

## **Failure to furnish the bank details after obtaining GST Registration**

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Recently, GSTN has issued an advisory for furnishing bank account details by registered taxpayers under Rule 10A of the Central Goods and Services Tax Rules, 2017. [Dated 23<sup>rd</sup> January 2024], wherein the Taxpayers are requested to take immediate action to provide the necessary information and avoid any adverse consequences.

It was told by GSTN that a new functionality is being developed with the following features and will be deployed in near future:-

Failure to furnish the bank account in the stipulated time, It would result into following:

- ❖ Taxpayer Registration would get suspended after 30 days and intimation in FORM REG-31 will be issued to the Taxpayer.
- ❖ Get the Taxpayer debarred from filing any further GSTR-1/IFF.
- ❖ Cancellation of Registration: If the bank account details are not updated even after 30 days of issuance of FORM REG-31, the registration after suspension may also be taken up for cancellation process by the Officer.

Through this article, author wishes to elucidate on the legal requirement of furnishing the bank details on the GST portal, time frame provided in the law, the consequences of not furnishing the same and the remedial action which the taxpayers can look into.

### **Legal requirement to furnish the Bank details on GST portal:**

In terms of Rule 10A of the CGST Rules 2017, after obtaining the certificate of GST registration [Form GST REG-06], the registered person shall within the following dates, furnish the details of the bank account on the GST portal.

- a) [30 days from the date of grant of registration, or
- b) Before furnishing the details of outward supplies in Form GSTR-1 or IFF,

Whichever is earlier.]\*

**Note:** In case of the proprietorship concern, the PAN of the proprietor shall also be linked with the Aadhar number of the proprietor.

\*Before 04<sup>th</sup> August 2023, the time limit for updating the bank details [which is in the name of the registered person and obtained on the PAN of the registered person] in the GST portal was as follows;

- (a) 45 days from the date of grant of registration, or
- (b) Due date on which GSTR-3B (i.e., Return u/s 39) is to be furnished,

Whichever is earlier.

Now, the author proceeds to elucidate the consequences of not furnishing the bank details on the GST portal within the time frame discussed above.

### **Consequences of non-furnishing of Bank details on the GST portal:**

In terms of Rule 21 of the CGST Rules 2017, the registration granted to a person is **liable to be cancelled**, if the said person, violates the provisions of Rule 10A [Furnishing of Bank details]

Further, in terms of Rule 21A of the CGST Rules 2017, where the officer has reasons to believe that the registration of a person is liable to be cancelled under Rule 21, he may **suspend the registration**.

Such a suspension of the GST registration would be intimated to the tax-payer in **FORM GST REG-31**.

### **Activities not permitted during the period of suspension of GST registration:**

- (a) Shall not make any taxable supply [i.e., Shall not issue a Tax invoice and not charge tax on the supplies made]
- (b) Shall not be required to furnish any return u/s 39 (GSTR-3B)
- (c) Shall not be granted any refund u/s 54.

### **Action point to activate the GST registration right after suspension:**

The tax payer whose GST registration is suspended (but not cancelled) for not furnishing the Bank details on the GST portal, shall do the following,

- Within 30 days of receipt of the intimation in FORM GST REG 31,
- Furnish the Bank details on the GST portal.

Furnishing the bank details would be deemed to be a reply to FORM GST REG 31 and the suspension of the GST registration of the tax payer is deemed to be revoked.

**Failure to reply to FORM GST REG-31 [Intimation to suspend the GST registration]**

Failure to furnish the bank details within 30 days from the date of receipt of the intimation in FORM GST REG 31, may result in cancellation of the GST registration by the officer.

**Action point to restore the cancelled GST registration:**

In terms of Section 30 of the CGST Act 2017, any registered person, whose registration is cancelled by the proper officer on his own motion, may apply to such officer for **revocation of cancellation of the registration.**

Time frame within which the revocation application shall be made to restore the GST registration is as follows;

- **90 days** from the date of service of order of cancellation of registration
- Further period not exceeding **180 days**, [on sufficient cause being shown, and for reasons to be recorded in writing, be extended by the Commissioner or an officer authorised by him in this behalf, not below the rank of Additional Commissioner or Joint Commissioner,]

Thereby, the Taxpayers are requested to take immediate action to provide the necessary information and avoid any adverse consequences.

**Judicial precedents:**

The Hon'ble Delhi High Court in the case of Sh. Sachin Upadhyay, Proprietor of Bhagwati Traders [W.P.(C) 12523/2023] held that *'Fail to disclose the reason for proposing cancellation of the petitioner's GST registration and therefore, the impugned order cancelling the petitioner's registration falls foul of the principles of natural justice.'*

It was alleged by the Department that the bank details are not furnished by the tax payer after obtaining the GST registration and thereby he has proceeded to cancel the GST

registration, however the reasons for cancellation of GST registration is not clearly mentioned in the SCN given to the tax payer.

Thereby, it at all the Department proceeds to cancel the GST registration of the tax payer for non-furnishing the bank details on the GST portal within the time lines provided under the GST law, the same shall be clearly mentioned in the SCN issued by the officer before cancelling the GST registration. Otherwise, it violates the 3<sup>rd</sup> principle of natural justice 'Reasoned decision' {i.e., the party is entitled to know each and every reason and the decision taken by the authority}.

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