



**CA. Shivaprakash Viraktamath**  
**President**  
**CA. Siddartha S Javali**  
**Secretary**

To,  
The Additional Commissioner of Commercial Taxes,  
Enforcement Division,  
Commercial Tax Department, Government of Karnataka,  
3rd Floor, Block B, Conference Hall,  
Koramangala, Bengaluru — 560 034.

**Date:** 15 April 2026

**Ref No:** 009/2025-26

Respected Sir,

**Subject: Representation on Top 10 Issues in GST Enforcement Actions Submitted at the Interactive Discussion with Trade Bodies and Professionals on 10<sup>th</sup> April 2026.**

The Karnataka State Chartered Accountants Association (KSCAA), established in 1957, is one of the oldest and most representative regional bodies of Chartered Accountants, with a membership spanning practitioners and professionals across Karnataka. KSCAA has consistently engaged constructively with tax administrations and regulatory authorities, with the singular objective of fostering a fair, transparent, and predictable indirect tax regime for the benefit of trade, industry, and the profession.

We are thankful for the opportunity extended to our members to participate in the Interactive Discussion convened by the Additional Commissioner of Commercial Taxes, Enforcement Division, Karnataka on 10th April 2026 at the Commercial Tax Department, Koramangala, Bengaluru. This Representation is submitted as a formal written record of the issues raised during the interactive session, for your kind consideration, deliberation, and appropriate remedial action.

The issues herein relate to the working of enforcement actions, procedural directions, due process safeguards, and methods adopted in enforcement proceedings under the Goods and Services Tax



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laws. Each issue is presented with the concern identified and a considered suggestion for resolution. We trust these are received in the spirit of constructive professional engagement.

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**PART A — TOP 10 ISSUES IN GST ENFORCEMENT ACTIONS**

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**Issue 1: Summons Issued Without Specifying Nature of Inquiry Under Section 70**

**Concern:** Section 70 of the CGST Act borrows substantial language and procedural framework from the Code of Criminal Procedure (CrPC), now replaced by the Bharatiya Nagarik Suraksha Sanhita (BNSS). The phrase 'pending inquiry' is a jurisdictional precondition embedded in the provision. Summons issued without specifying the nature or reference of the pending inquiry are non-compliant with the jurisdictional mandate of Section 70. The mere issuance of a Summons under provisions that borrow heavily from the rigours of criminal procedure (CrPC / BNSS) instils a sense of apprehension disproportionate to the nature of the proceeding. This directly hampers the smooth functioning of business, diverts management attention, and results in avoidable disruption to day-to-day commercial operations, without any corresponding administrative necessity that justifies withholding the subject matter of the inquiry from the RTP.

**Suggestion:** All summons issued under Section 70 of the CGST Act must clearly specify the nature of the pending inquiry. Alternatively, upon a request from the Registered Taxable Person (RTP), the pending inquiry details under section 67 must be made known before the RTP is required to comply. Internal guidelines may be issued to field formations accordingly.

**Issue 2: Subjecting Central GST Assigned Taxpayers to State Enforcement Actions**

**Concern:** Taxpayers administratively assigned to Central GST authorities are being subjected to inspection and summons proceedings by State enforcement units, even in cases of low or medium risk categorization. This creates an unintended and disproportionate compliance burden on such taxpayers, and risks duplication of enforcement efforts across jurisdictions.

**Suggestion:** In such cases, the appropriate course of action would be to communicate the risk assessment findings to the jurisdictional Central GST Office, enabling them to take appropriate action through their own audit or scrutiny mechanism. This approach respects administrative assignment, avoids jurisdictional overlap, and ensures proportionality of enforcement thereby protecting bonafide taxpayers while preserving the utility of risk-based assessments.

### Issue 3: Summons Issued with Audit-Style Document Requisitions

**Concern:** Summons under Section 70 are increasingly being issued with extensive lists of documents akin to audit requisitions. This practice conflates the purpose of summons which is to compel attendance for examination or production of specific documents relevant to an inquiry with the scope of audit proceedings under Section 65/66. Such an approach falls outside the scope and intent of Section 70.

