the GST common portal. Further, with respect to Registration application filed under Rule 14A, the registration is issued electronically within 3 working days. Further, for normal Registration application,, if your application is selected for biometric-based Aadhaar authentication, you will be informed electronically through the GST portal and will be required to visit the designated GST Suvidha Kendra (GSK) for biometric authentication and document verification. This process must be completed within 15 days from the date of receipt of temporary reference number on the mobile number and email address as provided in the registration application form. Failure to do so may result in your application not being processed further. Upon successful completion of the biometric based Aadhar authentication and document verification, you will receive an acknowledgment of registration application in FORM GST REG-02.

Q.14. Will any officer visit my business premises for verification during the GST registration process?

A. The proper officer may conduct a physical verification of your business premises if:

a. You do not opt for Aadhaar authentication or fail to complete Aadhaar authentication; or
b. Even after opting for Aadhaar authentication, your application is identified by the system for physical verification of the premises based on risk parameters and data analysis; or
c. The proper officer considers physical verification necessary and obtains the required approval from a higher authority.

Q.15. Do I need to submit any additional information after applying for GST registration? What happens if I do not respond to a query raised by the officer?

A. After submitting your application, you may track the status of the registration application on the GST common portal.

If, during examination of your application, the proper officer requires any clarification or finds any discrepancy, he may issue a notice in FORM GST REG-03 on the GST common portal

seeking such documents/information/ clarification/. On receipt of the same, you are required to submit your reply in FORM GST REG-04 along -with requisite information/documents/clarification if any on the GST common portal within 7 working days from the date of receipt of the notice in FORM GST REG-03.

If you fail to respond within the prescribed time, the officer may reject your GST registration application.

Q.16. How long will it take to receive the final decision on my GST registration application after I submit a clarification in FORM GST REG-04?

A. After you submit the required clarification in FORM GST REG-04, the proper officer will process your application and take a decision within 7 working days.

If your application is approved, the Registration Certificate in FORM GST REG-06 will be made available on the GST portal. If your application is rejected, a rejection order in FORM GST REG-05 will be issued and made available on the portal**.**

Q.17. What if the GST officer does not process my registration application within the prescribed time?

A. If no action is taken by the officer within the prescribed time limit, your GST registration shall be deemed to have been approved. In such cases, the Registration Certificate in FORM GST REG-06 will be automatically made available on the GST portal.

Q. 18. What should I do if my GST registration application is rejected?

A. If your application is rejected, you may submit a fresh application after correcting the deficiencies mentioned by the officer in the rejection order.

Q.19. Can separate registrations be obtained for multiple businesses, branches, or business verticals within the same State?

A. Yes, a person can obtain separate registration for multiple places of business or branches within a State or a Union territory, if such person has not been registered as a composition taxpayer.

B. <u>Information/documents relating to details of the Constitution of Business (COB)</u>

Q.20. What information/documents relating to details of the Constitution of Business (COB)?

A. In Part B of FORM GST REG-01, the applicant needs to select the correct constitution of the business, viz. Proprietorship, Partnership, Hindu Undivided Family (HUF), Private Limited Company, Public Limited Company, Limited Liability Partnership (LLP), Trust,

Association of persons, Local Authority, PSU, etc. Besides, the applicant also needs to upload the copy of Partnership Deed in case of Partnership firm; Registration Certificate/ Proof of Constitution in case of Society, Trust, Club, Government Department, Association of Persons or Body of individuals, Local Authorities, Statutory bodies, etc.; as mentioned in **Annexure-II** to **Circular No. 257/03/2026-GST.**

C. <u>Information/documents relating to details of Principal Place of Business (PPoB) /Additional Place of Business (APoB)</u>

Q.21. What document do I need to upload as a proof of Premises to be declared as PPoB/APoB in case the said premise is owned by me?

A. If you own the premises, you should upload a clear and legible copy of any one of the following documents in your name: a property tax receipt (latest copy), municipal khata, property identification document, Electricity Bill (latest copy), or Water Bill (latest copy). You are also required to ensure that the address mentioned on it exactly matches the address of PPoB declared in your GST registration application.

Q.22. The premise is owned by my father or my mother or another relative but I am staying in the premises; whether I can declare it as my owned premises as PPoB/APoB in the registration application form?

A. No, in this case, you should declare "Consent" corresponding to the field "Nature of premises" and upload clear and legible copy of:

1. Any one of the documents mentioned in answer to Q.21 above, corresponding to the address declared as PPoB/APoB; and
2. A consent letter from the family member (spouse, parent etc.) on plain paper in the format enclosed as Annexure-VI to Circular No. **257/03/2026-GST**.

Q.23.What documents are required if the premises to be declared as PPoB/APoB are rented/leased and registered rent/lease agreement is available?

A. If the rent or lease agreement is registered, a clear and legible copy of the registered agreement corresponding to the declared address is required to be uploaded as a proof of premises declared as PPoB/APoB.

Q.24. What documents are required if the premises are rented/leased and the rent or lease agreement is not registered?

A. If the agreement for rent/lease of the premises to be declared as PPoB/APoB is not registered, you should upload a clear and legible copy of the following documents corresponding to the declared address:

1. A copy of the **rent or lease agreement;** and
2. **Any one of the documents in the landlord's name** for the said premises as mentioned in answer to Q.21 above.

Q.25. What documents are required as proof of the PPOB/APoB if no rent/lease agreement is available for premises?

A. If there is no rent or lease agreement available in respect of premises to be declared as PPoB/APoB, a clear and legible copy of the following documents should be uploaded:

a. An undertaking to the effect that you are in possession of the said premises for using it as PPoB/APoB, in the format enclosed as Annexure-V to Circular No. **257/03/ 2026-GST**.
b. A copy of any one of the documents in the applicant's name of the premises corresponding to the address declared as PPoB/APoB as mentioned in answer to Q. 21 above.

Q.26. What documents should I upload as proof of the PPoB/APoB if I am operating from a Co-Working space?

A. To declare a Co-Working space as PPoB/APoB, you should upload a clear and legible copy of the membership with the co-working space provider, showing your allocated desk, seat, suite, or area and the full address of the premises. In addition:

i. If the co-working space provider owns the premises, you should also upload a clear and legible copy of any one of the documents in the name of the co-working space provider corresponding to the declared address as mentioned in answer to Q. 21 above.

In addition, if the co-working space provider has taken the premises on rent or lease, you should also upload a clear and legible copy of the registered rent or lease agreement between the owner of the premises and the co-working space provider.

Q. 27. What documents should be uploaded as proof of the Principal Place of Business (PPoB) for an SEZ Unit or SEZ Developer?

A. The applicant is required to upload the relevant approval letters, certificates, or other documents issued by the Government of India or the competent SEZ authorities evidencing the location of the SEZ Unit or SEZ Developer.

Q. 28. I already hold a GST registration for a place of business located outside the SEZ in the same State/Union Territory. Can I obtain a separate GST registration for my SEZ Unit?

A. Yes. A separate GST registration is mandatory for an SEZ Unit or SEZ Developer, even if the applicant already holds a GST registration for a place of business located outside the SEZ in the same State/Union Territory. The SEZ Unit cannot be covered under the existing non-SEZ GSTIN.

Q.29. If the ownership of premises to be declared as PPoB/APoB is in a deceased ancestor's name, what documents should be uploaded as a proof of PPoB/APoB?

A. If the premised to be declared as PPoB/APoB is in the name of a deceased ancestor, you should upload a clear and legible copy of the following documents:

i. Copy of Death Certificate of deceased ancestor, and
ii. An affidavit on a stamp paper of minimum value by the applicant to the effect that the applicant is successor or has legal inheritance for the said premises to be declared as PPoB/APoB enclosed as Annexure- IV of Circular No. **257/03/2026-GST** explaining the succession or legal inheritance showing you as the possessor of the premises, and
iii. Any one of the documents in the name of the deceased ancestor or in the applicant's name for the premises corresponding to the address to be declared as PPoB/APoB as mentioned in answer to Q. 21 above.

Q.30. My address of premises declared as PPoB/APoB is in a different State /district/City than of my residential address declared in the registration application form. Will that be an issue for obtaining registration under GST**?**

A. It is not required to have a residential address in each State/district/City to obtain registration under GST. You can have residential address in a State/District/City other than that State/District/City where you have a premises to be declared as PPoB/APoB under GST. However, you are advised to provide **accurate details in respect of residential address as well as premises to be declared as PPoB/APoB** in **FORM GST REG-01**.

Q.31. What should I check before uploading a document as a proof of my PPoB/APoB?

A. Before uploading the document as a proof of premises to be declared as PPoB/APoB, you should ensure that the name and address mentioned in the document match with the details provided by you in your GST registration application. If you are uploading an electricity or water bill, it should be ensured that it is not too old & you should upload latest copy of the electricity or water bill. You should also, make sure that the document uploaded is clear, complete, and legible.

Q.32. Can I use a Post Office Box or courier address as my business address as my PPoB/APoB for GST registration?

A. No. A Post Office Box is not acceptable as the PPoB/APoB. GST registration requires a verifiable physical address. You should have a physical premises and provide valid supporting documents as proof of address of that premises as discussed above in the answers to questions.

Q.33. If I have multiple branches in the same building, do I need to declare all them as PPoB or one of them as PPoB. Further, is it required to upload proof for each of them separately?

A. You may obtain single GST registration by declaring one of them as PPoB and others as APoB or multiple registration by declaring branches as PPoB. However, you are required to upload proof for each PPoB and/or APoB separately.

Q.34. The electricity bill is in the landlord's name but the meter is shared. Is it acceptable as a proof of PPoB/APoB?

A. In this scenario you should ensure the following:

i. **If you have a registered rent/lease agreement**, you only need to upload the **registered rent/lease agreement**; no additional document is required.

ii. **If the rent/lease agreement is not registered**, upload any one of the documents in the name of **the landlord** as mentioned in answer to Q. 21 above along with the rent agreement.

Q.35. Will photos of the applicant or landlord on the premises be required or accepted as PPOB proof?

A. No. Only the documents as prescribed in the List of documents and in the format as prescribed in instructions appended to **FORM GST REG-01** are required for GST registration.

Q.36. If I am a MSME unit registered on the Udyam Portal. Am I required to upload Udyam (MSME) certificate as proof of PPOB?

A. Neither the Udyam/MSME certificate is required nor it can be treated as a proof of PPoB/APoB.

Q. 37. What documents shall be submitted if I own the property jointly but utility bills and similar documents are issued in the name of other co-owner?

A. In case where property is jointly owned and one of the co-owners intends to obtain GST registration by using the premises as the PPoB, consent or an NoC from the co-owners is not required. However, there may be situation where the property is jointly owned but utility bills and similar documents are issued in the name of only one co-

owner. In such cases, the applicant shall submit such document where ownership of both is mentioned.

D. Information/Documents relating to Bank Account Details

Q.38. Which type of bank account details should I provide?

A. You should provide details of bank accounts which are in the name of your firm or your name in case of proprietorship and are obtained on its PAN and which are maintained by you for conducting the business for which GST registration is being obtained. It is mandatory to mention/add/update all the bank accounts operating in the name of your firm or being used for transactions thereof even if opened or added post-registration.

Q.39. Is bank account mandatory at the time of filing application for GST registration?

A. No. It is not mandatory at the time of filing application; however, you are advised to fil the details in respect of bank account at the time of filing application for GST registration if such bank account details are available at the time filing registration application. It is however, mandatory to furnish bank account details within 30 days of grant of registration or before filing outward supplies in GSTR-1/Invoice Furnishing Facility, whichever is earlier as per Rule 10A of CGST Rules.

Q.40. Details of how many bank accounts can be provided at the time filing GST registration or after that?

A. You can provide details of up to 10 bank accounts pertaining to your business.

E. Details of Goods and Services

Q.41. Should I enter all the Goods and Services in the field of details of Goods and Services?

A. It is advisable to provide the details of all types of goods and/or services that your business supply or intends to supply. Use accurate and specific descriptions as per your business activity. However, if you cannot add all the goods and/or services, you are required to add the most prominent ones.

Q. 42. Can I update or add items in the details pertaining to HSN after registration?

A. Yes, you can update or add goods/services through an amendment application in FORM GST REG-14 after grant of the registration.

F. Information/Documents relating to Details of Proprietor / Directors / Karta / Promoter etc.

Q.43. Whose details are required to be filled in respect of Proprietor/Directors/Karta/Promoter etc.?

A. The applicant needs to provide the details of the proprietor in case of proprietorship concern, including his/her name, name of the father, date of birth, mobile number, e-mail address, gender, PAN, Adhaar Number (if available), Director Identification Number (if any), Residential address, designation/ status in the firm/company etc. In case of partnership firms/ LLP, the details of Managing Partner as well as all other partners need to be provided. In case of HUF, the details of Karta are to be provided. In case of a company, the details of Managing Director and all the whole-time directors are to be provided, while in case of Association, the details of all Members of Managing Committee and in case of Trusts, details of all Members of Board of Trustee are required to be provided by the applicant. In case of directors of a Company and in case of Designated Partners in a LLP, Director Identification Number (DIN) is mandatorily required to be provided.

