

Chapter 2

Administration

3. **Officers under this Act**
4. **Appointment of officers**
5. **Powers of officers**
6. **Authorisation of officers of State tax or Union territory tax as proper officer in certain circumstances**

Statutory Provision

3. Officers under this Act

The Government shall, by notification, appoint the following classes of officers for the purposes of this Act, namely: —

- (a) *Principal Chief Commissioners of Central Tax or Principal Directors General of Central Tax,*
- (b) *Chief Commissioners of Central Tax or Directors General of Central Tax,*
- (c) *Principal Commissioners of Central Tax or Principal Additional Directors General of Central Tax,*
- (d) *Commissioners of Central Tax or Additional Directors General of Central Tax,*
- (e) *Additional Commissioners of Central Tax or Additional Directors of Central Tax,*
- (f) *Joint Commissioners of Central Tax or Joint Directors of Central Tax,*
- (g) *Deputy Commissioners of Central Tax or Deputy Directors of Central Tax,*
- (h) *Assistant Commissioners of Central Tax or Assistant Directors of Central Tax, and*
- (i) *any other class of officers as it may deem fit:*

Provided that the officers appointed under the Central Excise Act, 1944 shall be deemed to be the officers appointed under the provisions of this Act.

The Government vide Notification No.2/2017 – Central Tax dated 19.06.2017 has appointed the following classes of officers for the purposes of this Act: —

- (a) *Principal Chief Commissioners of Central Tax and Principal Directors General of Central Tax,*
- (b) *Chief Commissioners of Central Tax and Directors General of Central Tax,*
- (c) *Principal Commissioners of Central Tax and Principal Additional Directors General of Central Tax,*

- (d) *Commissioners of Central Tax and Additional Directors General of Central Tax,*
- (e) *Additional Commissioners of Central Tax and Additional Directors of Central Tax,*
- (f) *Joint Commissioners of Central Tax and Joint Directors of Central Tax,*
- (g) *Deputy Commissioners of Central Tax and Deputy Directors of Central Tax,*
- (h) *Assistant Commissioners of Central Tax and Assistant Directors of Central Tax,*
- (i) *Commissioners of Central Tax (Audit),*
- (j) *Commissioners of Central Tax (Appeals),*
- (k) *Additional Commissioners of Central Tax (Appeals)*
- (l) *Joint Commissioners of Central Tax (Appeals) and*
- (m) *any other class of Central Tax officers sub-ordinate to them as central tax officers may deem fit:*

3.1 Introduction

The CGST Act confers powers for performing various statutory functions on various officers. Officers who are to discharge these functions derive their power and authority from section 3. It is therefore necessary for the efficient administration of the law that often Authority be conferred on designated persons who will be the incumbents occupying positions identified in the law as being the authorized persons to discharge the said functions.

3.2 Analysis

Specific categories of officers have been named in this section whose appointment requires notification by the government. Notifications issued under this section do not require to be laid before Parliament as 'laying before Parliament' is a requirement limited only to exemption notifications and not designating officers under section 3. Only recently, Central excise act has been amended perhaps to align itself in the administrative framework in view of the imminent introduction of GST. Accordingly, Officers under the Central excise act are deemed to be officers appointed under this act.

Also, Government has notified a post of Joint Commissioner (Appeals). This is significant because there are three ranks of officers of Central Tax who will operate as First Appellate Authority and pecuniary limits may be prescribed for each. Second Appellate Authority will continue to be the Tribunal.

