



CMA (Dr) Ashish Prakash Thatte
Cost Accountant



Ms Vijayalakshmi Pattar
co-author

GST- ON BEAT, OFF-BEAT AND BACK BEAT

Notices under GST Article 5: FORM GST DRC-10, DRC-11 & 12

This is the fifth article in the series of Notices under GST. This article covers about Form GST DRC- 10, DRC-11 & DRC-12.

These three forms are linked to each other hence I'll be covering all three in this very article.

To understand these forms, we'll have to go through their provisions:

Background and Legal Provision:

Rule 144(2) of CGST Rules 2017: DRC-10

As per rule 144(2) of the Rules, this form is issued by the

proper officer to the defaulter (taxpayer) clearly indicating him the goods to be sold and the purpose of the sale along with a few other details.

Rule 144(5) or Rule 147(12) of CGST Rules 2017: DRC-11 & DRC-12

As per rule 144(5) or rule 147(12) of the Rules, directing the successful bidder to make the payment of the auction within a period of 15(fifteen) days from the date of auction.

As per the above same rule, DRC-12 (Sale Certificate) is issued by the proper officer to the successful bidder after receiving the payment of the successful bidder.

Section 79 of CGST Act 2017:

- This section pertains to Recovery of Tax. Section



79 contemplates that if any amount payable by a person to the Government under any of the provisions of the Act and Rules made there under is not paid then the proper officer could recover the amount by one or more modes.

Form GST DRC-10:

- This form is covered under section 79(1) (b) of the Act as **“Notice for Auction of Goods”**.
1. Where any amount due from a defaulter is to be recovered by selling goods belonging to such person in accordance with the provisions of clause (b) of sub-section (1) of section 79, the proper officer shall prepare an inventory and estimate the market value of such goods and proceed to sell only so much of the goods as may be required for recovering the amount payable along with the administrative expenditure incurred on the recovery process.
 2. The said goods shall be sold through a process of auction, including e-auction, for which a notice shall be issued in FORM GST DRC 10 clearly indicating the goods to be sold and the purpose of sale.
 - The last day for submission of a bid or the date of auction shall not be earlier than fifteen days from the date of issue of the notice referred to in sub-rule (2):
 - Provided that where the goods are of perishable or hazardous nature or where the expenses of keeping them in custody are likely to exceed their value, the proper officer may sell them forthwith.
 3. The proper officer may specify the amount of pre-bid deposit to be furnished in the manner specified by such officer, to make the bidders eligible to participate in the auction, which may be returned to the unsuccessful bidders, forfeited in case the successful bidder fails to make the payment of the full amount, as the case may be.

To summarise the above:

- The proper officer may recover by detaining or

selling any goods belonging to such person which are under his control.

- This is for the use of tax officials.

Form GST DRC-11:

- This form is covered under rule 147(12) of the Act as **“Notice to successful bidder”**.
- The proper officer shall issue a notice to the successful bidder in FORM GST DRC 11 requiring him to make the payment within fifteen days from the date of auction.
- After issuing DRC-10, the proper officer can also call for a public auction as per rule 147 of the Rule.
- The proper officer may specify the amount of pre-deposit to be submitted and the manner of submission to make the bidders eligible for participating in the auction.
- Among the eligible bidders one of the bidders will come to be the successful bidder.
- The proper officer can issue a notice to the successful bidder through this form as per Rule 144(5) or Rule 147(12) of the Rules.

Form GST DRC-12:

- This form is also covered under rule 144(5) or rule 147(12) of the Act as **“Sale Certificate”**.
- On payment of the full bid amount, the proper officer shall transfer the possession of the said goods to the successful bidder and issue a certificate in FORM GST DRC 12.
- Where the defaulter pays the amount under recovery, including any expenses incurred in the process of recovery, before the issue of the notice under sub-rule (2), the proper officer shall cancel the process of auction and release the goods.
- The proper officer shall cancel the process and proceed for re-auction where no bid is received or the auction is considered to be non-competitive due to lack of adequate participation or due to low bids.