Q.44. How can I update details if there is change in details of Director/Promoter/partner after obtaining registration?

A**.** Changes in details of directors, partners, trustees, promoters or Karta etc. may be updated by filing amendment application in **FORM GST REG-14** on the GST common portal.

Q. 45. Is Director Identification Number (DIN) mandatory for directors of a company?

A. Yes. DIN should be furnished wherever applicable for directors of companies and designated partners of LLPs. Moreover, DIN will be validated through MCA.

Q. 46. Are E-mail Id and Mobile Number mandatory for each promoter/partner/ authorised signatory?

A. E-mail Id and Mobile Number of each promoter/partner/authorised signatory shall be submitted correctly for verification and future communications.

Q.47. Will CIN be validated during submission of application?

A. All information related to CIN shall be validated online by the system during submission of application.

<u>G. Authorised Signatory/Authorised Representative</u>

Q.48. Who can be an authorized signatory under GST?

A. Any person who is not minor can be made an authorized signatory and however, in cases where application for registration of Non-Resident Taxable Person is filed in FORM GST REG-09, Authorised signatory shall be an Indian national and shall not be a minor.

Q.49. What document and details are required to be provided in respect of authorized signatory?

A**.** The applicant is required to provide the details of the primary authorized signatory and other authorized signatories, if any, including the name, name of the father, date of birth, mobile number, e-mail address, gender, PAN, Adhaar Number, if available, Director Identification Number (DIN), (where applicable), Residential address, designation/ status, etc. The details of maximum ten (10) authorized signatories can be furnished in the application of the registration. The photographs of such authorized signatories also need to be uploaded along the application.

Besides, an authorization letter issued by the proprietor/ Partners/ Board/ Trust/ Management Committee, etc, appointing the said person as authorised signatory of the entity, must be uploaded as proof of appointment of the said authorized signatory.

They are also required upload recent photographs in respect of authorized signatories.

Q.50. How many authorised signatories can I add?

A. You can add up to **ten authorised signatories**, including the primary authorised signatory. It is advisable to add at least two signatories, a primary and an alternate to ensure smooth handling if one signatory is unavailable for e-sign, DSC, or Aadhaar verification.

Q.51. Is authorized signatory required to sign the application?

A. Primary Authorised signatory as mentioned in **FORM GST REG-01** is required sign the application digitally.

ANNEXURE- II

CHECKLIST OF DOCUMENTS

Sl. No	Constitution of Business	Persons whose details are to be furnished	Digital Sign of person required	Details/Documents required
i	**Proprietorship**	Proprietor	Proprietor	• PAN of Proprietor • Photograph of proprietor • Bank account details of Proprietor or Proprietorship firm, as applicable. • Address proof of principal place of business ***(ANNEXURE-III)***
ii	• **Partnership** • **Limited Liability Partnership (LLP)** • **Foreign Limited Liability Partnership (Foreign LLP)**	Managing / Authorised / Designated Partners	Managing / Authorised Partners for Partnership Designated Partners for Limited Liability Partnership Authorised Person in India for Foreign LLP	• PAN of the partnership firm • Partnership deed or any proof substantiating constitution (For partnership firm)/Certificate of incorporation/ Certificate of establishment • Photograph of the partners including managing partner and authorised/designated partners • Authorisation Form as specified in instructions to FORM GST REG-01 • Bank account details of partnership firm

				• Address proof of principal place of business ***(ANNEXURE-III)***
iii	**Hindu Undivided Family**	Karta	Karta	• PAN of HUF • Photograph of the Karta • Bank account details of HUF • Address proof of principal place of business ***(ANNEXURE-III)***
iv	• **Private Limited Company** • **Public Limited Company** • **Unlimited Company** • **Foreign Company Registered (in India)** • **One Person Company**	Managing Director or Authorised Signatory Indian Authorised Signatory Director	Managing / Whole-time Directors for Private/ Public/ Unlimited Company Indian Authorised Signatory for Foreign Company registered in India Director for One person Company	• PAN of the company • Certificate of incorporation/ Certificate of establishment • Photograph of Managing Director and Directors Authorisation Form as specified in instructions to FORM GST REG-01 • PAN card, Aadhar card and Photograph of authorised signatory • Bank account details of Company • Address proof of principal place of business ***(ANNEXURE-III)***
v	**Society**	All Members of Managing	Members of Managing Committee	• PAN of Society/Club/AOP /Trust • Registration certificate or any proof substantiating constitution

		Committee or Board of Trustees President/ Secretary/ Chairman and Authorised signatory		• Photograph of Trustees or Members of Managing Committee including President/ Secretary/Chairman • Authorisation Form as prescribed in instructions to FORM GST REG-01 • Photograph of authorised signatory • Bank account details of Society/Club/AOP/Trust • Address proof of principal place of business ***(ANNEXURE-III)***
vi	**Government Department**	DDO/ Authorised Signatory/ Person in charge	Person In charge	• PAN of Government Department • Any proof substantiating constitution • Letter of appointment of Drawing and Disbursing Officer (DDO) • Authorisation Form as prescribed in instructions to FORM GST REG-01 • Photograph of DDO/Authorized Signatory • Address proof of principal place of business ***(ANNEXURE-III)***
vii	**Public Sector Undertaking**	Chief Manager/ Authorised Signatory	Managing / Whole-time Director	• PAN of PSU • Certificate of incorporation/ any proof substantiating constitution • Authorisation Form as prescribed in instructions FORM GST REG-01 • Photograph of Chief Manager or Authorized Signatory • Bank Account details of PSU • Address proof of principal place of business ***(ANNEXURE-III)***
viii	**Local Authority** **or**	Chief Executive Officer or his equivalent	Chief Executive Officer or Equivalent	• PAN of Local/Statutory Authority • Any proof substantiating constitution • Authorisation Form as prescribed in instructions to **FORM GST REG-01**

	Statutory Body			• Photograph of CEO or the equivalent officer • Bank Account details of Department • Address proof of principal place of business ***(ANNEXURE-III)***

ANNEXURE-III

LIST OF DOCUMENTS FOR PROOF OF PRINCIPAL PLACE OF BUSINESS

Sl. No.	Premises	Documents to be uploaded in respect of premises
I	(i) **Owned Premises**	**Any one** of the following documents of the applicant: Copy of Latest Property Tax receipt **or** Copy of Municipal Khata **or** Copy of document certifying Property Identification **or** Latest copy of Electricity Bill **or** Latest copy of Water Bill
	(ii) Premises owned by deceased ancestor and where no document is available in the name of the applicant	**Premises owned by deceased ancestor-** i. Copy of **Death Certificate** of deceased ancestor **and** ii. **Affidavit** by the applicant in the requisite format **(ANNEXURE-IV)** **and** iii. Any one of the documents mentioned above for Sl.no. I.(i) in the name of the **applicant.**
II	**Rented or leased premises**	**a. Where Registered Rent/Lease Agreement is mandated:** • Registered Rent/Lease agreement
		b. Where registered Rent/Lease Agreement is not mandated and not available i. Rent / Lease agreement **and** ii. Any one of the documents mentioned above for Sl.no. I.(i) in the name of the **lessor**.

III	**Where rent or lease agreement is not available**	i. An **undertaking** by the applicant in the requisite format (**ANNEXURE-V)** **and** ii. Any one of the documents mentioned above for Sl.no. I.(i) in the name of the **applicant or the owner**.
IV	**Premises on Consent base (where premises is neither owned nor rented)**	i. **Consent letter** in plain paper by the concerned owner of the premises in the requisite format **(ANNEXURE-VI)** **and** ii. Any one of the documents mentioned above for Sl.no. I.(i) in the name of the **consenter.**
V	**Co-working Space** *(*Where applicant wants to take registration on a co-working premises having been allocated a clearly designated space in that premises, by co-working space provider*)*	**a. Premises owned by Co-working service provider** i. Membership Agreement between the co-working space operator/provider and applicant with details of physical space assigned to the applicant, **and** ii. Any one of the documents mentioned above for Sl.no. I.(i) in the name of the **co-working space provider.**
		b. Premises taken on rent or lease by the co-working service provider i. Registered Rent/Lease agreement between owner and the co-working space provider **and** ii. **Membership Agreement** between the co-working space operator/provider and applicant having details of physical space assigned to the applicant for conducting business.
VI	**Special Economic Zone**	If the principal place of business is located in the Special Economic Zone or the applicant is a Special Economic Zone developer, Letter of Approval / Letter of Permission issued by the Development Commissioner of the SEZ.

Annexure-IV

Affidavit for GST Registration (Inherited Property)

(To be executed on a non-judicial stamp paper of minimum value ₹100 in the presence of First-Class Judicial Magistrate or Executive Magistrate or Notary Public)

AFFIDAVIT

I, **[Name of Applicant]**, S/o / D/o / W/o **[Father/Spouse Name]**, aged about **[Age]** years, residing at **[Full Address of Residential Premises]**, do hereby solemnly affirm and declare as under:

1. That I am an Indian by nationality.
2. That I am the legal heir/one of the legal heirs of **[Name of Deceased Ancestor]** (hereinafter referred to as "***the deceased***"), who passed away on **[Date of Death]**.
3. That the property located at **[Full Business Address for GST Registration]** (hereinafter referred to as "***the said premises***") was registered/stood in the name of the deceased.
4. That I have lawful possession of the said premises and am carrying on my business/sole proprietorship from the said premises under the name and style of **M/s [Business Name]**.
5. That I am responsible for paying the utility bills (**Electricity/Water/Property Tax**) for the said premises.
6. That I am solely responsible for all activities and tax liabilities arising out of the business conducted at the said premises.
7. That this affidavit is submitted to the Goods and Services Tax authorities for the purpose of obtaining GST Registration and the facts stated are true to the best of my knowledge and belief.

Deponent

VERIFICATION

Verified at **[Place]** on this **[Date]** Day of **[Month, Year]** that the contents of this affidavit are true and correct to the best of my knowledge and belief, and nothing has been concealed therein.

Annexure-V

Undertaking for GST Registration (No Rent Agreement)

I, **[Applicant Name]**, S/o / D/o / W/o **[Father/Spouse Name]**, aged about **[Age]** years, residing at **[Full Address of Residential Premises]**, do hereby solemnly affirm and declare as under:

1. That I am a citizen of India.
2. That I am the **proprietor / promoter / authorized signatory** of **M/s [Business Name]**.
3. That I am carrying on my business activities from the premises situated at **[Full Business Address for GST Registration]** (hereinafter referred to as *"the said premises"*).
4. That the said premises is owned by **[Landlord/Owner Name]**.
5. That I do not have any formal written rent or lease agreement executed with the owner of the said premises.
6. That I am in **lawful possession and occupation** of the said premises since **[Month/Year]**, and am conducting my business under the name and style of **M/s [Business Name]** from the said premises.
7. That I am responsible for the payment of utility charges, including **electricity, water, and/or other applicable charges**, in respect of the said premises.
8. That I am responsible for all **statutory, legal, and tax compliances** under the Central Goods and Services Tax (GST) Act, 2017 and rules made thereunder in respect of the business carried on from the said premises.
9. That this affidavit is being furnished for the purpose of obtaining **GST registration**
10. That I am responsible for all legal and tax compliances at this address.
11. The contents of this undertaking are true to the best of my knowledge and belief.

Signature

Annexure-VI

CONSENT LETTER

Date: [DD/MM/YYYY]

To Whomsoever It May Concern

Subject: Consent for use of premises for GST Registration

I/We, **[Owner's Full Name]**, son/daughter of **[Father's/Mother's Name]**, residing at **[Owner's Address]**, and being the lawful owner(s) of the premises situated at **[Full Address of Premises]** (hereinafter referred to as *"**the said premises**"*), do hereby solemnly affirm and declare as under:

1. That I/We have permitted **[Applicant's Full Name / Business Name]**, who is my/our **[relationship, e.g., son/daughter/brother/tenant/authorized occupant]**, to use the said premises for the purpose of obtaining registration under the Central Goods and Services Tax (GST) Act, 2017 and rules made thereunder and for carrying on business activities therefrom.

2. That I/We have further permitted the applicant to use **either the entire said premises or an exclusively earmarked and clearly demarcated portion thereof**, more particularly described as:

   [Insert precise description e.g., "Cabin No. 3, First Floor, admeasuring approximately __ sq. ft., located on the right-hand side of the staircase," or "Workstation area marked 'B' in the attached layout plan, admeasuring approximately ___ sq. ft."] (hereinafter referred to as *"**the allocated premises**"*, where applicable).

