

CA. M. Devaraja Reddy

President

THE INSTITUTE OF CHARTERED  
ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

'ICAI Bhawan', Indraprastha Marg  
New Delhi - 110 002. INDIA

ICAI/IDTC/2016-17/Rep/62

21<sup>st</sup> December, 2016

Sh. Arun Jaitley  
Hon'ble Finance Minister  
Ministry of Finance,  
Government of India,  
North Block, New Delhi-110 001



Sub: Mechanism for resolving administrative issue of GST - suggestion

Respected Sir,

The Institute of Chartered Accountants of India (ICAI) is a statutory body established under the Chartered Accountants Act, 1949 which regulates the profession of Chartered Accountancy in India. During more than six decades of its existence, ICAI has always been at the service of the Government as a part of its role in aiding towards better governance.

In continuation of efforts to provide quality input to the Government, we consider it a privilege to suggest herewith PAN based mechanism for administration of GST by the Centre & State Governments as follows:

- The control by State(s)/ Centre be without any Financial Cap/Limit of turnover.
- All transactions emanating from a State should be administered by officials positioned only in that State, whether by State or Centre, which be specifically notified. There may not be overlapping of jurisdictions, that is, only one set of officers should be administering the law. Preferably, the department should have common pool of persons from State and Centre administering the law with common control, salaries, etc.
- Business (good & services both) having only Intra-state transactions be administered by the concerned State only.
- Businesses (good & services both) having Inter-state transactions and having registration only in one state be administered by State.
- Business (good & services both) paying IGST on imports or exports so long it does not have registration in more than one State be administered by State.
- Business (Good & Services both) having Inter-state transactions & having registration in more than one State (i.e. same PAN used for registration in more than one State) be administered by the Centre.
- If business scenario of a taxable person changed from intra-state to inter-state or vice versa, then its administration be changed by the system itself from next Financial Year.

The above scenario is summarised as under:

S.No.	Business (Good & Services both) having	Administered by
1.	Only Intra-state transaction	State
2.	Inter-state transaction and having registration only in one State	State

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3.	paid IGST on imports or exports and having registration only in one State	State
4.	Inter-state transaction & having registration in more than one State	Centre

Alternatively, Centre may administer businesses having Inter-state transaction & registration in more than one State exclusively, and balance businesses may be administered by Centre and State on rotation basis on some prescribed percentage through system. The rotation may be done at the interval of 5 years.

Further, considering the principle that a person should not judge his own case, it is suggested that a separate wing for adjudication of all matters be formed. The adjudicators be different from the persons who investigate/ audits the tax payer. It may consist of equal number of adjudicators from Centre and State so that there is balance struck and common decisions taken.

It is further suggested that a separate service called Goods and Services Tax Quasi-Judicial (GSTQJ) Service may be introduced for adjudication of all GST case, to act as first appellate authority and to work as Tribunal Members. When they are selected for the service, they can be given a three year/three and half years training leading to a B L degree by a recognised university with special emphasis on GST and also training in quasi-judicial work. This will remove the revenue bias of adjudicators wearing executive hat and the quasi-judicial hat. The quasi-judicial authority may be empowered to ask for the assistance of a departmental officer wherever he deems it necessary by issue of a summons or it may be mandatory that a departmental representative would assist the authority in the open and in the presence of opposite party. The Tribunal can function as it functions now and Technical members can be from GSTQJ service.

We hope that our suggestions would be useful and help the Government in resolving the administrative issues.

CA. Madhukar N. Hiregange, Chairman, Indirect Taxes Committee may be contacted at [idtci@icai.in](mailto:idtci@icai.in) or 0120-3045954 for any assistance on the matter.

Thanking you,

Yours sincerely,

CA. M. Devaraja Reddy  
President, ICAI

Copy to

1. Sh. Najib Shah, Chairman, CBEC, North Block
2. Sh. Arul Goyal, Additional Secretary, GST Council, North Block
3. CA. Upender Gupta, Commissioner, CBEC, GST Cell, North Block