

INSPECTION, SEARCH, SEIZURE AND ARREST

MULTIPLE CHOICE QUESTIONS

1. If a taxable person has done the following act, inspection can be ordered:

- (a) Suppression of any transaction of supply of goods or services
- (b) Suppression of stock of goods in hand
- (c) Contravention of any provision of the GST law to evade tax
- (d) All of the above

2. An officer not below the rank of _____ may authorise any other officer of Central tax to inspect any places of business of the taxable person or the persons engaged in the business of transporting goods or the owner or the operator of warehouse or godown or any other place.

- (a) Joint Commissioner
- (b) Assistant Commissioner
- (c) Deputy Commissioner
- (d) Commissioner

3. Which are the places of business / premises which can be inspected by the proper officer under this section?

- (a) Any places of business of a taxable person.

(b) Any places of business of a taxable person engaged in the business of transporting goods.

(c) Any places of business of an owner or an operator of a warehouse or godown.

(d) All of the above

4. Can the seized goods be released on provisional basis upon execution of a bond and furnishing of security or on payment of applicable tax, interest and penalty?

- (a) Yes
- (b) No
- (c) At proper officer's discretion
- (d) None of the above

5. The documents or books or things so seized shall be retained by such officer _____ for their examination and for any inquiry or proceedings under this Act.

- (a) Only for 30 days
- (b) Only for 60 days
- (c) So long as may be necessary
- (d) Only for 90 days

6. The goods so seized shall be released, on a provisional basis, upon _____ in such manner and of such quantum, respectively, as may be prescribed.

- (a) Execution of a bond and furnishing of a security.
- (b) Payment of applicable tax, interest and penalty payable.
- (c) Either (a) or (b)
- (d) Direction received from Joint Commissioner to release goods so seized.

7. Where any goods are seized and no notice in respect thereof is given within _____ of the seizure of the goods, the goods shall be returned to the person from whose possession they were seized.

- (a) 3 months
- (b) 6 months
- (c) 1 month
- (d) 9 months

8. The period of release of seized goods may, upon sufficient cause being shown, be extended by the proper officer for a further period not exceeding _____, for return of goods to the person from whose possession they were seized.

- (a) 3 months
- (b) 6 months
- (c) 1 month
- (d) 9 months

9. Which powers can be exercised by the proper officer, not below the rank of Joint Commissioner during valid search.

- (a) Power to seal/break open the door etc.

(b) Power to purchase goods or services from business premises to check issue of tax invoice.

(c) Disposal of notified category of seized goods.

(d) All of the above

10. In which cases, the government may by notification, specify the goods or class of goods which shall, as soon as may be after its seizure, be disposed of by the proper officer.

(a) The perishable or hazardous nature of goods.

(b) Depreciation in the value of the goods with the passage of time.

(c) Constraints of storage space for the goods.

(d) All of the above

11. What are the contents of search warrant?

(a) The violation under the Act and the premises to be searched.

(b) The name & designation of the person authorised for the search or date and place of issue.

(c) Serial number of the search warrant and validity period.

(d) All of the above

12. The offences relating to taxable goods and /or services where the amount of tax evaded or the amount of input tax credit wrongly availed or the amount of refund wrongly taken exceeds _____, it shall be cognizable and non-bailable.

(a) ₹ 2 crore

(b) ₹ 2.5 crore

(c) ₹ 5 crore

(d) ₹ 10 crore



13. In the case of non-cognizable and bailable offences, all person arrested shall be released on bail by—

- (a) Deputy/Assistant Commissioner
- (b) Joint Commissioner
- (c) Additional Commissioner
- (d) Any of the above

14. All arrests under Goods and services tax should be made as per the provisions of —

- (a) Code of Criminal Procedure, 1973
- (b) Code of Civil Procedure, 1908
- (c) Indian Penal Code
- (d) Foreign Exchange Management Act

15. Officer empowered by the _____ has power to arrest.

- (a) Assistant Commissioner
- (b) Commissioner
- (c) Joint/Additional Commissioner
- (d) Any of the above

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16. A person can be arrested only where the tax evasion is _____, by the CGST officer authorised by the Commissioner.

- (a) More than ₹ 5 crore
- (b) Less than ₹ 5 crore
- (c) More than ₹ 2 crore
- (d) More than ₹ 1 crore

17. Where a person is arrested for an offence specified u/s 132(5), the officer authorised to arrest the person shall inform such person of the grounds of arrest and produce him before a Magistrate within _____.

