

Goods & Services Tax

Educational Series

PD & PP : GST: 30/2017

July 11, 2017

Understanding Seizure under GST

Seizure is defined as taking of something by force. Section 67 of Central Goods and Services Tax Act, 2017, read with respective rules state provisions relating to seizure. The salient points of seizure are as follows:

Order of Seizure

- A proper officer not below the rank of Joint Commissioner or an officer authorised by such proper officer can make an order of seizure in form GST INS-02 for cases authorised under Section 67(2)

Order of Prohibition

- Where Goods or things cannot be seized, the proper officer or the authorised officer may serve on the owner or the custodian of the goods, an order of prohibition in FORM GST INS-03 that he shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer

Preparation of Inventory

- When goods are seized the officer is required to prepare an inventory of such goods or books or documents seized containing, inter alia, description, quantity or unit, make, mark or model, where applicable, and get it signed by the person from whom such goods or documents or books or things are seized.

Bond for release of seized goods

Goods seized by a proper officer or an authorised officer can be released on a provisional basis upon execution of a bond for the value of goods and furnishing of a security. The bond so executed will be in Form GST INS-04 and the security in the form of a bank guarantee equivalent to the amount of applicable tax, interest and penalty payable. In case the person to whom the goods were released provisionally fails to produce the goods at the appointed date and place indicated by the proper officer, the security shall be encashed and adjusted against the tax, interest and penalty and fine, if any, payable in respect of such goods.

Procedure in respect of seized goods

If the goods so seized are of perishable or hazardous nature, such goods can be released by an order under Form GST INS-05 only after the taxable person pays an amount equivalent to the market price of such goods or things or the amount of tax, interest and penalty that is or may become payable by the taxable person, whichever is lower and produce the proof of payment. If the taxable person doesn't pay the amount, the Commissioner has the power to dispose of such goods or things and the amount realized thereby will be adjusted against the tax, interest, penalty, or any other amount payable in respect of such goods or things.