A Notice seeking information generally or a Preliminary Inquiry before formal adjudication proceedings under GST??

Understanding of Section 151 and its Implications:

Section 151 of CGST Act, 2017 gives the power to Commissioner or any officer authorised by him to direct any person to furnish information relating to any matter dealt with in connection with the Act.

Section 151 gives power to call for any information in connection with any matter dealt under the act. The said requisition may not be based upon any parameter which usually the case in scrutiny under Section 61 and Audit under Section 65 of CGST Act.

Further, the power under Section 151 is not subject to any reason to believe that if there is any evasion of tax, as required under Section 67 (Inspection, search, seizure) and Section 71 (Access to business premise) of CGST Act.

Pre and Post amendment to Section 151 of CGST Act, 2017:

Before 01-01-2022, Section 151 of CGST Act, 2017 conferred the power upon the commissioner by issue of notification for collection of statistics relating to any matter dealt with by or in connections of this Act. Thus, restricting the scope of this section to collection and gathering information which gives the broad stats of the industry, return compliance, sales, purchase information in trends for statistical analysis.

However, w.e.f 01-01-2022, the scope of this provision has been widened enough to call for any information which the officer empowered directs to provide.

Thus, post amendment, the scope of Section 151 of CGST Act, 2017 seems to be a measure of collecting data to initiate any further proceedings under the Act.

Hence, an information sought under Section 151 of CGST Act, 2017 can be substitute to audit proceedings under section 65 of CGST Act, 2017 with subsequent issuance of show cause under section 73/74. It may also trigger initiation of investigation proceedings under Section 67 of CGST Act, 2017 in case of information received has reason to believe with documentary evidence for evasion of tax.

Therefore, a proper understanding of its implications along with areas of information that can be requested under Section 151 of CGST Act, 2017 is required to be understood by businesses.

The term ‘any matter dealt with in connection with the Act’ used in the provision is very subjective/ open-ended. Hence, we have enlisted following instance which can be basis of triggering this provision.

1. Input tax credit utilization i.e. percentage of outward liability discharged through cash payment.
2. In cases where supplier’s registration is cancelled retrospectively and therefore ITC is denied at recipient’s end.
3. Issuance of credit note without appropriate reason or compliance with Section 34 of CGST Act

Issuance of Notice under Section 151 of CGST Act, 2017- Whether it is alternate of scrutiny or Audit Notice??:

Officers in some States namely Goa are issuing notices under this Section to call for information for multiple years such as:

- Financial Statements
- Stock Statements
- ITC Reversal details
- Discharge of Tax liability through Cash
- Availment of ITC from supplier tagged as non-genuine.
- Short/Excess availment of ITC on comparison with GSTR-2A/2B.

Based on the submission of above details/documents questions related to correct discharge of tax, wrongful/excess availment of ITC, short payment in cash are raised. Consequently, initiating the proceedings under Section 73/74 of CGST Act, 2017.

In the State of Goa, Commissioner has issued an order directing the premise owner and in possession of immovable property or has right to permit the use of such immovable property/premises/buildings/enclosed spaces etc. required to inform to state tax authorities 3 days in prior of organization of any event, seminar, music nights, circus, theatrical performances etc. in the State of Goa. The instruction was issued on 10 March 2026 to curb the tax evasion by persons who does not take registration under Casual Taxable person ('CTP') provisions and use the premise for organizing such events, exhibitions etc. (**CCT/26-2/GST/Instructions/2025-26/5802).**

While the above instruction is more specific to event based services, however the said power is used to call for information from other taxpayers too. Hence, it is also relevant to evaluate whether the said instruction can empower the officers to call for any information.

Thus, it raises the question about the scope of this section and how it's being used by field formations.

Whether Section 151 of CGST Act, 2017 gives the officer a right to inquire and adjudicate without formal audit proceedings being initiated?

Whether this Section 151 of CGST Act, 2017 can be challenged before the judiciary with respect to its scope?

In case of M/s Akshay Bhatt and Associates v. Assistant Commissioner (Central Goods and Services Tax), Uttarakhand High Court, the notice issued under Section 151 was challenged. on grounds of jurisdiction. The High Court ruled that Section 151 of CGST Act, 2017 empowers the Commissioner (or an authorized officer) to direct any person to furnish information relating to matters dealt with under the Act, and issuing such a notice does not cause legal prejudice to the petitioner. Because the notice was legally valid and preliminary, the Uttarakhand High Court dismissed the writ petition challenging the Section 151 notice.

Hence, notice issued under Section 151 of CGST Act calling for information may get challenged only if in case it is proved that the officer issuing the same does not have power to issue the notice. Else, the information called for would be required to be submitted.

Section 152-Bar on Disclosure of Information collected under Section 150 and Section 151 of CGST Act,2017

Section 152 of CGST Act, 2017 puts a bar with respect to furnishing or disclosing any taxpayer specific information to Public which has been obtained in exercise of power under Section 150 and Section 151 unless a written consent is obtained.

Further, the section post amendment through Finance Act, 2021 includes in its scope the usage of information gathered under Section 150 and Section 151 of the Act for any proceeding, provided an opportunity of being heard is given to the taxpayer.

Relevant extract of Section 151 prior to Amendment:

(1) No information *of any individual return or part thereof* with respect to any matter given for the purposes of section 150 or section 151 shall, without the previous consent in writing of the concerned person or his authorised representative, be published in such manner so as to enable such particulars to be identified as referring to a particular person and no such information shall be used for the purpose of any proceedings under this Act.

Relevant extract of Section 151 post Amendment:

(*1*) No information with respect to any matter given for the purposes of section 150 or section 151 shall, without the previous consent in writing of the concerned person or his authorised representative, be published in such manner so as to enable such particulars to be identified as referring to a particular person and no such information shall be used for the purpose of any proceedings under this Act **[without giving an opportunity of being heard to the person concerned].**

The addition of words "**without giving an opportunity of being heard to the person concerned"** opens the pathway for usage of information gathered for adjudication proceedings without following scrutiny or audit proceedings.

In view of the above discussion, it shall be noted that the notice issued under Section 151 of CGST Act hold significant importance and while responding to such notices taxpayers shall validate the jurisdiction and accordingly proceed with necessary submission.

Disclaimer: This article provides general information existing at the time of preparation and we take no responsibility to update it with the subsequent changes in the law. The article is intended as a news update and Affluence Advisory neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this article. It is recommended that professional advice be taken based on specific facts and circumstances. This article does not substitute the need to refer to the original pronouncement.