3. That the allocated premises, where applicable, is **independent, clearly identifiable, and exclusively assigned** to the applicant for carrying on business activities, notwithstanding that the overall property may be shared with other occupants/entities.

4. That I/We have **no objection whatsoever** to the applicant using the said premises or the allocated premises, as the case may be, as its/their **Principal/Additional place of business** for the purposes of registration under the Central Goods and Services Tax (GST) Act 2017 and rules made thereunder and for all related statutory compliances.

This consent is granted voluntarily, with my/our full knowledge and without any coercion or undue influence.

Owner's Details:

Name: [Owner's Full Name]

PAN: [Owner's PAN]

Contact Number: [Phone Number]

Signature of Owner:

Name: [Owner's Name]

Circular No. 258/04/2026-GST

F. No. CBIC-20001/2/2026-GST
Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Indirect Taxes & Customs
GST Policy Wing
****

Room No. 16039, Kartavya Bhawan-01

New Delhi, Dated: 26.10.2026

To,

The Principal Chief Commissioners/ Chief Commissioners (All)

The Principal Director General/ Director General (All)

Madam/Sir,

Subject: Clarification on issues related to demand, adjudication and appeal proceedings under the CGST Act, 2017 - Reg.

Adjudication and appeals under the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "the CGST Act," or "the Act"), constitutes an integral part of the tax administration framework, providing a quasi-judicial mechanism to ensure due process, protection of the rights of taxpayers, and reasoned decision-making in matters relating to tax liability, input tax credit, refunds, registration, penalties and other issues.

1.2. Representations have been received highlighting the need for adjudication and appeal orders to comprehensively examine the submissions and evidence placed on record by the taxpayer, the relevant statutory provisions and judicial pronouncements. Further, instances have also come to notice where orders passed by Adjudicating and Appellate Authority are vague, non-speaking, or fail to consider the submissions of the noticee or appellant, as the case may be, resulting in avoidable litigation and remand or reversal of such orders in further appeal proceedings. Various judicial pronouncements have emphasised that a quasi-judicial authorities are required to independently apply their mind to the issues arising for determination, record clear and specific findings on each material issue, and pass a reasoned order in conformity with the principles of natural justice. A well-reasoned adjudication order

not only strengthens the quality and consistency of decision-making but also facilitates effective implementation of the decision, reduces avoidable litigation and instils confidence in the adjudication and appeal process.

1.3. Accordingly, with a view to providing a uniform reference framework for officers engaged in quasi-judicial proceedings and to ensure consistency, transparency and uniformity in the implementation of provisions of law across field formations, the Board, in exercise of its powers conferred by section 168(1) of the CGST Act, hereby issues the guidelines as detailed hereunder.

2. **Pre-Show Cause Notice Intimation:** Rule 142(1A) of the Central Goods and Services Tax Rules, 2017 (hereinafter referred as "the CGST Rules") provides that taxpayers may be intimated of the tax assessed as payable under sections 73, 74, or 74A of the CGST Act, through Part A of FORM GST DRC-01A (pre-SCN intimation), prior to issuance of a formal Show Cause Notice (hereinafter referred to as "SCN" or "notice"). Such intimation, wherever feasible, may be issued to the taxpayer, as it offers them vital opportunity to clarify their position prior to formal proceedings, thereby promoting voluntary compliance and reducing the necessity of issuing show cause notice.

Show Cause Notice

3. Under the CGST Act, a notice is issued whenever the department contemplates any action prejudicial to the assessee, such as determination of tax liability, rejection of refund claim, recovery of erroneous refund, rejection of registration application or similar proceedings. The notice specifies the alleged violations of the relevant provisions and requires the noticee to show cause why such action should not be taken thereunder. In this manner, the SCN affords an opportunity to the noticee to present their case.

3.1. The notice initiates legal proceeding against the noticee, serving as the foundational document for resolving disputes related to tax liabilities or for initiating punitive measures. It sets the framework for adjudication and demands meticulous drafting as a statutory requirement grounded in the principles of natural justice, specifically the *audi alteram partem* rule, which ensures that no one is condemned without being heard. The notice grants an opportunity to the noticee, to submit oral or written submissions to the Adjudicating Authority in response to the charges specified.

3.2. Further, rules 100 and 142 of the CGST Rules require issuance of a summary along with the notice or statement, electronically in **FORM GST DRC-01 and FORM GST DRC-02,** respectively. Thus, the said summaries along with the notice or statement, as the case may be, shall be issued in FORM GST DRC-01 and FORM GST DRC-02 electronically on the common portal in terms of the aforesaid CGST Rules, so as to ensure due compliance with the statutory provisions.

4. **Structure and drafting of SCN:** To ensure clarity, structure, and completeness, a well-drafted SCN should ideally comprise the following parts, though it may vary from case to case:

4.1. **Brief profile and introduction of the case:** The SCN should clearly identify the essential particulars of the person to whom it is issued, including the name of the taxpayer/noticee, GSTIN or Temporary ID, trade or business name (if different), current GST registration status, registered principal place of business, jurisdictional details (range, division, commissionerate), and the relevant tax period(s) covered by the proposed demand or contravention. In cases involving multiple noticees, the particulars of each must be stated separately. This section should also briefly outline the background for initiation of the proceedings such as through assessment, audit, return scrutiny, or enforcement, along with the nature of the verification, investigation, or audit concerned. This requirement is supported by various judicial pronouncements, including the Hon'ble Telangana High Court judgment in *M/s Nice Enterprises v. Deputy Commissioner ST [(2024) 21 Centax 554 (Telangana)]*, wherein it was held that an SCN merely reproducing statutory provisions without specifying the grounds or sufficient factual particulars violates natural justice, and that the notice must furnish adequate grounds and elementary details to enable the assessee to understand the case and file an effective reply.

4.2. **Factual background and examination of documents and evidences**: In this part of SCN, the acts of omission and commission by the noticee, leading to the proceedings, should be precisely outlined in an objective manner. As evidences form the foundation of the SCN, they should be examined and discussed objectively to identify and highlight discrepancies, omissions, or irregularities that substantiate the alleged contraventions. The SCN may also discuss corroborative evidence where relevant, using neutral expressions such as *"it appears that"* to maintain fairness and objectivity, avoiding terms such as "determined" or categorical conclusions that suggest a pre-judged outcome as the notice seeks an explanation from the noticee, and is not a final determination or verdict.

4.3. **Discussion and legal framework:** The SCN should clearly specify the legal provisions allegedly contravened, along with a clear explanation linking each omission or commission by the noticee to the violation. Care should be taken to invoke pertinent provisions, avoiding the simultaneous inclusion of unrelated sections unless each independently applies. In cases involving multiple noticees, the SCN should clearly delineate the role and involvement of each individual, so that charges are fact-based, supported by evidence and individually attributable, thereby upholding principles of natural justice and ensuring a fair and credible adjudication process.

4.4. **Statement of charges:** SCN should contain a concise summary of the allegations against the noticees and clearly state the grounds on which they are required to explain why action, as per statutory provisions, should not be initiated against them. The importance of ensuring that the SCN itself contains all requisite particulars and grounds is reinforced by the settled legal position in this regard. In this context, reference is invited to the judgement of Hon'ble Supreme Court in G.R Infra Project Ltd. Vs State of Madhya Pradesh (2026) 45 Centax 331 (S.C) dated 19.08.2026, wherein, it was held that the requirements necessary to sustain the validity of an alleged notice or order must be contained therein and any deficiency in the SCN, including non-application of mind or failure to meet the requisite requirements, cannot subsequently be cured or remedied.

4.5. **Quantification of Demand:** Where the SCN proposes demand, the same should be quantified and the basis for the said demand may also be clearly specified. In case of notices which span across multiple financial years, efforts should be made to demarcate the demand financial year wise. Further, where the determination of interest depends upon the discharge of demand by the noticee i.e. actual date of payment of tax, a suitable phrase like "*why interest as applicable should not be demanded*" may be mentioned in the notice for demanding the interest component on the tax demanded.

4.6. The concluding paragraph of an SCN should clearly specify the Adjudicating Authority, submission deadline for the reply, and consequences of non-compliance. This paragraph ensures clarity on procedural expectations and underscores the consequences of non-compliance, helping to conclude the SCN effectively.

5. **Justification for invoking tax demand on grounds of fraud, wilful misstatement, or suppression of facts:** Section 74(1) or section 74A(5)(ii) of the CGST Act provides for determination of tax liability where there is **fraud or wilful misstatement or suppression of facts** committed by the taxpayer to evade tax. Further, Explanation 2 to section 74A defines "suppression" as non-declaration of facts or information required to be furnished in a return, statement, report or any other document, or failure to furnish information specifically called for in writing by the proper officer.

5.1. The notice should specifically disclose the basis for invoking the provisions relating to tax demand on grounds of fraud, wilful-misstatement, or suppression of facts. In this context, reference may be made to the judgment of the Hon'ble Supreme Court in G.R Infra Project Ltd. Vs State of Madhya Pradesh (2026) 45 Centax 331 (S.C) dated 19.08.2026, wherein the Hon'ble Court underscored that the notice itself must set out the specific allegations, material facts and circumstances forming the basis for such invocation, and that a mere mechanical reproduction of the expressions 'fraud', 'wilful-misstatement' or 'suppression of facts', without disclosing the material that led the proper officer to draw such inference, would not suffice. The relevant part of the judgement is as follows:

> *"....10. A bare reading of the notice would indicate that but for a bland statement of 'fraud or concealment of facts' nothing is stated as to how fraud was inferred or concealment of facts were detected. In fact, the 'or' employed indicates that even the assessing officer was not sure that the assessment was proceeded by reason of fraud or on the ground of concealment of facts. What is required for the extended time to be applied are the allegations, which lead to the inference of a fraud or the concealment as attempted by the assessee resulting in suppression of facts, should emanate from the notice itself. It cannot be a mechanical use of the words 'fraud, willful misstatement or suppression of facts' without listing out the aspects which persuades the assessing officer to conclude that there has been employed either of these surreptitious devices by the assessee...."*

5.2. The phrase "fraud or wilful misstatement or suppression of facts" inherently includes the element of intent to evade tax. Therefore, suppression or misstatement must be deliberate and aimed at avoiding or reducing tax liability, mere omission to furnish correct information does not amount to suppression unless it is intentional. When the facts are known to both

parties, an omission by one party does not constitute suppression. An incorrect statement is not automatically a wilful misstatement, the latter requires a conscious making of a false statement with knowledge of its inaccuracy. Hon'ble High Court of Andhra Pradesh in the case of *Sriba Nirman Company vs Commissioner (Appeals)(2025) 29 Centax 206(A.P.)* had an occasion to consider the expression "suppression", "wilful-misstatement" and held that an incorrect statement, unless knowingly false, does not constitute wilful-misstatement or suppression and this view is also affirmed by the Hon'ble Apex court. The relevant extract from the judgement is reproduced below for ease of reference:

> *"....22. Non-payment of tax, would attract penalties, under Section 74 (1), in three circumstances. The first two circumstances are fraud and wilful misstatement. Both these require an intention to evade tax by unfair or illegal means. The third circumstance is suppression of fact, which is also defined, in Explanation-2, as non-declaration of relevant information. In view of the collocation of the terms, before this term, and in view of the requirement, under the two earlier terms of mens rea, the term —suppression of facts" would have to be read as wilful or deliberate suppression of fact, for evading tax. The term —evade" puts this issue beyond controversy, as this term means that the suppression must be for the purpose of evasion, which clearly requires intention and mens rea....."*

5.3. In view of the above, it is noted that section 74(1) or section 74A(5)(ii) of the CGST Act cannot be invoked merely on the ground of non-payment of GST without specific evidence of fraud or wilful-misstatement or suppression of facts with intent to evade tax. These provisions are also not intended to be applied in scrutiny cases solely because a discrepancy has been noticed, as such proceedings are meant to examine the records and ascertain the nature of the issue, not to automatically presume fraud. Accordingly, these provisions may be invoked only where the investigation discloses material evidence of such conduct, which must also be clearly set out in the SCN.

5.4. Thus, the power to invoke fraud, wilful-misstatement, or suppression of facts for demand is conditional, hinging on proof of intent to evade tax, which is required to be clearly established in the SCN along with evidence.

5.5. Further, issuing a second SCN, after the first on the same facts and grounds for the subsequent period, invoking fraud, wilful-misstatement, or suppression of facts is generally not legally valid unless new and independent grounds exist, such as unreported clearances. To prevent legal complications, subsequent statements should typically be issued under sections 73 or 74A(5)(i) of the CGST Act after the first notice under section 74 or 74A(5)(ii) of the CGST Act.