Statutory Provision**4. Appointment of Officers**

- (1) *The Board may, in addition to the officers as may be notified by the Government under section 3, appoint such persons as it may think fit to be the officers under this Act.*
- (2) *Without prejudice to the provisions of sub-section (1), the Board may, by order, authorise any officer referred to in clauses (a) to (h) of section 3 to appoint officers of central tax below the rank of Assistant Commissioner of central tax for the administration of this Act.*

Relevant circulars, notifications, clarifications, flyers issued by Government:

1. Notification No. 02/2017-Central Tax, dated 19.06.2017 notifying the jurisdiction of Central Tax Officers;
2. Notification No. 14/2017-Central Tax, dated 01.07.2017 issued to assign the jurisdiction and powers of various directorates;
3. Notification No. 39/2017-Central Tax, dated 13.10.2017 read with Notification No. 10/2018-Central Tax, dated 23.01.2018 issued to cross-empower State Tax officers for processing and granting of refunds;
4. Notification No. 2/2017-Integrated Tax, dated 19.06.2017 notifying certain officers empowered to grant registration in case of OIDAR services provided by a person located in a non-taxable territory;
5. Circular No. 3/3/2017 dated 05.07.2017 read with Circular No. 31/05/2018 dated 09.02.2018 issued to clarify the functions of the Proper officers;
6. Circular No. 9/9/2017 dated 18.10.2017 issued regarding the officer authorized for enrolment of GST Practitioners.

4.1 Introduction

All statutory functions cannot be performed by executive officers. There is a necessity to appoint administrative staff to assist executive officers.

4.2 Analysis

The power to appoint executive officers remains with the government but the authority to appoint administrative staff is left to the Board – Central Board of Excise and Customs constituted under the Central Boards of Revenue Act, 1963. The administrative staff make up the entire working team of administrative staff also called 'field formations'. While the authority to appoint administrative staff is vested with the Board, express provision is made to permit officers under section 3 to appoint, for the purposes of Central Tax, certain administrative staff.

This provision ensures an executive order issued by (say) Principal Chief Commissioner or Principal Director-General or any subordinate officer to immediately confer status administrative staff to the erstwhile field formations for purposes of Central Tax.

Statutory Provision

5. Powers of Officers

- (1) *Subject to such conditions and limitations as the Board may impose, an officer of central tax may exercise the powers and discharge the duties conferred or imposed on him under this Act.*
- (2) *An officer of central tax may exercise the powers and discharge the duties conferred or imposed under this Act on any other officer of central tax who is subordinate to him.*
- (3) *The Commissioner may, subject to such conditions and limitations as may be specified in this behalf by him, delegate his powers to any other officer who is subordinate to him.*
- (4) *Notwithstanding anything contained in this section, an Appellate Authority shall not exercise the powers and discharge the duties conferred or imposed on any other officer of central tax.*

5.1 Introduction

Delgatus potest non delegare – the delegate must exercise the power conferred and not sub-delegate. While this is true on the principle of construction of statutes, the very law that creates the power also empowers creation of exception to this principle.

5.2 Analysis

An officer duly appointed under this act needs to be supplied with guidance as regards the manner of exercise of his authority including the boundaries for the same. The more is required to prescribe conditions and limitations for the exercise of powers conferred on officers of central tax during discharging their duties under this act.

Apart from the boundaries laid down, very interestingly power of sub-delegation is conferred on officers of Central Tax. Please note in the event of sub-delegation, the duty to provide superintendence is implicit. While sub-delegation appears to subvert the course of administrative power, in the wisdom of the lawmaker the liberty to sub-delegate can at least be enabled in such a historical and hard-to-amend legislation. It would be interesting to see how this power would be exercised without causing too much dilution and subversion. All the administrative flexibility is provided or at least enabled have been wisely limited to executive officers and not to appellate authorities.

Statutory Provision

- 6. Authorisation of officers of State tax or Union territory tax as proper officer in certain circumstances**
- (1) *Without prejudice to the provisions of this Act, the officers appointed under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act are authorised to be the proper officers for the purposes of this Act, subject to such conditions as the Government shall, on the recommendations of the Council, by notification, specify.*
- (2) *Subject to the conditions specified in the notification issued under sub-section (1), —*
- (a) *where any proper officer issues an order under this Act, he shall also issue an order under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as authorised by the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, under intimation to the jurisdictional officer of State tax or Union territory tax;*
- (b) *where a proper officer under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act has initiated any proceedings on a subject matter, no proceedings shall be initiated by the proper officer under this Act on the same subject matter.*
- (3) *Any proceedings for rectification, appeal and revision, wherever applicable, of any order passed by an officer appointed under this Act shall not lie before an officer appointed under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act.*

6.1 Introduction

With the similarity of the taxing base, it is necessary to develop a mechanism to avoid duplication of tax administration by officers of Central Tax and by officers of State /UT Tax.