Form DRC-10:

FORM GST DRC – 10
[See rule 144(2)]

Notice for Auction of Goods under section 79 (1) (b) of the Act

Demand order no.:
Period:

Date:

Whereas an order has been made by me for sale of the attached or distrained goods specified in the Schedule below for recovery of Rs..... and interest thereon and admissible expenditure incurred on the recovery process in accordance with the provisions of section 79.

The sale will be by public auction and the goods shall be put up for sale in the lots specified in the Schedule. The sale will be of the right, title and interests of the defaulter. And the liabilities and claims attached to the said properties, so far as they have been ascertained, are those specified in the Schedule against each lot.

The auction will be held on at.... AM/PM. In the event the entire amount due is paid before the date of auction, the sale will be stopped.

The price of each lot shall be paid at the time of sale or as per the directions of the proper officer/ specified officer and in default of payment, the goods shall be again put up for auction and resold.

Schedule

Serial No.	Description of goods	Quantity
1	2	3

Signature
Name
Designation

Place:
Date:



Form DRC-11:

FORM GST DRC – 11
[See rule 144(5) & 147(12)]

Notice to successful bidder

To,

Please refer to Public Auction Reference no. _____ dated _____. On the basis of auction conducted on _____, you have been found to be a successful bidder in the instant case.

You are hereby, required to make payment of Rs. _____ within a period of 15 days from the date of auction.

The possession of the goods shall be transferred to you after you have made the full payment of the bid amount.

Signature
Name
Designation

Place:
Date:

Form DRC-12:

FORM GST DRC – 12
[See rule 144(5) & 147(12)]

Sale Certificate

Demand order no.: _____ Date: _____
Reference no. of recovery: _____ Date: _____
Period: _____

This is to certify that the following goods:

Schedule (Movable Goods)

Sr. No.	Description of goods	Quantity
1	2	3

Schedule (Immovable Goods)

Building No./ Flat No.	Floor No.	Name of the Premises /Building	Road / Street	Localit y/ Village	District	Stat e	PIN Code	Latitude (optional)	Longitude (optional)
1	2	3	4	5	6	7	8	9	10

Schedule (Shares)

Sr. No.	Name of the Company	Quantity	Value
1	2	3	4

have been sold toat.....in public auction of the goods held for recovery of rupees ----- in accordance with the provisions of section 79(1)(b)/(d) of the <<SGST/UTGST/ CGST/ IGST/ CESS>> Act and rules made thereunder on ----- and the said..... (Purchaser) has been declared to be the purchaser of the said goods at the time of sale. The sale price of the said goods was received on..... The sale was confirmed on.....

Signature
Name
Designation

Place:
Date:

371



FAQs-

When can the proper officer conduct an auction of taxpayer's goods/property?

- When the taxpayer is unable to pay GST tax liability due to fund insufficiency then the tax officer can auction his goods or any property for recovery.

When is the successful bidder liable to pay for the auctioned goods/property?

- The successful bidder to make the payment of the auction within a period of 15(fifteen) days from the date of auction.

When shall the proper officer cancel the process of auction and release the goods?

- Where the defaulter pays the amount under recovery, including any expenses incurred on the process of recovery, before the issue of the notice under sub-rule (2).

Rights of the Registered Person/Tax Payer:

- If the defaulter (taxpayer) repays the entire amount due before the date of the auction, the sale will be stopped.

Duties of the Registered Person/Tax Payer:

- The price of each lot shall be paid by the defaulter (taxpayer) at the time of sale or as per the directions of the proper officer/ specified officer.
- If the defaulter (taxpayer) defaults in the above payment, the goods shall be again put up for auction and resold.

Common Advice to all the Taxpayers:

- Taxpayers are always advised to keep track of the details posted on the GST portal as a good practice and timely response to the notice.
- If any irregularity or error is found, the taxpayer should, if possible, attempt to correct the same in the latest return.
- Taxpayers should also reconcile all returns with each other, such as the turnover recorded in GSTR 1 with GSTR 3B and the generated e-way bills.
- Also, ITC reconciliation with GSTR 2A or GSTR 2B was used in GSTR 3B.

TB