6. **SCNs covering demands under sections 73 and 74 of the CGST Act:** Section 73 covers tax evasion determinations in cases other than fraud, wilful-misstatement, or suppression, whereas section 74 applies to cases involving these elements. Where a notice proposes demands under both, it must clearly state the reasons, factual and legal basis for bifurcating non-fraudulent from fraudulent demand, with separate quantification under each category to eliminate ambiguity. The introduction of section 74A of the CGST Act, applicable from the financial year 2024–25 onwards, consolidates the notice-issuance timeline into a single 42-month period from the due date of the annual return, eliminating the distinction in time limits between fraud and non-fraud cases. For notices relating to financial year 2024–25 onwards, where one set of facts in the SCN pertains to tax evasion with intent to evade tax and another set does not involve such allegations, the SCN should separately delineate the quantification and grounds for invocation of charges, ensuring transparency and clarity to the noticee.

7. **No parallel initiation of proceedings:** Section 6 of the CGST Act provides that where a proper officer under the SGST Act or the UTGST Act has already initiated proceedings in respect of a particular subject matter, no proceedings shall be initiated by a proper officer under the CGST Act in respect of the same subject matter. Similar provisions are contained in the respective SGST Acts, thereby precluding parallel proceedings by two different jurisdictional authorities on the same matter. This position has also been affirmed by the Hon'ble Supreme Court in the case of M/s *Armour Security (India) Ltd. v. Commissioner, CGST, Delhi East Commissionerate, (2025) 33 Centax 222(S.C)*, wherein guidelines have been laid down in para 97 of the judgement, which may be adhered to. Thus, coordination between CGST and SGST authorities is important to prevent multiplicity and ensure procedural economy.

8. **Timely issuance of SCNs:** Sections 73(10) read with section 73(2), section 74(10) read with section 74(2), and section 74A(7) read with section 74A(2) of the CGST Act specify timelines for issuing notices. As far as practicable, the proper officer should issue notices well

in advance before the due date and avoid last-minute issuance. This will ensure adequate time for the noticee to reply and would allow for completion of adjudication within the statutory timelines.

9. **Service of notices:** Service of the SCN must be effected through the methods prescribed under section 169 of the CGST Act, which provides that any decision, order, summons, notice, or other communication under the Act or its rules shall be served by any one of several specified modes, including direct delivery to the addressee or his authorized representative, service by speed post or courier with acknowledgment due, electronic communication via the registered email address, making it available on the common portal etc. Further, the summary of the demand notices must also be uploaded on the common portal in FORM GST DRC-01 as required under Rule 142 of the CGST Rules.

10. **Adherence to the Principles of Natural Justice:** The principles of natural justice underpin fair adjudication across taxation laws, including GST, ensuring that quasi-judicial actions are conducted in a fair, transparent, and unbiased manner. These principles incorporate the rule of "audi alteram partem", ("hear the other side"), which mandates that no person should be adversely affected without being given a reasonable opportunity of being heard. This principle is implicitly embedded in the CGST Act, and consistently reinforced by judicial pronouncements, wherein orders passed without proper hearing have been set aside as being violative of these principles. In ***Maneka Gandhi v. Union of India (1978) 1 SCC 248,*** the Hon'ble Supreme Court elevated natural justice to a constitutional mandate by holding that fairness in administrative action is implicit in Article 21.

10.1. **Conduct of Personal Hearings (PH):** Section 75(4) of the CGST Act provides that an opportunity of hearing shall be granted where a request is received in writing from the person chargeable with tax or penalty, or where any adverse decision is contemplated against such person. PH provides the noticee an opportunity to present their case, clarify factual and legal positions, and respond to the evidence relied upon in the SCN. Adjudicating Authorities are encouraged to follow the below mentioned guidelines during personal hearings to uphold principles of natural justice:

(i) Section 75(5) of the CGST Act provides that no adjournment shall be granted for more than three times to a person during the proceedings. Accordingly, Adjudicating Authorities may grant maximum four personal hearing opportunities before any order requests. The request for adjournment should be considered judiciously, with reasons

recorded in writing for declining the same. No further adjournment may be granted after the statutory limit.

(ii) Requests for appearances by authorized representatives under section 116 of the CGST Act should be duly considered.

(iii) The option of virtual hearing may be provided to the taxpayer, enabling accessible and fair hearing across locations. This may be encouraged by the tax administrations.

(iv) Proper and detailed records of each hearing, including the time and date, particulars of the attendees should be maintained and duly incorporated in the Adjudication order.

(v) After conducting personal hearings, the adjudication order should be communicated promptly, preferably within one month.

(vi) If during the course of adjudication proceedings, the adjudicating authority is transferred, then fresh hearing is required to be given by the succeeding adjudicating authority. However, where personal hearing has already been conducted, the outgoing adjudicating authority should, as far as practicable, endeavour to pass the order before relinquishing charge.

(vii) Authority letter/Vakalatnama wherever applicable should be submitted at the time of hearing and the same should be kept with the case records.

11. **Adjudication Order:** Rules 100 and 142 of the CGST Rules provide for issuance of an adjudication order along with the summary to be uploaded electronically in FORM **GST DRC-07** on the portal. In view of the statutory requirement, due care must be taken to ensure that the summary is issued along with the order and uploaded electronically on the portal in FORM GST DRC-07.

11.1. **Drafting of the Adjudication Order**: The process of adjudication necessitates the issuance of a **"speaking order",** that is, an order which clearly articulates its rationale and is expected to withstand scrutiny on grounds of legality, fairness, and reasonableness at higher appellate forums. Various judicial pronouncements have categorically emphasized the need for all adjudicating authorities to issue well-drafted, structured, and reasoned orders, as such orders form the foundation of fairness, transparency, and judicial credibility in the tax administration.

Judgement of the Apex Court in the case of ***Joint Commissioner of Income Tax, Surat vs Saheli Leasing & Industries Ltd., 2010 (253) E.L.T. 705 (S.C.)*** is reproduced below for ready reference:

> *".....7. These guidelines are only illustrative in nature, not exhaustive and can further be elaborated looking to the need and requirement of a given case :-*
>
> *(a) It should always be kept in mind that nothing should be written in the judgment/order, which may not be germane to the facts of the case; It should have a co-relation with the applicable law and facts. The* ***ratio decidendi*** *should be clearly spelt out from the judgment/order.*
>
> *(b) After preparing the draft, it is necessary to go through the same to find out, if anything, essential to be mentioned, has escaped discussion.*
>
> *(c) The ultimate finished judgment/order should have* ***sustained chronology****, regard being had to the concept that it has readable, continued interest and one does not feel like parting or leaving it in the midway. To elaborate, it should have flow and perfect sequence of events, which would continue to generate interest in the reader.*
>
> *(d) Appropriate care should be taken not to load it with all legal knowledge on the subject as* ***citation of too many judgments creates more confusion rather than clarity. The foremost requirement is that leading judgments should be mentioned and the evolution that has taken place ever since the same were pronounced and thereafter, latest judgment, in which all previous judgments have been considered, should be mentioned. While writing judgment, psychology of the reader has also to be borne in mind, for the perception on that score is imperative.***
>
> *(e) Language should not be rhetoric and should not reflect a contrived effort on the part of the author."*
>
> *(f) After arguments are concluded, an endeavour should be made to pronounce the judgment at the earliest and in any case not beyond a period of three months. Keeping it pending for long time, sends a wrong signal to the litigants and the society...."*

11.2. The introductory part of adjudication order should include details of the issuing authority, relevant statutory provisions, taxpayer's appellate rights, designated appellate forum, and pre-deposit conditions for appeals. It should begin with a concise summary of facts covering taxpayer details, SCN particulars, tax period(s) involved, proposed demand, interest, penalty, source and grounds of proceedings, along with all multiple noticees listed separately for clarity and context.

11.3. The discussion of issues to be decided should clearly set out and elaborate upon all the issues that require determination, specifying the questions of law and fact that need to be decided.

11.4. **Examination of evidences vis-à-vis allegations:** The Adjudicating Authority should undertake a careful and reasoned examination of evidences with reference to the allegation(s) in the SCN. Mere reference to documents or reproduction of their contents is not sufficient, the authority should endeavour to analyse them critically, highlighting their relevance and reliability. Wherever the documents do not support the allegation or are inconclusive, the Adjudicating Authority may record the same in its finding with reasons.

11.5. **Consideration of submission/ defence and additional evidences submitted by the taxpayer:** Each adjudication order should independently examine the submissions made by the taxpayer through FORM GST DRC-06 or during personal hearing(s). The order should clearly record findings on the relevance, credibility, and evidentiary value of the materials submitted, specifying whether they have been accepted, partially accepted, or rejected along with reasons for each conclusion. Care should be taken to avoid generic expressions such as *"reply has been considered"*.

11.6. **Upholding procedural fairness and due process:** Section 75(7) of the CGST Act provides that the amount of tax, interest and penalty determined in the order shall not be in excess of the amount specified in the notice and no demand shall be confirmed on the grounds other than the grounds specified in the notice. Therefore, the Adjudicating Authorities should limit their findings to the allegations and grounds mentioned in the SCN. Any new issue identified may be pursued through a separate SCN.

11.7**. Discussion of case laws cited by department as well as taxpayer:** While referring to judgments of higher judicial forums, accuracy of citations and their relevance to the case should be ensured, and the relevant extracts thereof may be reproduced. The authenticity of the source as well as the current legal status of these judgments should be verified to ensure that these have not been overruled by a higher judicial forum. Preference may be given to the decisions of the Hon'ble Supreme Court and jurisdictional High Courts, for balanced, defensible outcomes. Further, judgments cited by the noticee should be duly considered and discussed. In

case the said judgement is not found to be applicable to the matter under consideration, reasons for the same must be recorded in the order.

11.7.1. Wherever, Artificial Intelligence (AI) or other technological tools are utilized to enhance the efficiency and effectiveness in adjudication proceedings, such use must be accompanied by appropriate human oversight as AI tools are not always reliable due to concerns regarding their accuracy, transparency, and the unknown nature of underlying information. The information obtained through AI tools should be independently verified for accuracy before reliance or incorporation into the adjudication order, as the ultimate responsibility for the correctness of the order lies with the issuing authority irrespective of the technological tools used by the officer.

11.8. **Discussions and findings:** This section should contain detailed analysis of each issue identified in the preceding section. The Adjudicating Authority should objectively evaluate the facts, evidences, and legal provisions relevant to each issue and record clear findings thereon. While arriving at conclusion, the Adjudicating Authority should correlate the findings with the allegations made in the SCN, the defense submissions of the noticee, the applicable statutory provisions, circulars, and judicial precedents. The findings should culminate in a logical determination of whether the charges are established or not, issue by issue, forming the foundation for the final order.

11.9. **Quantification of tax amount, interest and penalty:** The Adjudicating Authority should ensure that the tax demanded is re-calculated based on findings for each issue in the SCN and must not exceed the original amount proposed, as stipulated under section 75(7) of the CGST Act. The final order should contain a clear, accurate, and issue-wise quantification of the tax, interest applicability and penalty. It should not be left open-ended or estimated.

11.9.1. Interest on tax that has been short paid or not paid continues to accrue until the date of actual tax payment. The amount of interest as on the date of the adjudication order, wherever possible, may be quantified in the order, with a clear mention that interest shall be payable up to the date of actual payment. It is pertinent to note that section 75(9) of the CGST Act provides that interest on short-paid or unpaid tax is payable regardless of whether it is specifically mentioned in the order.

11.9.2. As far as possible, quantification should be presented financial year-wise and issue-wise, distinctly under CGST, SGST, IGST and UTGST. To improve clarity, all computations may be shown in a tabular format, indicating the period involved, issue or head of demand, tax amount determined, corresponding interest, penalty imposed, and any pre-deposits or payments made.

11.9.3. Whenever any part of the demand is dropped, either fully or partially, the order should specify both the original amount demanded and the amount confirmed after adjudication. If the taxpayer has already deposited any amount towards tax, interest, or penalty before the issuance of the order, such payments should be appropriated or adjusted clearly, and the balance payable or refundable should be clearly mentioned in the order.

11.10. **Penalty justification for each taxpayer:** The Adjudicating Authority should record clear and reasoned findings before imposing any penalty, it should not be levied mechanically but after establishing the nature of the default and the applicable legal provision. Adherence to the general discipline related to the penalty as provided under section 126 of the CGST Act should be ensured during the adjudication proceedings.

11.11. **Conclusion:** Adjudication order should conclude with a clear, concise, and reasoned closing paragraph summarizing the outcome of the proceedings. The quantum of tax, interest, and penalty confirmed or dropped, as the case may be, should be clearly specified, along with a clear reference to the specific legal provisions invoked while confirming or waiving such liabilities.

12. **Timely and planned issuance of adjudication orders:** The issuance of adjudication orders close to deadlines should be avoided as it may lead to hurried adjudication, compromising quality. Monthly disposal targets may be set which may be monitored by senior officers in review meetings, to improve the quality and timeliness of the adjudication. Further, the summary of the order must also be uploaded on the common portal in FORM GST DRC-07 as required under rule 142(5) of the CGST Rules.