6.2 Analysis

For the purposes of administration of this act, it is permitted to authorise officers of State/UT Tax to simultaneously also be the officer of Central Tax. It is interesting to note that officers of State/UT Tax do not relinquish their authority but accept additional authority as officers of Central Tax. However, to do so requires the recommendations of the Council and adherence to the conditions that the government may impose in this regard.

In order to establish non-overlapping of administrative power, it is provided that an officer in respect of central tax is required to duly exercise his authority even in respect of State/UT Tax where the executive action is in respect of the same taxing base. In so doing, the officer of central tax is required to intimate the officer of State/UT Tax in respect of all his actions. Further administrative power has been invoked by the officer of the State/UT Tax in any proceeding, such action will preclude the officer of central tax from exercising any administrative power in respect of transactions covered by the said proceedings.

The officer who has exercised administrative power in any proceeding will continue to be the forum to entertain appeal, rectification or revision in respect of that matter until it is concluded. Surely, this will not result in competition for tax administration enable clear and unambiguous jurisdiction in respect of each proceeding. Industry will closely examine who will exercise administrative power without causing duplication in appearing before tax administration for GST compliance.

Please note that this provision enabling mutual allocation of administrative power between officers of central tax and officers of State/UT Tax opens with the words “*Without prejudice ...*”. As such the provisions conferring power to officers of central tax will not be in derogation of the provisions enabling its mutual allocation. In other words, there may be duplication of powers in respect of same taxable persons or same issues involving said taxable persons but not simultaneous exercise of these powers over the same matter so as to cause parallel proceedings. The role of the Council in guiding such mutual allocation is paramount as also the conditions that the government is authorised to impose in such an exercise.

It is very important to examine in every GST proceeding whether the officer initiating the said proceedings is vested with the authority so to do. It is not uncommon that officers are conferred the authority after they have initiated the any proceedings. In such a situation, the entire proceedings become illegal and in certain cases cannot be restarted due to supervening circumstances or actions taken.

Acquiescence is an important topic to familiarize ourselves, where a person who is unaware of the lack of authority submits to the proceedings initiated is treated to have acquiesced. Such acquiescence robs the person of the right to subsequently question the lack of authority. A hot contest is on the question of whether acquiescence can furnish legality to a patently illegal action. Tax administration will, however, claim it to be so. This itself requires a careful consideration of the scope of authority being exercised and it does good to raise objections on this issue, if it exists, at the earliest opportunity.

Please note the notifications and circulars referred earlier must be carefully studied to understand the scope and extent as well as limits to the powers conferred. The general rule in section 5(2) that – a superior office is empowered to exercise authority vested with the subordinate – does not hold good in all instances. The notification granting the said power must be examined if the powers are conferred on ‘an officer of certain rank’ or ‘officers below the rank’.

The notifications under section 3 and 5 of CGST Act listed earlier are further detailed in the circulars specifying internal allocation of powers. There are yet other sections where the officers are not notified such as Revisional Authority, Appellate Authority, etc. Care should to take to consider the limits of authority vested under the Act so as not to contaminate proceedings undertaken in the absence of lawful authority.

