

GST-On Beat, Off-Beat and Back Beat

Notices under GST Article 7: From GST DRC-16 & 17

This is the seventh article in the series of Notices under GST. This article covers Form GST DRC-16 & DRC-17.

These two forms are linked; hence, I'll cover both in this article.

To understand these forms, we'll go through the provisions:

Background and Legal Provision:

Rule 147 & 151 of CGST Rules 2017: DRC-16

As per 147(1) of the Rules, the proper officer shall prepare a list of movable and immovable property belonging to the defaulter, estimate their value as per the prevalent market price and issue an order of attachment or distraint and notice for sale in FORM GST DRC 16 prohibiting any transaction about such movable and immovable property as may be required for the recovery of the amount due:

Provided that the attachment of any property in debt not secured by a negotiable instrument, a share in a corporation, or other movable property

not in possession of the defaulter except for property deposited in, or in the custody of any Court, shall be attached in the manner provided in Rule 151.

Rule 147(4) of CGST Rules 2017: DRC-17

As per rule 147(4) of the Rules FORM GST DRC 17 is issued to the defaulter as a notice of such sale, clearly indicating the details of the property to be sold and also the purpose of sales along with some other details like the date of the auction, time of auction etc. this form is very much similar to DRC – 10.

Section 79 of CGST Act 2017:

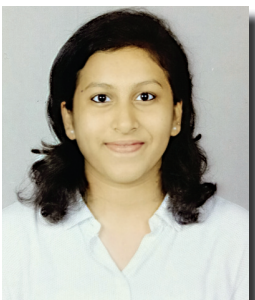
■ This section pertains to the Recovery of Tax. Section 79 contemplates that if any amount payable by a person to the Government under any of the provisions of the Act and Rules made there under is not paid, then, the proper officer could recover the amount by one or more modes.

Form GST DRC-16:

1. This form is covered under section 79 of the Act as "Notice for attachment and sale of immovable/movable goods/shares"



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2. As a recovery proceeding of any default amount, movable and immovable property belonging to or under the control of the defaulter can be attached or distrained and detained by the proper officer until the Government due is paid as per provisions of Section 79(d) of the Act.
3. For doing such attachment or distraint the proper officer should prepare a list of movable and immovable properties which are being attached or distrained along with their valuation as per the prevalent market price.
4. The purpose of this form is also to encumbrance any transaction with respect to the property mentioned in the notice, which may be required to recover the default amount.

Form GST DRC-17:

1. This form is covered under section 79(1)(d) of the Act as "Notice for Auction of Immovable/Movable Property."
2. The selling of immovable property can be done by the proper officer by way of auction, including e-auction.
3. As mentioned above that this form is similar to DRC-10; the major difference between these two is DRC – 10 is governed by Section 79(b) of the act, the goods which will be sold in the auction are specified therein and
4. DRC – 17 is governed by section 79(d), and the properties which are sold in the auction are specified therein.

Form DRC-16:

FORM GST DRC – 16 <i>[See rule 147(1) & 151(1)]</i>																																								
To GSTIN - Name - Address -																																								
Demand order no.:						Date:																																		
Reference no. of recovery:						Date:																																		
Period:																																								
Notice for attachment and sale of immovable/movable goods/shares under section 79																																								
Whereas you have failed to pay the amount of Rs....., being the arrears of tax/cess/interest/penalty/ fee payable by you under the provisions of the <<SGST/UTGST/CGST/ IGST/ CESS>> Act.																																								
The immovable goods mentioned in the Table below are, therefore, attached and will be sold for the recovery of the said amount. You are hereby prohibited from transferring or creating a charge on the said goods in any way and any transfer or charge created by you shall be invalid.																																								
Schedule (Movable)																																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Sr. No.</th> <th style="width: 60%;">Description of goods</th> <th style="width: 30%;">Quantity</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>											Sr. No.	Description of goods	Quantity	1	2	3																								
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1	2	3																																						
Place: Date:						Signature Name Designation																																		

Form DRC-17:

FORM GST DRC – 17

[See rule 147(4)]

Notice for Auction of Immovable/Movable Property under section 79(1) (d)

Demand order no.:
Reference number of recovery:
Period:

Date:
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.

In the absence of any order of postponement, the auction will be held on..... (date) at..... A.M/P.M. In the event the entire amount due is paid before the issuance of notice, the auction will be cancelled.

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 (Movable)

Sr. No.	Description of goods	Quantity
1	2	3

Schedule (Immovable)

Buildin gNo./ Flat No.	Floo r No.	Name of the Premises /Building	Road / Stree t	Localit y / Villag e	District	State	PIN Code	Latitud e (option al)	Longitud e (optional)
1	2	3	4	5	6	7	8	9	10

Schedule (Shares)

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

Signature
Name
Designation

Place:
Date:

FAQs-

Why does the proper officer specify the amount of the pre-bid deposit?

- ❖ 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 or forfeited if the successful bidder fails to pay the full

amount, as the case may be.

What is the last day for submission of the bid or date of auction?

- ❖ The last day for the submission of the bid or the date of the auction shall not be earlier than fifteen days from the date of issue of the notice referred to in sub-rule (4):
- ❖ 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.

When will the proper officer investigate the claim or objection?

- ❖ Where any claim is preferred, or any objection is raised about the attachment or distraint of any property on the ground that such property is not liable to such attachment or distraint, the proper officer shall investigate the claim or objection and may postpone the sale for such time as he may deem fit.

Rights of the Registered Person/Tax Payer:

- ❖ If there is any claim or objection with regard to the ownership or possession of the attached property the person making a such claim should adduce evidence to show that on the date of the order issued under sub-rule (1) the taxpayer (defaulter) had some interest in, or was in possession of the property in question under attachment or distraint.
- ❖ Upon receiving the evidence, the proper officer will investigate further into the matter. If the officer is satisfied that the claims made are valid, then the proper officer shall make an order releasing the property, wholly or to such extent as he thinks fit, from attachment or distraint.
- ❖ Where the proper officer is satisfied that the property was, on the said date, in possession of the defaulter

as his/her own property and not on account of any other person, the proper officer shall reject the claim and proceed with the process of sale through auction.

Duties of the Registered Person/Tax Payer:

- ❖ The taxpayer (defaulter) must check the property details, the auction schedule, etc., mentioned in the Form DRC-17.
- ❖ The taxpayer (defaulter) should be aware that if there is non-recovery of the amount after such attachment or distraint after a period specified in the section, the proper officer can recover the amount by way of selling the property.

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