



## Reward to Informer

(As per the guidelines under the CGST/IGST Act, Customs Act, Central Excise Act, Service Tax provisions )

### GST/Tax Evasion

Grant of reward to informers in respect of cases of seizures made and/or infringements/evasion of duty or tax.

Informers are eligible for **reward upto 20%** of the net sale-proceeds of the contraband goods seized and/or amount of duties/ Service Tax evaded plus amount of penalty levied and recovered (under the GST regime, CGST/IGST will be considered for calculation of Reward).

### Recovery from Tax Defaulters

Grant of suitable **reward upto 5%** of the amount recovered can be given to informer who gives information regarding the whereabouts, assets, movable and immovable properties of persons or companies from whom arrears of duty, tax, fine, penalty etc. are recoverable and the information results in the recovery of arrears.

For more info on reward guidelines the following circular may please be referred:

1. [20/2015 dated 31.07.2015- click to download;](#)
2. [29/2016 dated 23.06.2016 - click to download;](#)
3. [36/2018-Cus dated 05.10.2018 - click to download;](#)



## 1. Reward on GST/TAX Evasion:

Government functions with the help of the taxes collected from the citizens. The tax levy is a system, which is generally not to the liking of the public. Hence, the tax evasion is the major field, where Government revenue is lost. To enhance the detection of evasion, Government has framed a system of rewards to the people who help in the detection of tax evasion. In Goods and Service Tax (GST), Central Excise and Service Tax reward is given to any citizen who give concrete information about tax evasions. The following are few guidelines/key features for the people who like to help detection of Tax evasion:

### 1) What is an information?

A reliable information is any useful message received from the public or any person for that matter revealing fraudulent evasion of duty/Tax. It is the message based on which the department officials conduct further enquiry and investigation.

### 2) Who can give information?

Any person who is aware of the illegal activities of the manufacturing units/suppliers or any Central Excise/Service Tax/GST assessee can give an information.

### 3) Who is an informer?

Any person other than the Officers of the Goods and Service Tax (GST), Central Excise and Service Tax who has the requisite information relating to evasion of duty is an informer.

### 4) Whom should an informer contact?

An informer with an information can contact Central Excise/GST department and deliver the information to any Officer of the rank of Inspector and above. The informer shall contact the officers at Office of the Commissioner of CGST, Belagavi Commissionerate, No. 71, Club Road, Belagavi-590001 or E-mail Id- cgst-bgmprevinfo@gov.in. They can also contact any officers at the Divisional and range officers as given in this link.

<https://www.centralexcisebelgaum.kar.nic.in/contact.html>

### 5) How to give an information?

The informer can meet any officer of the rank of Inspector of CGST or above with full information. The officer will record the information as per procedure prescribed.

### 6) What should an information contain?

An information should contain details of the evasion known, such as name & address of the unit, method adopted for the evasion, the persons responsible and all other relevant details connected with the evasion, subject to the satisfaction of the officer recording the information.

### 7) What are the common methods of evasion adopted regarding Central Excise/Service Tax/GST?

- a) Misdeclaration/ under-valuation of the supply of goods or services.
- b) Suppression of production.
- c) Clandestine removal.
- d) Supply of goods without GST;
- e) Wrong availment of ITC;
- f) Misclassification of supply in order to pay less GST;
- g) Wrong GST refund claimed etc.

### 8) How the department receives an information?

The department acknowledges the information. The name and address of the informer is kept confidential.

### 9) What benefit does an informer get?

An informer is given the reward if the information given is correct and the duty payable by the assessee is recovered.

### 10) What is the eligible reward amount and how it is disposed?

The eligible reward amount is up to 20% of the duty/tax evasion detected and realised. Such reward would be income tax free.

### 11) When are the above rewards sanctioned?

The reward is sanctioned after conclusion of the Appeal proceedings. The reward is disbursed after confirming the identity of the informer, in the presence of two witnesses.

### 12) What is the punishment for false information?

If any false information is given to the department, action can be initiated against the informer under Section 182 of Indian Penal Code.

## **2. Reward on Recovery from Defaulters:**

### **Reward scheme extended to cases of recovery:**

A suitable reward upto 5% of the amount recovered can be given to any informer who gives information regarding the whereabouts, assets, movable and immovable properties of persons or companies from whom arrears of duty, tax, fine, penalty etc. are recoverable under the Customs Act, 1962, the Central Excise Act, 1944 or Service Tax Act, 1994. The quantum of reward will be decided by the Chief Commissioner concerned.