Reference may be had to the table below to examine the scope and extent of delegation:

Notification	Issued Under	Scope	Remarks
2/2017-CT dt. 19 Jun 2017	Section 3 and 5 of CGST Act and section 3 of IGST Act	Appointment of Officers and vesting with powers of administration	Table I, II, III and IV provides the territory of administration, appellate and audit powers
14/2017-CT dt. 1 Jul 2017	Section 3 and 5 of CGST Act and section 3 of IGST Act	Officers of DG-GST (Intelligence), DG-GST and DG-GST (Audit)	All-India jurisdiction
39/2017-CT dt. 13 Oct 2017 (amended by 10/2018-CT dt. 23 Jan 2018)	Section 6(1) of CGST Act	Proper office for section 54 and 55	Corresponding to jurisdiction of taxpayer
79/2018-CT dt. 31 Dec 2018	Section 5(1) of CGST Act	Amend 2/2017-CT to empower Proper Officer to exercise powers under sections 73, 74, 75 and 75 of CGST Act	Corresponding to the territory notified under 2/2017-CT
4/2019-CT dt. 29 Jan 2019	Section 3 and 5 of CGST Act and section 3 of IGST Act	Amend 2/2017-CT to add 'Joint Commissioner of Central Tax (Appeal)'	Corresponding to the territory notified under 2/2017-CT
11/2017-Int dt. 13 Oct 2017 (amended by 1/2018-Int. dt. 23 Jan 2018)	Section 4 of IGST Act	Officers empowered to sanction refund under 54 and 55 of SGST Act / UTGST Act, to also sanction refunds under section 20 of IGST Act	Cross-empowerment of State / UT officers for purposes of IGST refunds
Circular 1/1/2017 dt. 26 Jun 2017	Section 2(91) of CGST Act and section 20 of IGST Act	Declaration of Proper Officers under various provisions of the Act	
Circular 3/3/2017-	Section 2(91) of	Declaration of Proper Officers under various	

GST dt. 5 Jul 2017 (amended by 31/05/2018-GST dt. 9 Feb 2018)	CGST Act and section 20 of IGST Act	provisions of the Act
Circular 9/9/2017-GST dt. 18 Oct 2017	Section 2(91) of CGST Act and section 20 of IGST Act	Proper Officer for enrolling (and rejecting) of GSTP application

Administrative law states that no person is to be vested with unsupervised authority. All authority (for Executive action) flows from our Constitution. Parliament makes laws on topics permitted in the Constitution. No law can be contrary to our Constitution (*ultra vires*). Making laws is the exclusive domain of Parliament (and Legislative Assembly of States/UTs as permitted in our Constitution). Administering or carrying out those laws is the exclusive domain of Executive or Government of the day. Interpreting those laws is the exclusive domain of Judiciary.

Law includes substantive law as well as procedural law. Both need not be contained in the same statute. Delegation is permitted only if permitted in the Act itself. Delegation cannot be abdication of role of law-making. Delegation must only to carry out the purposes of the Act. Delegate (person to whom some authority is delegated) cannot exercise authority beyond the extent it is delegated. Delegation cannot be absolute and unguided. Delegation cannot also be unsupervised. Delegation itself must be 'with limits'. There is a path that the delegate must travel and carry out duties and any deviation will come in for censure.

Exercise of authority excessively as well as failure to exercise authority conferred are both illegal. And they come under judicial review. That is, Courts will interfere (not to interpret law but) to call public authority to answer for such excess or failure. Appealing before departmental authorities may not provide relief when the remedy itself lies outside the law (to quash the proceedings or question the authority exercised or failed to exercise) under which administrative departmental authorities are constituted. Refer detailed discussion on 'judicial review' under section 63 on the remedies available.

GST law knows no such thing as 'spot recovery', that is, recovery on the spot where the (alleged) deviation is noted. India follows the concept of 'rule of law' in our Constitution. No person can be judge, jury and executioner all by himself. It is for this reason that 'notice' is to be given to the taxable person clearly stating the 'charges'. There can be no "I feel you are liable to pay tax, so pay immediately" approach and especially not in GST. All demands must follow the process of issuing notice under section 73 or 74 or 76. Only in exceptional cases, order of demand can be passed and that too has some remedy (see section 63 and 64).

Reference to any good publication on 'administrative law' can provide much needed insight to understand the nature of authority given under section 3 to 6 of CGST Act, manner prescribed in each section for its exercise and limits to such authority.