**Suggestion:** Document requisitions under summons should be limited to what is reasonably necessary for the specific inquiry at hand. Field formations may be advised against issuing blanket document checklists resembling audit requisitions. The scope of Section 70 should be respected in its proper context and purpose. Further, if the specific issue is mentioned in the Summons, it would help the RTP to respond to the said issue and comply. Since there is no restriction to issue another Summons, for any other issue not covered in the initial Summons, it would be appropriate as well as in line with the intent of issuing Summons, for the enforcing attendance or submission of records / documents to address specific issue as against some audit-akin proceedings.

### Issue 4: Non-Disclosure of Reasons to Believe in Inspection Proceedings

**Concern:** Section 67(10) of the CGST Act provides that the provisions of the Code of Criminal Procedure (now BNSS) relating to searches and seizures shall apply to the extent they are not inconsistent with the Act. Section 165(5) of the CrPC (equivalent BNSS provision) entitles an aggrieved person to seek the reasons to believe recorded before authorizing an inspection or search.

**Suggestion:** RTPs or their authorized representatives must be permitted to seek and obtain the reasons to believe recorded under Section 67, through an appropriate formal request mechanism. This ensures procedural fairness and prevents arbitrary exercise of inspection powers. A clear protocol for such requests may be established.

**Issue 5: Jurisdiction of Road Vigilance Authorities Over Goods in Transit Passing Through Karnataka**

**Concern:** Goods in transit passing through Karnataka without any stoppage, diversion, or delivery within the State are being subjected to interception by Road Vigilance Authorities. Unless there is positive evidence of diversion, unloading, or delivery within Karnataka, the interception of through-transit goods is not legally warranted. Further, cross-empowerment between officers of different State GST administrations for Section 129 purposes requires a specific notification, which is absent in many such situations.

**Suggestion:** Clear operational instructions must be issued to Road Vigilance Authorities clarifying that goods in transit passing through Karnataka without stoppage should not ordinarily be intercepted, in the absence of specific evidence of diversion or delivery within the State. This will ease logistics and transportation operations and bring practice in line with the legal limitations on cross-empowerment under the GST framework.

**Issue 6: Absence of Comprehensive Circular on E-Way Bill Detention and Related Practical Issues**

**Concern:** There is significant inconsistency in the handling of E-Way Bill related detentions across field formations. Various High Courts across the country have rendered binding and persuasive judgments on a wide range of practical issues relating to E-Way Bill detention, penalties, and related procedures. The absence of a consolidated circular incorporating these judicial pronouncements leads to avoidable litigation, uncertainty, and hardship for trade and logistics operators.

**Suggestion:** A comprehensive circular may be issued consolidating practical E-Way Bill related issues covering most commonly arising situations along with clarifications on departmental positions, taking into account binding High Court judgments. Further, all orders/instructions issued in this respect may be issued and made accessible through the online GST portal to ensure uniform dissemination and ease of reference. **KSCAA would be pleased to assist in preparing and compiling such list** which could form the basis of the proposed circular.

**Issue 7: ITC Denial Linked to Retrospective Supplier Cancellation or 'Bogus Supplier' Allegations indicating administrative Bias in Adjudication**

**Concern:** Recipients of goods are increasingly facing notices on the ground that their suppliers' registrations have been retrospectively cancelled, or that the supplier has been categorized as a bogus trader or bill trader. There exists no defined or published checklist of documents that the department expects recipients to maintain to establish the genuineness of transactions. Despite submitting all commercially reasonable documentation, ITC is routinely denied. At the ground level, there appears to be a pattern of adjudicating officers effectively treating Enforcement reports from senior officers such as Joint or Additional Commissioners as conclusive, without independently evaluating the evidence. This constitutes classic administrative bias, vitiating the principles of equality and natural justice.

**Suggestion:** Internal directions must be issued to adjudicating officers mandating independent application of mind and evidence-based decision-making, irrespective of the source of the reference. Adjudicating officers must be clearly instructed not to treat Enforcement reports as conclusive findings. Additionally, a publicly available indicative list of documents expected from recipients to substantiate ITC claims in such scenarios would significantly reduce genuine hardship and litigation.