13. **Determination of tax demand on grounds of fraud, wilful-misstatement, or suppression of facts:** The Adjudicating Authority should thoroughly assess whether the invocation of the extended period is legally tenable and factually supported, especially when

contested by the noticee. If such examination reveals that the SCN lacks clear evidence of fraud, wilful-misstatement, or suppression of facts with the intent to evade tax, or if there is no valid reasoning to justify the extended period's invocation, the Authority should record clear findings to that effect. In such cases, the demand should be confined to that prescribed under section 73 or 74A(5)(i) of the CGST Act. **The order should clearly articulate the reasons for rejecting or not accepting the submissions pertaining to the invocation of grounds of fraud, wilful-misstatement, or suppression of facts.**

14. **Scope of rectification under the CGST Act:** Section 161 of the CGST Act empowers the issuing authority to rectify errors apparent on the face of the record in any decision, order, notice, certificate, or document, either suo motu or upon such error being brought to its notice by an officer under CGST/SGST/UTGST Acts or by the affected person; an application for rectification may be filed within a period of three months from the date of issue of decision or order or notice or certificate or any other document, as the case may be and the rectification order should be passed within six months from the date of issue of the decision or order or notice or certificate or any other document, provided that the said period of six months shall not apply in such cases where the rectification is purely in the nature of correction of a clerical or arithmetical error, arising from any accidental slip or omission.

14.1. The scope of competence under section 161 extends to authorizing the issuing authority that has passed the impugned document to undertake rectification in that document or order. The authorization under section 161, which contains the non-obstante clause "*notwithstanding anything contained in any other provisions of the Act*," explicitly authorizes the issuing authority who passed or issued the impugned document, order, notice, or certificate to undertake rectification of errors apparent on the face of the record. This non-obstante phrase indicates that this power to rectify overrides other provisions within the Act and does not extend the rectification authority to senior officers who have powers under section 5(2) of the CGST Act, to exercise the powers of subordinate officers. Thus, the rectification must be made strictly by the issuing authority itself.

14.2. Further, section 161 provides for rectification of errors that are apparent on the face of the record in such decision or order or any other document. The scope of the phrase "apparent on the face of the record" has been dealt by the Hon'ble Supreme Court in several judgments, including ***Arun Dev Upadhyaya v. Integrated Sales Service Ltd. (2023) 8 SCC 11,*** wherein it

is held that an error which has to be established by a long-drawn process of reasoning on points where there may conceivably be two opinions, can hardly be said to be an error apparent on the face of the record. Applying this principle, an error which requires detailed verification, analysis of underlying transactions or which is capable of argument or debate cannot be considered error apparent on the face of the record under section 161.

14.2.1. To attract the jurisdiction to rectify an order under section 161, it is not sufficient if there is merely a mistake in the order sought to be rectified. The mistake to be rectified must be one that is apparent from the record, that is, it must be *ex facie* and incapable of argument or debate. Thus, the power to rectify an order under section 161 is limited. It does not extend to correcting errors of law or re-appreciating factual findings as if sitting in appeal over the earlier decision, and such alleged error does not qualify as a patent or error apparent on the face of the record. Instead, these fall within the purview of appellate mechanism, which enables correction of decisional mistakes.

14.2.2. It may also be seen that after issuing an adjudication order, the adjudicating authority cannot reopen or reconsider the merits of the case, except to the extent specifically permitted under section 161 of the Act. The limited power of rectification under section 161 is confined to errors apparent on the face of the record, and cannot be used as a substitute for appeal or review processes.

14.2.3. Any request for rectification of error under section 161 should be disposed of expeditiously through FORM GST DRC-08. Further, all orders passed under section 161 for rectification should be communicated to the jurisdictional reviewing authority.

15. **First Appeal Proceedings:** Section 107 of the CGST Act provides that any person aggrieved by any decision or order passed under CGST Act or the SGST Act or the UTGST Act by an adjudicating authority may appeal to the Appellate Authority in prescribed manner. Further, rule 113 of the CGST Rules provide for the summary of the appellate order, to be uploaded electronically in FORM **GST APL-04** on the portal. It is accordingly emphasized that the said summary should be issued along with the appellate order and uploaded electronically on the portal in FORM GST APL-04.

15.1. Upon receipt of an appeal, the First Appellate Authority is required to undertake a preliminary scrutiny in accordance with rule 108 of the CGST Rules to ascertain its maintainability and procedural completeness, including verification of the particulars of the appellant, the impugned order, limitation, prescribed form, payment of the requisite pre-deposit, grounds of appeal, supporting documents and jurisdiction. However, issues relating to the merits of the dispute should ordinarily be considered and decided during the adjudication of the appeal and should not be rejected summarily at the stage of registration of the appeal.

15.2. Under Section 107(1), an appeal by an aggrieved person is required to be filed within three months from the date on which the decision or order is communicated to him while under section 107(4), the Appellate Authority may, where satisfied that the appellant was prevented by sufficient cause from presenting the appeal within the prescribed period, allow the appeal to be presented within a further period of one month**.** In this context, it is clarified that the question of limitation of the appeal ought to be examined as a separate preliminary issue, wherein it should be ascertained whether the appeal has been preferred within the prescribed statutory period, and where there is a delay in filing, whether such delay is eligible for condonation under the CGST Act. An appeal filed beyond the statutory period of limitation, wherein the delay is not condonable under the Act, ought not to be adjudicated on merits, even in cases where a prima facie case is discernible. Further, the reasons for acceptance or rejection of the appeal on the ground of limitation should be duly recorded in the order.

15.3. Rule 109C of the CGST Rules provides for withdrawal of an appeal by the appellant upon filing an application in FORM GST APL-01/03W. Where the final acknowledgement in FORM GST APL-02 has been issued, the withdrawal of such appeal is subject to the approval of the Appellate Authority, with the said application being required to be decided within seven days of its filing

15.4. In respect of personal hearings, the date of every hearing, including subsequent dates fixed pursuant to adjournment sought by the appellant, as far as possible, should be communicated to the appellant through the GST Portal and the record of proceedings of every hearing may be maintained electronically on the BO Portal by uploading the recorded proceedings as an attachments. Additionally, the appellate order should duly record the date of hearing, appearance of the appellant or authorised representative, submissions made, documents furnished, directions issued. Thus, the details of hearing proceedings should constitute a substantive part of the appellate order and should not merely be available as an

internal record, as this would reflect accordance of opportunity of hearing to the appellant and enable proper appreciation of facts, submissions and evidence considered while deciding the appeal.

15.5. Section 107(10) empowers the Appellate Authority to permit an additional ground of appeal where the omission was neither wilful nor unreasonable. Such discretion should be exercised judiciously, distinguishing between an additional legal ground arising from the existing demand and a new factual issue requiring fresh investigation. The latter should not ordinarily be entertained at the appellate stage without statutory authority and due opportunity to the affected parties. Reasons for allowing or rejecting the additional ground should also be recorded in the appellate order.

15.6. Under Rule 112, additional evidence is admissible only in the circumstances specified therein, which, *inter alia*, include refusal by the adjudicating authority to admit admissible evidence, sufficient cause for non-production, or failure to provide adequate opportunity to the appellant to adduce evidence. The Appellate Authority is required to record specific reasons for admitting or rejecting such evidence. In case of rejection of additional evidence, personal hearing should be provided to the appellant to ensure adherence with the principles of natural justice. However, before admitting the said evidence, the Appellate Authority should provide reasonable opportunity to the adjudicating authority, or the officer authorised by the said authority, to examine and, where applicable, provide evidence to rebut the said additional evidence, if any. However, it is emphasized that appellate proceedings should not, as a matter of ordinary practice, be converted into a fresh investigation merely to remedy deficiencies in the original adjudication.

15.7. In terms of section 107(13) of the CGST Act, it is provided that, as far as possible, every appeal should be heard and decided within a period of one year from the date of filing, excluding the period during which the proceedings remain stayed by a Court or Tribunal. To this end, status of disposal of appeals ought to be monitored through a structured mechanism by senior officers to ensure their timely disposal.

15.8. In cases involving cross-appeals by the taxpayer and the Department against the same impugned order, the Appellate Authority should process such appeals simultaneously and dispose of such appeals by a common, composite order, to ensure consistency and avoid conflicting findings. Further, in terms of rule 113 of the CGST Rules, the summary of the

appellate order under section 107(11) should be issued in FORM GST APL-04, clearly indicating the final amount of demand confirmed.

16. In addition to the guidelines stipulated in paragraph 15 above, the guidelines at sl. nos. 10, 11 and 13 in respect of adjudication proceeding shall apply, *mutatis mutandis*, to the Appellate Authorities in respect of appeal proceedings.

17. These guidelines serve an illustrative purpose and are non-exhaustive. They must not be cited by proper officers in show cause notices, final or appellate orders.

18. Difficulty, if any, in the implementation of this circular may be brought to the notice of the Board.

Yours faithfully,

(Gaurav Singh)
Commissioner (GST)

Circular No. 259/05/2026-GST

F. No. CBIC-20001/2/2026-GST
Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Indirect Taxes & Customs
GST Policy Wing
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Room No. 16039, Kartavya Bhawan-01
New Delhi, Dated: 26.10.2026

To,

The Principal Chief Commissioners/ Chief Commissioners (All)
The Principal Director General/ Director General (All)

Madam/Sir,

Subject: Clarification on various issues pertaining to the amount paid as pre-deposit as per sub-section (6) of section 107 or sub-section (8) of section 112 of the CGST Act - reg.

Representations have been received from trade and industry seeking clarification on various issues pertaining to the amount required to be paid as pre-deposit for admission of appeal under sub-section (6) of section 107 or sub-section (8) of section 112 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as 'the CGST Act'), at the time of filing of an appeal. It has been represented that varying interpretations are being taken regarding pre-deposit payment under the CGST Act. This inconsistency has caused confusion among stakeholders and has led to an increase in litigation, thereby creating uncertainty about the correct procedural and compliance requirements for making pre-deposits.

2. In order to ensure uniformity in the implementation of the provisions of law across the field formations, the Board, in exercise of its powers conferred by sub-section (1) of section 168 of the CGST Act, hereby clarifies the issues as below: -

S.No.	Issue	Clarification
1.	What is "Admitted Amount" and "tax in dispute" as provided under sections 107 and 112 of the CGST Act?	(i) Sub-section (6) of section 107 of the CGST Act provides for the full payment of the admitted amount of tax, interest, fine, fee, and penalty along with 10% deposit of tax in dispute for filing appeal with the Appellate Authority. Similarly, sub-section (8) of section 112 of the CGST Act provides for the full payment of the admitted amount of tax, interest, fine, fee, and penalty along with 10% deposit of tax in dispute for filing appeal with the Appellate Tribunal, in addition to the amount earlier paid for filing appeal with the Appellate Authority. (ii) It is clarified that the term "Admitted amount" refers to the portion of the tax, interest, fine, fee, penalty arising from the impugned order, which the taxpayer acknowledges as payable and represents the portion, the taxpayer does not intend to challenge by way of appeal. This amount must be paid in full before filing an appeal, in accordance with the statutory requirement under sections 107 and 112 of the CGST Act. (iii) The remaining portion of the liability which is contested by the taxpayer, and in respect of which an appeal is intended to be filed, shall be treated as "tax in dispute" and the *"sum equal to ten percent of the remaining amount of tax in dispute"*, as mandated under the provisions of sub-section (6) of section 107 and sub-section (8) of section 112, which is referred as the "*pre-*

		deposit", is calculated with reference to this disputed tax component. (iv) Thus, the decision whether to treat an amount as admitted or in dispute is to be made by the taxpayer at the time of filing the appeal and is captured in Table-14 of APL-01 and Table 20 of APL-05.
2.	What would be the quantum of pre-deposit required to be paid for admission of appeal before the Appellate Tribunal under section 112 of the CGST Act, if the tax liability is modified by the Appellate Authority?	(i) Sub-section (8) of section 112 of the CGST Act mandates that, for the admission of appeal before the Appellate Tribunal, the appellant must pay in full, the admitted part of the amount of tax, interest, fine, fee, and penalty, arising from the impugned order, along with a sum equal to 10% of the remaining amount of tax in dispute, in addition to the amount paid for the admission of appeal with the Appellate Authority. (ii) It is, therefore, clarified that in the event of preferring an appeal before the Appellate Tribunal, 10% of the remaining amount of tax in dispute is to be computed with reference to the liability confirmed by the Appellate Authority, which is disputed by the appellant.
3.	When the Appellate Authority or Appellate Tribunal issues an order, should it be required to explicitly state that the pre-deposit paid by the appellant must be refunded?	When an amount paid by the appellant under sub-section (6) of section 107 or sub-section (8) of section 112 is required to be refunded consequent to any order of the Appellate Authority or Appellate Tribunal, it is clarified that such an order does not require to explicit mention that pre-deposit is to be refunded.

