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Circular No.18 /2025 KERALA SGST

Subject: Scrutiny of appellate orders and methodology for timely processing -instructions issued -reg-

Intelligence and Enforcement actions are vital component of tax administration and Sections 129 and 130 of the Kerala State Goods and Services Tax Act,2017 **(hereinafter referred to as 'Act' or' the Act')** are serving as key provisions for deterring tax evasion and safeguarding government revenue. Consequently, orders issued under these provisions are often subjected to legal challenges.

Adverse appellate decisions, if left unchallenged, may prejudice the interests of revenue. Hence, timely scrutiny and, where justified, filing of further appeals with valid legal grounds is essential.

It has, however, been observed that in certain cases:

1. There are delays in filing appeals despite sufficient scope for further challenge, and
2. In some instances, directions issued in appellate orders are complied with prematurely, even before examining the scope of further appeal and securing a stay.

Such practices have led to adverse observations from courts regarding the Department's intent and have weakened the Department's

position. To avoid recurrence of such incidents and to ensure uniformity as well as revenue-protective approach, the following **instructions are issued under Section 168 of the Kerala State Goods and Services Tax Act,2017**

i. In instances wherein adverse orders are received from first Appellate Authority or GST Tribunal or the Hon'ble High Court, as the case may be, the proper officer shall examine it immediately and submit remarks to the Joint Commissioner (Intelligence/Enforcement) through Deputy Commissioner (Intelligence/Enforcement) for filing further appeal before the appropriate appellate forum.

ii. The Joint Commissioner on receipt of such remarks shall take immediate steps to file an appeal before the Hon'ble Tribunal/Hon'ble High Court and obtain a stay against the appellate directions in all applicable cases.

iii. In cases where appeal is to be filed before the Hon'ble Supreme Court/Hon'ble High Court, the Deputy Commissioner/Joint Commissioner(Intelligence/Enforcement) may consult the matter with the Joint Commissioner (Law)/Office of the Advocate General to decide further course of action so as to protect the revenue interests of the state.

iv. It shall be ensured that the action required for filing appeal is taken immediately and proper Statement of Facts fit to defend the case have been filed before the respective appellate forums. It shall also be ensured that the aforementioned action is taken with the time limit prescribed in the Act/as per applicable laws or the time limit, if any specified in the appellate order to comply with the specific direction, whichever is earlier.

v. There can be situations wherein no further appeal is possible. In such situations, compliance must follow promptly (release of goods/bank guarantee etc) as per the direction in the appellate order to avoid contempt. Compliance with appellate/judicial orders shall be undertaken subject to confirmation that no further legal recourse or remedies are available.

vi. Necessary communication shall be given to the taxpayers/party concerned regarding appeal/stay status wherever compliance is

withheld. This will prevent premature contempt petitions.

This circular is intended for internal circulation and shall take immediate effect.

AJIT PATIL I A S
COMMISSIONER

To
All concerned