**Issue 8: Non-Implementation of Compliance Rating Under Section 149 and Its Impact on Burden of Proof**

**Concern:** Section 149 of the CGST Act provides for a GST Compliance Rating system, a publicly accessible score for every registered person which would enable recipients to make informed decisions about their suppliers. This provision has not been operationalized. In the absence of this system, the entire burden of proving the genuineness of transactions and entitlement to ITC is cast upon the recipient-assessee, placing them in an inequitable and practically impossible position particularly vis-à-vis suppliers whose credentials cannot be independently verified through any official mechanism.

**Suggestion:** KSCAA urges the Administration to actively pursue and facilitate the operationalization of **Section 149** Compliance Rating with the appropriate central authority. The implementation of this provision would fundamentally alter the ITC verification landscape, enable risk-based enforcement, and provide genuine relief to bonafide taxpayers. The enforcement machinery's pivot toward targeted, evidence-based action would be greatly

complemented by such a transparency tool.

#### **Issue 9: Absence of Formal Closure Reports After Section 67 Proceedings**

**Concern:** Section 67 of the CGST Act prescribes maximum time limits within which inspection proceedings must be concluded and appropriate action taken or dropped. However, there is significant inconsistency in practice regarding the issuance of formal closure reports upon conclusion of proceedings. Many RTPs, especially those with multi-State operations, receive neither an intimation of closure nor a formal report. This creates uncertainty, prevents reliance on concluded proceedings in cross-jurisdictional assessments, and defeats the purposes served by Section 6 in eliminating duplication.

**Suggestion:** A standardized procedure for issuance of formal closure reports at the conclusion of proceedings under Section 67 must be put in place. Such reports should document the findings, conclusions, and disposal of the proceedings. This would not only bring procedural discipline to enforcement, but would also enable cross-jurisdictional RTPs to cite concluded proceedings before other GST authorities under Section 6, thereby reducing duplicative proceedings and ensuring coordinated administration. Thus, it would be just and proper for the business subjected to inspection to get the closure report.

#### **Issue 10: Rule 86A ITC Blocking After Issuance of Show Cause Notice**

**Concern:** Blocking of Input Tax Credit (ITC) under Rule 86A, continued even after a Show Cause Notice (SCN) has been issued, effectively results in double jeopardy. Once formal adjudication proceedings have commenced, the credit block serves no additional protective purpose and instead inflicts ongoing financial prejudice on the taxpayer pending resolution. Further, in many instances there is a negative ITC blocking done.

**Suggestion:** The ITC block under Rule 86A must be lifted upon issuance of an SCN, as the matter has formally entered the adjudication process. Maintaining the block alongside adjudication proceedings is procedurally inconsistent and unjust. Suitable clarification guidance may be issued to enforcement and adjudicating authorities in this regard. Rule 86A doesn't provide for blocking an amount in excess of credit which is in ledger. Hence suitable directions and update in the system to be in place to not allow blocking of amount in excess of balance in respective ledgers.

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**PART B — CONCLUDING REMARKS**

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KSCAA wishes to place on record its appreciation for the initiative taken by the Additional Commissioner of Commercial Taxes, Enforcement Division in convening this interactive discussion. Such engagements are critical to fostering a culture of cooperative compliance and building institutional trust between the tax administration and the professional community.

The issues highlighted above are not merely procedural concerns they go to the heart of due process, natural justice, and the rule of law in tax administration. We sincerely urge that appropriate internal circulars, guidelines, or standing operating procedures be issued to field formations for uniform, lawful, and fair conduct of enforcement proceedings.

KSCAA is willing to collaborate with the Department in any further consultative process, preparation of resource material, compilation of judicial precedents, or any other constructive contribution in the public interest. We remain committed to supporting a robust, equitable, and efficient GST enforcement ecosystem in Karnataka.

We are confident that the Department will appreciate the practical implications of the current approach and take suitable steps to remove these anomalies, thereby upholding the spirit of fairness that has consistently guided its approach in matters of taxpayer facilitation.

**Yours sincerely,**

**For Karnataka State Chartered Accountants Association ®**



**CA Shivaprakash Viraktamath**  
**President**



**CA Siddartha S Javali**  
**Secretary**



**CA Babitha G**  
**Chairperson,**  
**Representation Committee**

**CC:**

1. Commissioner of Commercial Taxes, Government of Karnataka