

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

RAJYA SABHA
UNSTARRED QUESTION No. 2153
ANSWERED ON 08/08/2023

DECRIMINALIZATION UNDER GST

2153 DR. ASHOK KUMAR MITTAL:

Will the Minister of FINANCE be pleased to state:-

- (a) whether Government intends to decriminalize any offenses under the Goods and Services Tax (GST) regime;
- (b) whether Government has conducted any comprehensive assessment of the impact of decriminalizing offenses under the GST system, on revenue collection and compliance levels;
- (c) whether Government has considered the possible adverse effects of this move on the deterrence against tax evasion and fraud; and
- (d) whether Government intends to seek feedback from the State Governments and other stakeholders regarding the decriminalization of offenses under GST before finalizing any policy changes?

ANSWER

THE MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) On the recommendations of the GST Council in its 48th meeting held on 17th December, 2022, the following amendments in respect of decriminalization of certain offences have been carried out in CGST Act, 2017 vide Finance Act, 2023:

(i) Sub-section (1) of section 132 of CGST Act has been amended so as to decriminalize certain activities that were liable for punishment, viz.-

- obstruction or preventing any officer in discharge of his duties;

- deliberate tampering of material evidence;
- failure to supply the information.

Further, minimum threshold for launching prosecution under GST has been raised to Rs. 2 crores from Rs. 1 crore, except in case of issuance of invoices without supply of goods or services or both.

(ii) Sub-section (1) & (2) of section 138 of CGST Act have been amended, inter alia to provide for reduction in the amount for compounding of offences under GST.

It has been notified that the aforesaid amendments in CGST Act, 2017 shall come into force from 01.10.2023.

(b) and (c) The decision to decriminalize the above offences has been taken on the recommendations of the GST Council. The Council has made the said recommendations after considering all aspects, including impact on revenue collection and tax compliance levels.

(d) The aforesaid amendments regarding decriminalization of offenses under GST have been carried out after extensive discussions with the stake holders as well as due deliberations by the GST Council which is a constitutional body comprising of representatives from Central and State Governments.
