

# Pan masala, gutkha firms get time till May 15 to roll out special procedure for registration, monthly return filing

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HBL | 12042024

Manufacturers of pan masala, gutkha and similar items will get time till May 15 to implement the special procedure for registration and monthly return filing. The new mechanism aims to plug revenue leakage under GST.

A notification by the Central Board of Indirect Taxes & Customs has extended the deadline to May 15 from April 1. Though the notification has not given any reason for extension, it is believed that this has been done as the filing utility and advisory for completing the procedures are yet to be out.

The Finance Act 2024 has amended the GST law to say that manufacturers of pan

masala, gutka and similar tobacco products will have to pay a penalty of up to ₹1 lakh, if they fail to register their packing machinery with the GST authorities. Meanwhile, the penalty provision has not been notified.

## COUNCIL DIRECTIVE

The procedure is based on the recommendation of the GST Council. In its meeting, dated July 11, it recommended issuance of a notification prescribing a special procedure to be followed by the manufacturers of tobacco, pan masala and other similar items for registration of machines and for filing of special monthly returns.

The new procedure will be applicable for manufacturers of pan-masala, unmanufactured tobacco (without lime tube) with or without brand name, 'hookah' or 'gudaku'



tobacco bearing or not bearing a brand name, smoking mixtures for pipes and cigarettes, chewing tobacco (without lime tube), filter khaini, jarda scented tobacco, snuff and branded or unbranded 'gutkha', etc.

All the registered persons engaged in manufacturing the mentioned goods will be required to furnish the details of packing machines being used for filling and packing of packages in within 30 days of new norms coming

into effect from May 15, 2024. The details of any additional filling and packing machine being installed at the registered place of business will need to be given within 24 hours of such installation.

The registered person shall submit a special statement for each month on or before the tenth day of the month succeeding such month.

For example, returns for the month of June to be filed by July 10. The notification clarified that the here "brand name" means brand name or trade name, whether registered or not. It includes a name or a mark, such as symbol, monogram, label, signature or invented word or writing which is used in relation to such specified goods.

## TAX EVASION SOLUTIONS

The special procedure is

based on suggestions given by a Group of Ministers (GoM).

The group said that tax evasion in tobacco products is an internationally common practice and emphasised that alternative enforcement and administrative mechanisms need to be devised to curb evasion and enhance compliance.

Accordingly, it was suggested that a track and trace method be adopted. It is an internationally accepted practice used to curb illicit trade in the tobacco sector with the help of electronic means.

Besides this, it was also suggested that manufacturers of tobacco products register each of their machine and disclose the make, year of production, number of tracks and capacity of the machine.