



Office of the Commissioner of State Tax,
State Goods & Services Tax Department, Kerala,
Tax Towers-9th Floor, Killipalam, Karamana P.O,
Thiruvananthapuram. PIN : 695 002.
Dated : **17/06/2020**

Circular No.⁵...../2020

Sub : State Goods & Services Tax Department, Kerala - New Registrations with State Goods & Services Tax Department and Central Goods & Services Tax Department – Benami and Bogus registrations – Second level of verification by State Enforcement Wing – Direction issued.

Read: 1. Circular No. 19/2018 dt. 07.09.2018.
2. Circular No. 4/2019 dt. 07.05.2019.

Circular instructions were issued to Registering authorities to take utmost care while granting new registration. Even after issuing such instructions it has been noticed that bogus and benami registrations are being reported in the State. This is very critical especially in the case of evasion prone commodities such as Lottery, Iron and Steel, Flooring materials, Glass, Timber, Hill produce, Plywood, Arecanut, Cardamom etc. There were instructions to conduct site visits and detailed verification of applications. Registration is seen obtained by the applicants even without verification of documents, as the application will be automatically approved by the system after three working days of filing the registration application. This system has been misutilised by many unscrupulous persons. After conducting business in large volume for two or three months, they may disappear either by not filing returns or by filing returns with fake credit. In some cases these registrations are used for taking and supplying credit through circular trade. This is to be addressed immediately and steps are to be taken to control such persons from freely taking registration.

As instructed earlier, the Registering Authority has the primary liability as far as the registration is concerned and they shall adhere to the instructions already issued in this regard. Considering the present situation, it is decided to conduct a second level verification by the Intelligence wing. This is to be carried out for all new registrations granted w.e.f 01.06.2020. Once the registration is granted, the details will be available in the GST portal and the Deputy Commissioner (Intelligence) of each jurisdictional district shall collect the details from the GST backend and shall distribute to Enforcement squads for verification. Deputy Commissioner (Intelligence) shall extract the data preferably on a daily basis or at least weekly once through MIS reports. The mobile application being

developed for the purpose will be made available to the Intelligence squads also. Detailed enquiry is to be conducted by squads with respect to these new registrations. They shall give special attention to evasion prone commodities mentioned above. Squads shall conduct detailed enquiries as to the applicant/applicants and the details given in the application. Background of the applicant such as proprietor/ partners/ directors is to be verified and confirmed. Squads shall confirm that the applicant is genuine and not a benami. Squads shall furnish their report to the Registering authority marking copy to Deputy Commissioner (Intelligence) and to the District Joint Commissioner concerned. Report shall clearly put up recommendation as to whether the registration is to be cancelled or not and specific reasons for the same. This verification and furnishing report is to be completed within seven days of receipt of details by each Squad.

It is also noticed that some of the new cases under Central jurisdiction are also vulnerable. Our Enforcement squads can conduct verification in the business place of such new registration under Central Jurisdiction also. For this GST Info Team will provide district wise new registration details under Central Jurisdiction to Joint Commissioners (Intelligence). GST Info shall take steps to make available these details to Deputy Commissioners (Intelligence) in GST backend. Till that time GST Info shall make arrangements to extract and provide such details to Joint Commissioners (Intelligence). On receipt of such details from Joint Commissioner (Intelligence), Deputy Commissioner (Intelligence) shall do the same work as done in the case of new registrations under State Jurisdiction. Enquiry report of such cases with recommendation shall be forwarded to Deputy Commissioner, Central Goods & Services Tax Department concerned by Deputy Commissioner (Intelligence), State GST.

Progress in the above work will be reviewed in the weekly VC. Details are to be provided to the Enforcement SHQ in the following format.

District	New RCs issued in the week	New RCs issued upto the week	Verified by the Squads in the week	Verified upto the week	Recommended for cancellation - Total	Total RCs Cancelled


COMMISSIONER

To,
 All concerned.