		Further, it is also clarified that, upon receipt of the order, the refund claim in respect of pre-deposit needs to be filed under S. No. 7 of FORM GST RFD-01 i.e., 'on account of order'.
4.	Is a taxpayer eligible for refund of pre-deposit, when the taxpayer obtains a favourable decision from the Appellate Authority or the Appellate Tribunal, but the Department is contemplating further appeal against the order?	(i) It is observed that in all cases where the Appellate Authority or the Appellate Tribunal renders a decision in favour of the appellant, and the appellant files an application for refund, the appellant becomes entitled to receive the refund of the amount paid as pre-deposit. (ii) If the Department contemplates appeal against the order of the Appellate Authority, which is in favour of the appellant, refund of pre-deposit would still be payable unless such order is stayed by the Appellate Tribunal or Court. (iii) Therefore, refund of the pre-deposit amount should not be denied merely on the ground that the Department intends to or has filed an appeal against the order of the Appellate Authority.
5.	What date would be considered as the date of payment of pre-deposit for refund purposes subsequent to a favourable decision by the Appellate Tribunal, where refund of the amount deposited for the admission of appeal with the Appellate Authority and	(i) Pre-deposit is required to be paid for the admission of appeal at the stage of Appellate Authority and Appellate Tribunal, separately. Section 115 of the CGST Act provides for payment of interest from the date of payment of the amount where such an amount is required to be refunded. (ii) Thus, it is clarified that where pre-deposit is

	Appellate Tribunal?	made at both levels of appeal namely, before the Appellate Authority under sub-section (6) of section 107 and before the Appellate Tribunal under sub-section (8) of section 112, the date of payment for interest computation shall be determined separately for each level, corresponding to the actual date on which the respective payment was made.
6.	What is the procedure for refund of the pre-deposit amount paid for filing an appeal when the matter is remanded by the Appellate Tribunal?	(i) In cases where the Appellate Tribunal remands the matter to the original Adjudicating Authority, the appellant would be eligible for refund of the pre-deposit amount, which shall be granted within the prescribed time limit. (ii) In cases of partial remand**,** where a portion of the tax demand is upheld, the refund of pre-deposit shall be released only after ensuring that the amount corresponding to the tax demand confirmed in favour of the Revenue is recovered or adjusted against the pre-deposit, along with applicable interest, before refunding the balance amount to the taxpayer.

3. It is requested that suitable trade notices may be issued to publicize the contents of this Circular.

4. Difficulty, if any, in the implementation of this Circular may be brought to the notice of the Board.

Yours faithfully,

(Gaurav Singh)
Commissioner (GST Policy Wing)

Circular No. 260/06/2026-GST

F. No. CBIC-20001/2/2026-GST
Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Indirect Taxes & Customs
GST Policy Wing
****

Room No. 16039, Kartavya Bhawan-01

New Delhi, Dated: 26.10.2026

To,

The Principal Chief Commissioners/ Chief Commissioners (All)

The Principal Director General/ Director General (All)

Madam/Sir,

Subject: Clarification on Issues pertaining to Input Service Distributor – reg.

Representations have been received from trade and industry seeking clarity on certain issues regarding provisions of section 2(61) and section 20 of Central Goods and Services Tax Act, 2017 (hereinafter referred to as "CGST Act, 2017") as well as rule 39 and rule 54(1A) of Central Goods and Services Tax Rules, 2017 (hereinafter referred to as "CGST Rules, 2017") related to Input Service Distributor (hereinafter referred to as "ISD").

2. The matter has been examined. In order to ensure uniformity in the implementation of the provisions of the law across the field formations, the Board, in exercise of its powers conferred under section 168(1) of the CGST Act, hereby clarifies the issues raised as follows:

Table

S. No.	**Issue**	**Clarification**
1.	Whether ISD registration is required for each business	a) ISD has been defined under section 2(61) of CGST Act, 2017, to mean an office of

	vertical/ place of business within the same State/UT?	supplier of goods or services or both, which receives input service invoices, including invoices in respect of services liable to tax under reverse charge, for or on behalf of distinct persons referred in section 25 of CGST Act, 2017, and liable to distribute input tax credit in respect of such invoices in the manner provided in section 20 of CGST Act, 2017. b) As per provisions of section 25(2) and section 25(4) of CGST Act, 2017, if separate registrations have been obtained for separate business verticals or places of business within a State or UT, before or after 01.02.2019 respectively, then each such registrant is to be treated as a distinct person under the Act. c) A plain reading of the above-mentioned provisions indicates that there is no bar on obtaining more than one ISD registration for each business vertical or each place of business, as the case may be, within a State or UT. d) Accordingly, it is clarified that: i. Each such registrant who receives input services invoices for or on behalf of distinct persons, which is liable to be distributed in the manner provided in section 20 of CGST Act, 2017, is required to obtain an ISD registration. ii. However, it is to note that in terms of provisions of rule 39(1) of CGST Rules, 2017, the ISD shall distribute the credit

		only to the distinct person to whom the credit is attributable to.
2.	In case of distribution of input tax credit by ISD, whether ISD or the recipient of credit is liable to comply with the conditions for availment of input tax credit under section 16 of CGST Act, 2017?	a) As per the definition of ISD under section 2(61) of CGST Act, 2017, ISD is an office of supplier of goods or services or both, which receives input service invoices, including invoices in respect of services liable to tax under reverse charge, for or on behalf of distinct persons referred in section 25 of CGST Act, 2017, and liable to distribute input tax credit in respect of such invoices in the manner provided in section 20 of CGST Act, 2017. b) As per provisions under section 21 of CGST Act, 2017, where an ISD distributes credit in contravention of the provisions of section 20, resulting in excess distribution of credit to one or more recipients of credit, the excess credit so distributed shall be recovered from the recipients of credit along with interest, and the provisions of section 73 or section 74 or section 74A, as the case may be, shall apply for determining the amount to be recovered. c) Further, as per clause (ix) of section 122(1) of CGST Act, 2017, in case a taxable person takes or distributes input tax credit in contravention of section 20 of CGST Act, 2017, or the rules made thereunder, he shall be liable to pay a penalty of ten thousand rupees or an amount equivalent to the tax evaded or input tax credit distributed

		irregularly, whichever is higher. d) Based on the above it is clarified that**:** i. The ISD is required to distribute the credit to its distinct persons (recipients of credit), for or on whose behalf, it receives input service invoices, in the manner provided for in section 20 of CGST Act, 2017. ii. It is the recipients of credit, who are liable to comply with the conditions for being eligible to the input tax credit, including the conditions stipulated in section 16 or section 17 of CGST Act, 2017 and rules made thereunder. iii. In case credit is distributed by the ISD, in contravention of provisions of section 20 of CGST Act, 2017, the ISD is liable to penalty under clause (ix) of section 122(1) of CGST Act, 2017, and if such contravention results in excess distribution of credit to one or more recipients of credit, the excess credit so distributed is liable to be recovered from such recipients of credit, in terms of the provisions under section 21 of CGST Act, 2017.
3.	What does the condition of "input tax credit available for distribution in a month" being required to be distributed in the same month as per rule 39(1)(a) of CGST Rules, 2017	a) In terms of section 20(2) of CGST Act, 2017 read with rule 39(1)(a) of CGST Rules, 2017, the input tax credit available for distribution in a month, is required to be distributed by the ISD, in the same month and the details thereof are required to be included in FORM GSTR-6.

	mean?	b) As per rule 65 of CGST Rules, 2017, ISD is required to furnish FORM GSTR-6, on the basis of details contained in FORM GSTR-6A and where required, after adding, correcting or deleting the details, furnish FORM GSTR-6 containing the details of tax invoices on which credit has been received and the invoices issued under section 20 of CGST Act, 2017. c) Further, section 16(2) of CGST Act, 2017 enlists the conditions for eligibility which are required to be fulfilled for availment of input tax credit. d) As clarified in Sr. No. 2 above, it is the recipients of credit, who are liable to comply with the conditions for being eligible to the input tax credit, including the conditions stipulated in section 16 or section 17 of CGST Act, 2017 and rules made thereunder. e) Further, as per rule 39(1)(g) of CGST Rules, 2017, the ISD is required to separately distribute input tax credit which is eligible and which is ineligible in terms of section 17(5) of CGST Act or otherwise. f) Therefore, even though ISD is not required to avail input tax credit itself, but in case of distribution of credit through ISD mechanism, as the procurement of services is being made centrally, only ISD, which receives the input services invoices, is in the best position to determine whether input tax credit in respect of such invoices is eligible

		to be availed. g) Accordingly, it is clarified that once the details of the input services invoices are received by the ISD on behalf of its distinct persons in its FORM GSTR-6A, the input tax credit in respect of the said invoices can be said to be available to the ISD for distribution only when it is ascertained by the ISD to be prima facie eligible for availment. Therefore, in terms of rule 39(1)(a) of CGST Rules, 2017, the ISD is required to distribute the said input tax credit in the month in which he makes such ascertainment, and distribute it separately as eligible and ineligible credit in accordance with the provisions of rule 39(1)(g) of CGST Rules, 2017. The details thereof are to be included in FORM GSTR-6.
4.	In respect of the input tax credit distributed by the ISD, whether the ISD or the recipient of credit is required to make reversals of input tax credit under section 17(1) or section 17(2) or section 17(4) of CGST Act, 2017?	a) As already discussed in S. No. 2 above, the ISD is required to distribute the credit in the manner provided in section 20 of CGST Act, 2017 and it is the recipients of credit, who are liable to comply with the conditions for being eligible to the input tax credit under section 16 or section 17 of CGST Act, 2017. b) Accordingly, it is clarified that ISD should distribute the entire input tax credit available to it for distribution to the recipients of credit to whom it is attributable to, and it is such recipients of credit who are required to make reversals of input tax credit under section

		17(1) or section 17(2) of CGST Act, 2017 read with rule 42 and rule 43 of CGST Rules, 2017 or under section 17(4) of CGST Act, 2017 read with rule 38 of CGST Rules, 2017, as the case may be.
5.	Whether the amount declared in an invoice, credit or debit note, issued by a registered person having same PAN and State code as the ISD, to an ISD, under rule 54(1A) of CGST Rules, 2017, should be included in computation of "turnover in State" or "turnover in Union territory" under section 2(112) of CGST Act, 2017?	a) Rule 54(1A) of CGST Rules, 2017 provides for issuance of an invoice, credit note, debit note by a regular registrant, having same PAN and registered in the same state as the ISD, to the ISD, to transfer input tax credit in respect of credit pertaining to input services attributable to one or more distinct persons and then such input tax credit could be further distributed by the ISD to other distinct persons to whom the service is attributable to, in the manner provided in rule 39(1) of CGST Rules, 2017. b) Further, clause (b) of rule 54(1A) of CGST Rules, 2017 provides that the taxable value in the invoice issued under clause (a) shall be the same as the value of the services whose credit is sought to be transferred to the Input Service Distributor. c) The said provisions were brought prima facie to allow for payment of tax on reverse charge transactions by the regular registration having same PAN and State code as the ISD, to ensure that tax in respect of such transactions is discharged before the credit is transferred to the ISD, for further distribution to the other distinct person, who will then avail the credit. d) Therefore, rule 54(1A) of CGST Rules, 2017

		is merely a credit transferring mechanism. e) Based on the above, it is hereby clarified that: i. The invoice, credit note, debit note issued by a registered person, having same PAN and registered in the same state as the ISD under rule 54(1A) of CGST Rules, 2017 is not in respect of the outward supply of the said person and therefore the amount reflected on such invoice or debit note or credit note does not qualify as "turnover in State "or "turnover in Union territory" under section 2(112) of CGST Act, 2017, of the said person, even though the same may be required to be declared in his FORM GSTR-1, to transmit the same to the ISD for further distribution. ii. Accordingly, the amount reflected on such invoice or debit note or credit note should not be included for the computation of "turnover in a State" or "turnover of Union territory" of the said person, issuing the said invoice, credit or debit note, to ascertain the amount of input tax credit required to be distributed to a 'recipient of credit' under section 20 of CGST Act, 2017 read with rule 39 of CGST Rules, 2017 and "Adjusted total turnover" under section 54(3) read with rule 89 of CGST Rules, 2017, for ascertaining the maximum refund amount permissible to the registered person.
6.	Whether the credit pertaining to input services	As already discussed in Sr. No. 5 above, rule 54(1A) of CGST Rules, 2017 is merely a credit

	attributable to one or more distinct persons, which is transferred by the registered person having same PAN and State code as the ISD in terms of rule 54(1A) of CGST Rules, 2017, is to be treated as input tax credit of the said person having same PAN and same State code as ISD, and whether it can be included as "NET ITC" for the computation of refund amount under rule 89(4) and rule 89(5) of CGST Rules, 2017?	transferring mechanism. Accordingly it is clarified that credit pertaining to input services attributable to one or more distinct persons, which is transferred by the registered person, having same PAN and State code as the ISD, in terms of rule 54(1A), does not constitute input tax credit in respect of inward supply of such person and is merely required to be transferred to the ISD, as such, and therefore, the same does not qualify as "NET ITC" for the computation of refund amount under rule 89(4) and rule 89(5) of CGST Rules, 2017.
7.	Whether in respect of the credit pertaining to input services attributable to one or more distinct persons, which is transferred by the registered person having same PAN and State code as the ISD in terms of rule 54(1A) of CGST Rules, 2017, is the said person having same PAN and same State code as ISD, required to make reversals of input tax credit under section 17(1) or section	a) As already discussed in Sr. No. 5 and Sr. No 6 above, rule 54(1A) of CGST Rules, 2017 is merely a credit transferring mechanism, and that credit pertaining to input services attributable to one or more distinct persons, which is transferred by the registered person having same PAN and State code as the ISD in terms of rule 54(1A), is not input tax credit in respect of inward supply of such registered person. b) Accordingly, in respect of the credit pertaining to input services attributable to one or more distinct persons, which is transferred by the registered person having same PAN and State code as the ISD, in terms of rule

	17(2) or section 17(4) of the CGST Act, 2017?	54(1A), it is clarified that: i. The said person having same PAN and same State code as ISD, is **not** required to make reversals of input tax credit under section 17(1) or section 17(2) or section 17(4) of CGST Act, 2017 and the said person is required to transfer the entire input tax credit available on account of payment of tax by it under reverse charge to the ISD for its further distribution to the recipients of credit. ii. It is such recipients of credit who are required to make reversals of input tax credit under section 17(1) or section 17(2) or section 17(4) of CGST Act, 2017, as the case may be, as already clarified in Sr. No. 4 above. Further, such recipients of credit may also include the said registered person having the same PAN and same state Code as the ISD, who had transferred the input tax credit to the ISD in the first place.

