

**F.No.166/Cross Empowerment/GSTC/2017
Office of the Goods & Services Tax Council
5th Floor, Tower-II, Jeevan Bharti Building,
Connaught Place, New Delhi**

Dated: 20th September, 2017

To,

All Chief Secretaries of the States/UTs with Legislature/Chairperson, CBEC;
All Finance Secretaries / CCTs of the States / UTs with Legislature;
All Principal Chief Commissioners/Chief Commissioners/ Principal
Commissioners/ Commissioners of Central Tax (through Member, GST, CBEC).

Sir / Madam,

Subject: Guidelines for division of taxpayer base between the Centre and States to ensure Single Interface under GST – regarding

Based on the decisions taken in the 9th Meeting of the GST Council held on 16 January, 2017 and 21st Meeting of the GST Council held on 9 September, 2017, the following criteria should be followed for the division of taxpayer base between the Centre and the States to ensure single interface:

- i. Of the total number of taxpayers below Rs. 1.5 crore turnover, all administrative control over 90% of the taxpayers shall vest with the State tax administration and 10% with the Central tax administration;
 - ii. In respect of the total number of taxpayers above Rs. 1.5 crore turnover, all administrative control shall be divided equally in the ratio of 50% each for the Central and the State tax administration;
 - iii. The division of taxpayers in each State shall be done by computer at the State level based on stratified random sampling and could also take into account the geographical location and type of the taxpayers, as may be mutually agreed;
2. Further, the broad guidelines for the purposes of computation of "Turnover" as approved by the GST Implementation Committee in its meeting held on 31 August and 1 September 2017 and subsequently by the GST Council in its 21st Meeting held on 9 September 2017 are as follows:
- i. For taxpayers registered only under VAT, the total annual State turnover under VAT (including inter-State sales, exports and exempt goods) shall be taken as the basis for division;

- ii. For taxpayers registered under both VAT and Central Excise, the annual State turnover under VAT shall be taken as the basis for division as State-level Central Excise turnover is already included in it;
- iii. For taxpayers registered only under Central Excise (and not under VAT), the total annual turnover declared in Central Excise returns shall be taken as the basis for division;
- iv. For taxpayers registered only under Service Tax in a State on a stand-alone basis, the annual turnover of the Services declared in the Service Tax returns shall be taken as the basis for division;
- v. For taxpayers registered only under Service Tax having centralized registration, the annual all-India turnover of the Services declared in the Service Tax returns shall be taken as the basis for division.
- vi. For taxpayers registered under both VAT and Service Tax, the total non-overlapping turnover (total of VAT and Service Tax, excluding any turnover which is included in both) shall be calculated and used as the basis for division. The Service Tax turnover shall be on the basis of clauses (iv) and (v) as the case may be.

3. The State Level Committees comprising Chief Commissioner/Commissioner Commercial Taxes of respective States and jurisdictional Central Tax Chief Commissioners/Commissioners are already in place for effective coordination between the Centre and the States. The said Committees may now take necessary steps for division of taxpayers in each State keeping in view the principles stated above. Supplementary decisions, if any, may be taken by the said Committees to implement the decision of the GST Council, keeping in view the broad principles stated hereinabove.

4. Suitable notifications regarding cross-empowerment of State and Central Tax officers under CGST/IGST and SGST Acts respectively are being issued separately.

Yours faithfully,



(Shashank Priya)

Joint Secretary, GST Council

20/9/2017