3. It is requested that suitable trade notices may be issued to publicize the contents of this Circular.

4. Difficulty, if any, in implementation of this Circular may please be brought to the notice of the Board.

Yours faithfully,

Gaurav Singh
Commissioner (GST)

Circular No. 261/07/2026-GST

F. No. CBIC-20001/2/2026-GST
Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Indirect Taxes & Customs
GST Policy Wing
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Room No. 16039, Kartavya Bhawan-01
New Delhi, Dated: 26.10.2026

To,

The Principal Chief Commissioners/ Chief Commissioners (All)

The Principal Director General/ Director General (All)

Madam/Sir,

Subject: Clarification on issues related to provisions of section 17(4) of the Central Goods and Services Tax Act, 2017 – reg.

Representations have been received regarding varying practices being followed by the banking companies or financial institutions, including non-banking financial companies, engaged in supplying services by way of accepting deposits, extending loans or advances, in respect of apportionment of credit toward taxable supplies including zero-rated supplies, where such a registered person opts to comply with the provisions of section 17(4) of Central Goods and Services Tax Act, 2017 (hereinafter referred to as "CGST Act"), with a request to clarify the same.

2. The matter has been examined. In order to ensure uniformity in the implementation of the provisions of the law across the field formations, the Board, in exercise of its powers conferred under section 168(1) of the CGST Act, hereby clarifies the issues raised as follows:

S. No.	Issue	Clarification
1.	Whether all registrations of a banking company or a financial institution including a non-banking financial company, even those which are not engaged in **supplying services by way of accepting deposits, extending loans and advances**, can opt or are required to opt to comply with the provisions of section 17(4) of CGST Act?	Section 17(4) of CGST Act provides an option to **a banking company or a financial institution including a non-banking financial company engaged in supplying services by way of accepting deposits, extending loans and advances**, to avail of fifty percent of eligible input tax credit, for the purpose of apportionment of credit towards taxable supplies, including zero-rated supplies rather than for the proportionate availment in terms of section 17(2) of CGST Act. Accordingly, it is clarified that: a. A registrant ("distinct person") of a banking company or a financial institution including a non-banking financial company, **who is <u>not</u> engaged in supplying services by way of accepting deposits, extending loans and advances**, such as one engaged exclusively in "Bullion trading" etc., neither has the option nor is required to comply with the provisions of section 17(4) of CGST Act. b. A registrant ("distinct person") of a banking company or a financial institution including a non-banking financial company, **who is engaged in supplying services by way of accepting deposits, extending loans and advances**, and who may also be

S. No.	Issue	Clarification
		engaged in supplying services other than the said services has the option to comply with the provisions of section 17(4) of CGST Act. c. Further, if one registrant ("distinct person") of a banking company or a financial institution including a non-banking financial company, **who is engaged in supplying services by way of accepting deposits, extending loans and advances**, and who may also be engaged in supplying services other than the said services, opts to comply with the provisions of section 17(4) of CGST Act, all registrants of the said banking company or a financial institution including a non-banking financial company, **who are engaged in supplying services by way of accepting deposits, extending loans and advances**, and who may also be engaged in supplying services other than the said services, will have to necessarily comply with the provisions of section 17(4) of CGST Act.
2.	Whether the provisions of the second proviso to section 17(4) of CGST Act applicable to the tax paid on supplies made by a registered person having same PAN as the banking company or a	Second proviso to section 17(4) of CGST Act provides a relaxation to the person who has opted to comply with the provisions of section 17(4) of CGST Act, from the restriction of availment of only fifty percent of the eligible input tax credit on inputs, input services and capital goods.

S. No.	Issue	Clarification
	financial institution including a non-banking financial company, where such a registered person does not opt to comply with the provisions of section 17(4) of CGST Act?	The said proviso needs to be read within the context of applicability of section 17(4) of CGST Act to those registrant(s) of a banking company or a financial institution including a non-banking financial company, which are engaged in supplying services by way of accepting deposits, extending loans and advances, and have opted to comply with the provisions of section 17(4) of CGST Act. **Accordingly, it is clarified that such relaxation under the second proviso to section 17(4) of CGST Act is available only in respect of supplies received from another registered person with the same PAN who has also opted to comply with the provisions of section 17(4) of CGST Act.**
3.	What is the correct manner for reporting of availment and reversal of input tax credit (ITC) in FORM GSTR-3B, to be followed by a banking company or financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances, which opts to comply with the provisions of section 17(4) of CGST Act?	1. It is to mention that Circular No. 170/02/2022-GST dated 06.07.2022 was issued to clarify the correct manner of furnishing information regarding ITC availment and reversal in FORM GSTR-3B. Further, Invoice Management System (IMS) facility has been introduced from October, 2024 onwards, wherein a facility has been provided to the registered person to accept, reject or keep pending on IMS, invoice or other documents pertaining to inward supplies, for the purpose of correct auto-population of ITC in FORM GSTR-3B.

S. No.	Issue	Clarification
		2. Accordingly, it is clarified that the correct manner of reporting of availment and reversal of ITC in FORM GSTR-3B, to be followed by the registered person under section 17(4) of CGST Act read with rule 38 of Central Goods and Services Tax Rules, 2017 (CGST Rules), is as follows: A. **In cases where IMS was not used:** a. The eligibility of ITC from the amount which is (i) auto-populated in FORM GSTR-3B from the available ITC in FORM GSTR-2B (other than ITC on inward supplies liable to reverse charge) and, (ii) claimed on inward supplies liable to reverse charge, in the said FORM GSTR-3B, needs to be ascertained. b. The amount of ITC, which is ascertained to be eligible under section 16, shall be availed by the taxpayer in FORM GSTR-3B of the said tax period, by the following procedure: i. the credit of tax paid on inputs and input services that are used for non-business purposes and the credit attributable to the supplies specified in sub-section (5) of section 17 shall be permanently reversed in Table 4(B)(1) of the said FORM GSTR-3B; ii. the credit of tax paid on inputs and input services referred to in the second

S. No.	Issue	Clarification
		proviso to sub-section (4) of section 17 shall be availed; and iii. fifty per cent of the remaining amount of ITC shall be the input tax credit admissible to the taxpayer and shall be availed. The balance amount shall be permanently reversed in Table 4(B)(1) of FORM GSTR-3B of the same tax period, as per provisions of section 17(4) of CGST Act. c. The amount of ITC which cannot be ascertained to be eligible due to non-fulfillment of conditions under section 16 of CGST Act but which may become eligible in the future on fulfillment of such conditions should be temporarily reversed in FORM GSTR-3B of the same tax period, in Table 4(B)(2) of the said FORM GSTR-3B. d. Such ITC may, on fulfilment of the requisite conditions, be reclaimed in the return in Table 4(A)(5) of FORM GSTR-3B for a subsequent tax period, subject to the time limit under section 16(4) of CGST Act and should also be subjected to the procedure provided for in para. b above. Further, all such reclaimed ITC shall also be shown in Table 4(D)(1) of the said subsequent tax period FORM GSTR-3B. B. **After amendment in CGST Rules, 2017, related to IMS are notified,**

S. No.	Issue	Clarification
		including cases where IMS has been used even before such amendment: a. The taxpayer has an option to accept, to reject, or to keep pending the invoices or other documents pertaining to inward supplies received on IMS. b. The registrant is required to keep pending on IMS, invoice or other documents pertaining to inward supplies, the ITC on which is not eligible to the taxpayer at present, due to non-fulfillment of any of the conditions under section 16 of CGST Act but which may become eligible in the future on fulfillment of such conditions. Such ITC would not be made available in FORM GSTR-2B and therefore would not get auto-populated in FORM GSTR-3B. c. Thereafter, the amount of ITC in respect of invoices or other documents pertaining to inward supplies, accepted and deemed accepted on IMS, shall be made available in FORM GSTR-2B, and will get auto-populated in FORM GSTR-3B. d. In respect of the sum of, (i) such auto-populated amount of ITC (other than ITC on inward supplies liable to reverse charge), and (ii) the amount of ITC claimed on inward supplies liable to reverse charge in the said FORM GSTR-3B, the availment and reversal of ITC is required to be done following the same procedure as has been delineated in para (b) of part A above.

S. No.	Issue	Clarification
		3. It may be noted that various practices regarding availment and reversal of ITC in FORM GSTR-3B, may have been followed by the taxpayers opting to comply with the provisions of section 17(4) of CGST Act, in various periods. Field formations are advised not to take an adverse view of a different methodology of reporting of availment and reversal of ITC for the past period, as long as the amount of ITC availed under the provisions of section 17(4) of CGST Act is in congruence with the principles enunciated above.

3. It is requested that suitable trade notices may be issued to publicize the contents of this Circular.

4. Difficulty, if any, in implementation of this Circular may be brought to the notice of the Board.

Yours faithfully,

(Gaurav Singh)
Commissioner (GST)

Circular No. 262/08/2026-GST

F. No. CBIC-20001/2/2026-GST
Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Indirect Taxes & Customs
GST Policy Wing
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Room No. 16039, Kartavya Bhawan-01
New Delhi, Dated: 26.10.2026

To,

The Principal Chief Commissioners/ Chief Commissioners (All)

The Principal Director General/ Director General (All)

Madam/Sir,

Subject: Clarification on Input Tax Credit admissibility to authorised agents appointed by manufacturers for sale of motor vehicles, pursuant to the circular No. 231/25/2024-GST dated 10.09.2024 – reg.

Attention is invited to circular No. 231/25/2024-GST dated 10.09.2024, wherein certain issues regarding availability of input tax credit in respect of demo vehicles were clarified.

2. Representations have been received from trade and industry seeking clarification with regard to the admissibility of input tax credit (ITC) on demo vehicles to authorized agents appointed by vehicle manufacturers for sale of motor vehicles, in light of para 4.6 of circular No. 231/25/2024-GST dated 10.09.2024 (hereinafter referred to as "the said circular"). In order to ensure uniformity in the implementation of the provisions of law in this regard across the field formations, the Board, in exercise of its powers conferred by section 168 (1) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "the CGST Act"), hereby clarifies the issue as under:

3. Vide para 4.6 of the said circular, it was clarified that in case where an authorized dealer merely acts as an agent or service provider to the vehicle manufacturer (hereinafter referred to as the "dealer-agency model"), input tax credit in respect of a demo vehicle purchased by such authorized dealer for providing facility of vehicle test drive would be blocked in terms of sub-clause (A) of clause (a) of section 17(5) of the CGST Act, 2017, as such an agent is not making

the supply of motor vehicles on his own account and is merely providing marketing or facilitation services to the vehicle manufacturer. The relevant extract is reproduced as under:

> *4.6 ...In such a case, the authorized dealer is merely providing marketing and/or facilitation services to the vehicle manufacturer and is not making the supply of motor vehicles on his own account. Therefore, the said demo vehicle cannot be said to be used by the dealer for making further supply of such motor vehicles. Accordingly, in such cases, input tax credit in respect of such demo vehicle would not be excluded from blockage in terms of sub-clause (A) of clause (a) of section 17(5) of CGST Act and therefore, input tax credit on the same would not be available to the said dealer.*

4. Clause (a) of sub-section (5) of section 17 of the CGST Act, provides for the restriction on the availability of ITC in respect of motor vehicles for transportation of persons having approved seating capacity of not more than 13 persons (including the driver). The said clause reads as under:

> *"(5) Notwithstanding anything contained in sub-section (1) of section 16 and sub-section (1) of section 18, input tax credit shall not be available in respect of the following, namely: -*
> *(a) motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons (including the driver), except when they are used for making the following taxable supplies, namely: -*
> *(A) further supply of such motor vehicles; or*
> *(B) transportation of passengers; or*
> *(C) imparting training on driving such motor vehicles*

5. The matter has been examined. As per the prevailing practice in respect of vehicle sales, it is seen that primarily there are two kinds of models of sale in this sector, i.e., the dealer-agency model and the traditional dealership-based model. In the dealer-agency model, the dealer purchases new vehicles from the Original Equipment Manufacturer (OEM) as are required for demo or test drive purposes. New vehicle sales are done directly by the OEM to the customer. In the traditional dealership-based model, the dealer purchases a fleet of new vehicles and designates a few of these as demo vehicles for test drive purposes to promote vehicle sales.

5.1. The basic difference between the two models is that in the traditional model, the sale of vehicles is done by the dealer on its own account while in the dealer-agency model, the sale

of vehicle to customers is done directly by the OEM and the dealer only keeps demo vehicles for the purpose of demonstration and for demo test drive purposes. However, in both the cases, the demo vehicles serve the same purpose of allowing the customer to have the driving experience before actually buying the car. In both the models, these demo vehicles are purchased by the authorized dealers from the vehicle manufacturers against tax invoices and are typically reflected as capital assets in books of account of such authorized dealers. These vehicles are required to be held by authorized dealers as demo vehicles for certain mandatory period and are thereafter, generally, sold by the dealer at a written down value and applicable tax on the same is payable at that point of time. Also, such vehicles are treated at par under the Central Motor Vehicle Rules, 1989. Thus, there is no practical difference in the treatment of these vehicles, and denial of ITC to one business model creates a discriminatory effect on the availability of ITC on such vehicles.

6. Further, the use of the phrase "such motor vehicles" rather than "said motor vehicle" in section 17(5)(a)(A) of the CGST Act, 2017, indicates that ITC is permitted not only on the specific vehicle sold, but also on vehicles used for further supply of similar motor vehicles. Thus, since demo vehicles in both the above types of business model serve the same purpose of furthering the supply of similar vehicles, ITC should be allowed on such demo vehicles in both type of business models, including the dealer-agency model.

7. Accordingly, the clarification issued vide para 4.6 of circular No. 231/25/2024-GST dated 10.09.2024 is hereby withdrawn and it is clarified that the input tax credit on the demo vehicles is not blocked under clause (a) of section 17(5) of the CGST Act, to the dealer in the dealer-agency model.

8. It is requested that suitable trade notices may be issued to publicize the contents of this circular.

9. Difficulty, if any, in the implementation of this circular may be brought to the notice of the Board.

Yours faithfully,

(Gaurav Singh)
Commissioner (GST)

Circular No. 263/09/2026-GST

F. No. CBIC-20001/2/2026-GST
Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Indirect Taxes & Customs
GST Policy Wing
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Room No. 16039, Kartavya Bhawan-01

New Delhi, Dated: 26.10.2026

To,

The Principal Chief Commissioners/ Chief Commissioners (All)

The Principal Director General/ Director General (All)

Madam/Sir,

Subject: Clarification in respect of receipt of payment for export of goods or services- reg.

References have been received from the field formations seeking clarification on various issues relating to GST refunds. In order to clarify these issues and to ensure uniformity in the implementation of the provisions of law in this regard across the field formations, the Board, in exercise of its powers conferred by section 168 (1) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "CGST Act"), hereby clarifies the issues detailed hereunder:

2. Receipt of foreign remittance in respect of export of services in Nostro and Special Non-Resident Rupee (SNRR) accounts: Various requests have also been received for clarification regarding admissibility of export remittances received in repatriable rupee (INR) accounts such as Special Non-Resident Rupee (SNRR) Account or Nostro account and treatment of set-off of export receivables against import payables, wherever permitted by the Reserve Bank of India (RBI) for the purposes of consideration of supply of services as per the provisions of condition (iv) of clause (6) of section 2 of the Integrated Goods & Services Tax Act, 2017 (herein after referred to as the 'IGST Act").

2.1 In this regard, reference is drawn to circular No. 202/14/2023-GST dated 27.10.2023, wherein it was clarified that when the Indian exporters, undertaking export of services, are paid

the export proceeds in INR from the Special Rupee Vostro Accounts of correspondent bank(s) of the partner trading country, opened by Authorised Dealer (AD) banks, the same shall be considered to be fulfilling the conditions of sub-clause (iv) of clause (6) of section 2 of IGST Act, 2017, subject to the conditions/ restrictions mentioned in Foreign Trade Policy, 2023 and extant RBI Circulars and without prejudice to the permissions/ approvals, if any, required under any other law.

2.2 As per the provisions of Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023 (FEMA 14R/2023), receipt/payment for export to countries other than Nepal, Bhutan and members of Asian Clearing Union(ACU), may be done in Indian Rupees (INR) or in any foreign currency. Such payment in INR may be facilitated either through INR Nostro (Rupee Vostro) of correspondent banks or repatriable INR accounts such as Special Rupee Vostro Account (SRVA), Special Non-Resident Rupee (SNRR) etc.. Since, payments in INR are a valid mode of settlement as per FEMA regulations and Rupee Vostro and SNRR are permissible accounts for receipt of export proceeds.

2.3. Therefore, it is hereby clarified that wherever the payment for export of service made by the Indian exporters is received in convertible foreign exchange or in repatriable rupee (INR) accounts, such as SNRR Account or INR Nostro account, or any other similar account for repatriation of foreign exchange, the same shall be considered to be fulfilling the conditions of sub-clause (iv) of clause (6) of section 2 of IGST Act, 2017. Further, stock brokers provide services to their overseas clients (FPIs, NRIs and OCIs) and get paid for the services in INR. It is clarified that payment to brokers through repatriable INR accounts (SNRR, NRE) may be considered to be fulfilling the conditions of sub-clause (iv) of clause (6) of section 2 of IGST Act, 2017. In case of payments through NRO accounts, as per RBI guidelines, the same should be routed through repatriable INR accounts (SNRR, NRE) for it to be considered to satisfy the conditions stipulated under sub-clause (iv) of clause (6) of section 2 of the IGST Act, 2017.

2.4 It may also be noted that set-off transactions are a valid method of settlement under FEMA regulations. In terms of extant guidelines of RBI, set-off are allowed with certain conditions. Such set-off are allowed for goods against goods and services against services. However, with the coming into effect of the new guidelines viz. Foreign Exchange Management (Export and Import

of Goods and Services) Regulations, 2026, from October 01, 2026, these conditions would not be applicable for such transactions. Thus, as set-offs are valid mode of settlement as per FEMA regulations, it is further clarified that wherever export receivables are set-off against import payables, then as long as such set-off is in accordance with the directions issued by the RBI, the said condition of sub-clause (iv) of clause (6) of section 2 of IGST Act, shall be considered to be fulfilled.

2.5. Further, in respect of receipt of remittance by reinsurance brokers through the net retention mechanism, it may be noted that the commission charged by an Indian reinsurance broker for providing broking services to the foreign reinsurers is settled by net settlement rather than by a separate inward remittance in foreign exchange. In this scenario, as per FEMA regulations, the foreign reinsurer/broker is treated as having paid the commission/brokerage by authorizing the Indian broker to retain it out of funds prior to remittance of the net premium outside India. Under FEMA regulations, the obligation of the service exporter to realise and repatriate export proceeds is extinguished through this net retention mechanism. Thus, it may be treated as having satisfied sub-clause (iv) of clause (6) of section 2 of the IGST Act.

3. Realisation of export proceeds in case of export of goods: Attention is invited to Rule 96B of the CGST Rules, which provides that where sale proceeds of export goods are not realized, wholly or partly, within the period prescribed under the Foreign Exchange Management Act (FEMA), 1999, including any extension granted thereunder, the refund amount paid shall be liable to be deposited/ recovered, to the extent of such non-realization, along with applicable interest, within thirty days from the expiry of the said period or extended period, if any. Rule 96B further provides that no such recovery shall be effected where the requirement of realization has been written off, either wholly or partly, by the Reserve Bank of India on merits.

3.1. It is clarified that as the time limit for realization of export proceeds in India and the amount to be realized are governed under the provisions of FEMA, 1999, regarding which provisions are formulated and implemented by the RBI, therefore, the time limit for realization of export proceeds for export of goods under the IGST Act, 2017, shall be such period, or such extended period, which has been prescribed in FED Master Direction No. 16/2015-16 dated 01.01.2016 (last amended on 05.06.2026) issued by the RBI and as amended from time-to-time. It is also clarified that wherever

the requirement of realization has been written off, either wholly or partly, by the AD Bank, recovery of refund amount under rule 96B shall not be done.

4. It is requested that suitable trade notices may be issued to publicize the contents of this circular. Difficulty, if any, in the implementation of the above circular may please be brought to the notice of the Board.

Yours faithfully,

(Gaurav Singh)

Commissioner (GST)

Circular No. 264/10/2026-GST

F. No. CBIC-20001/2/2026-GST
Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Indirect Taxes & Customs
GST Policy Wing
****

Room No. 16039, Kartavya Bhawan-01

New Delhi, Dated: 26.10.2026

To,

The Principal Chief Commissioners/ Chief Commissioners (All)

The Principal Director General/ Director General (All)

Madam/Sir,

Subject: Clarification in respect of the omission of rule 96 (10) of the Central Goods and Services Tax Rules, 2017 -reg.

Attention is invited to the decisions of various Courts on the issue of retrospective applicability of omission of rule 96(10) of the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as "the CGST Rules"). Doubts are being raised by the tax officers as well as taxpayers on the issue as to whether in view of these judgements the omission of sub-rule (10) of rule 96 of the CGST Rules, made w.e.f. 08.10.2024 vide notification No. 20/2024-Central Tax, dated 8.10.2024, is applicable retrospectively from 23.10.2017 (date from which it was brought into effect), as ruled by the Courts.

2. The matter has been examined. In order to ensure uniformity in the implementation of the law across the field formations, the Board, in exercise of its powers conferred under sub-section (1) of section 168 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "the CGST Act") clarifies the issues as under.

3. Rule 96(10) was introduced in the CGST Rules w.e.f. 23.10.2017, with the intention to prevent the double benefit to exporters, so that exporters who benefited from IGST exemption on procurement under specified notifications could not also claim IGST refunds on export of those goods. In the 54th meeting of the GST Council, held on 09.09.2024, in view of difficulty being faced by the exporters in respect of refund on exports due to restriction, imposed vide

rule 96(10), in cases where benefit of the specified concessional / exemption notifications is availed on the inputs, rule 96(10) of the CGST Rules was omitted prospectively w.e.f. 08.10.2024 vide the CGST (Second Amendment) Rules, 2024 (notified vide notification No. 20/2024-GST dated 08.10.2024).

4. Kind attention is drawn to the judgment dated 06.08.2026 passed by the Hon'ble Supreme Court in Special Leave Petition (Civil) No. 24550 of 2025, in the matter of *M/s Goodluck India Limited & Anr. v. Union of India & Ors*., along with other connected matters. The Hon'ble Supreme Court vide the said order, has held that in the absence of any saving clause or sunset clause accompanying the omission of rule 96(10) of the CGST Rules, the said omission applies to all proceedings pending as on the date of omission.

5. In the matter of M/s Goodluck India Limited, Hon'ble Supreme Court has relied upon the Constitution Bench judgment in *Kolhapur Canesugar Works Ltd. v. Union of India* [(2000) 2 SCC 536], wherein it was held that section 6 of the General Clauses Act, 1897 does not apply to the omission of a rule. The Hon'ble Court reiterated that, where a rule is omitted, pending proceedings can continue only where there is an express provision for their continuance, or a legal device has been incorporated in the statute/rules to preserve such proceedings.

6. In view of this decision of the Hon'ble Supreme Court, it is hereby clarified that the said omission of rule 96(10) of the CGST Rules will be effective retrospectively from 23.10.2017. Accordingly, the field formations are advised to deal with pending proceedings concerning rule 96(10) in accordance with the said judgment. It may also be noted that such a treatment shall apply, *mutatis mutandis*, in respect of omission of rules 89(4A) and 89(4B) as well.

7. It is requested that suitable trade notices may be issued to publicize the contents of this Circular.

8. Difficulty, if any, in the implementation of this Circular may be brought to the notice of the Board.

Yours faithfully,

(Gaurav Singh)
Commissioner (GST)