- (a) 12 hours
- (b) 24 hours
- (c) 36 hours

(d) 48 hours

18. When a person who has committed offences can be arrested irrespective of the tax amount involved in the case?

- (a) If offences relates to Narcotic Drugs and Psychotropic Substances Act.
- (b) If offences are committed again even after being convicted earlier.
- (c) If offences are cognizable and non-bailable.
- (d) All of the above

19. What are the responsibilities of a person who is summoned by the proper officer?

- (a) Legally bound to attend either in person or by an authorised representative.
- (b) Bound to state the truth before the officer who has issued the summon.
- (c) Produce such documents and other things as required by the officer.
- (d) All of the above

20. If a person does not appear before a CGST/SGST officer who has issued the summon, he is liable to a penalty upto _____ u/s 122(3)(d) of the Act.

- (a) ₹ 10,000
- (b) ₹ 1,00,000
- (c) ₹ 25,000
- (d) ₹ 50,000

21. To whom records are made available on demand by every person in charge of place which is subject to audit, scrutiny, verification.

- (a) The officer authorised u/s 71(1).
- (b) A cost accountant or chartered accountant nominated u/s 66.



- (c) The audit party deputed by the proper officer.
 (d) All of the above

22. Which records are made available on demand by every person in charge of place which is subject to audit, scrutiny, verification?

- (a) Records as maintained or prepared by the registered person and Trial balance or its equivalent.
 (b) Statement of financial account, duly audited.
 (c) Cost audit report and income tax audit report, if any.
 (d) All of the above

23. Any officer authorised by the proper officer not below the rank of _____, shall have access to any place of business of a registered person.

- (a) Joint Commissioner
 (b) Assistant Commissioner
 (c) Deputy Commissioner
 (d) Additional Commissioner

24. The documents called for by the audit party u/s 71 should be provided within _____.

- (a) 20 working days
 (b) 15 working days
 (c) 5 working days
 (d) 45 working days

ANSWERS TO MCQ'S

Question No.	Answer
1.	<p>(d) Where the proper officer, not below the rank of Joint Commissioner, has reasons to believe that a taxable person has —</p> <ul style="list-style-type: none"> – suppressed any transaction relating to supply of goods or services or both, or – suppressed the stock of goods in hand, or – claimed input tax credit in excess of his entitlement under this Act, or – indulged in contravention of any of the provisions of this Act or the rules made thereunder to evade tax under this Act; <p>he may authorise in writing any other officer of central tax to inspect any places of business of the taxable person.</p>
2.	<p>(a) As per Section 67, An officer not below the rank of Joint Commissioner may authorise any other officer of Central tax to inspect any places of business of the taxable person or the persons engaged in the business of transporting goods or the owner or the operator of warehouse or godown or any other place.</p>

3.	(d)	<p>According to Section 67(1), where the proper officer, not below the rank of Joint Commissioner, has reasons to believe that—</p> <p>(a) a taxable person has suppressed any transaction relating to supply of goods or services or both or the stock of goods in hand, or has claimed input tax credit in excess of his entitlement under this Act or has indulged in contravention of any of the provisions of this Act or the rules made thereunder to evade tax under this Act; or</p> <p>(b) any person engaged in the business of transporting goods or an owner or operator of a ware-house or a godown or any other place is keeping goods which have escaped payment of tax or has kept his accounts or goods in such a manner as is likely to cause evasion of tax payable under this Act,</p> <p>he may authorise in writing any other officer of central tax to inspect any places of business of the taxable person or the persons engaged in the business of transporting goods or the owner or the operator of warehouse or godown or any other place.</p>
4.	(a)	<p>According to Section 67(6), the goods so seized shall be released, on a provisional basis, upon execution of a bond and furnishing of a security, in such manner and of such quantum, respectively, as may be prescribed or on payment of applicable tax, interest and penalty payable, as the case may be.</p>
5.	(c)	<p>According to Section 67(11), where the proper officer has reasons to believe that any person has evaded or is attempting to evade the payment of any tax, he may, for reasons to be recorded in writing, seize the accounts, registers or documents of such person produced before him and shall grant a receipt for the same, and shall retain the same for so long as may be necessary in connection with any proceedings under this Act or the rules made there-under for prosecution.</p>
6.	(c)	<p>According to Section 67(6), the goods so seized shall be released, on a provisional basis, upon execution of a bond and furnishing of a security, in such manner and of such quantum, respectively, as may be prescribed or on payment of applicable tax, interest and penalty payable, as the case may be.</p>
7.	(b)	<p>Where any goods are seized and no notice in respect thereof is given within 6 months of the seizure of the goods, the goods shall be returned to the person from whose possession they were seized.</p> <p>However, the period of 6 months may, on sufficient cause being shown, be extended by the proper officer for a further period not exceeding six months.</p>
8.	(b)	<p>Where any goods are seized and no notice in respect thereof is given within 6 months of the seizure of the goods, the goods shall be returned to the person from whose possession they were seized.</p> <p>However, the period of 6 months may, on sufficient cause being shown, be extended by the proper officer for a further period not exceeding 6 months.</p>

9.	(d)	According to Section 67(4), 67(12), 67(8), Proper Officer not below the rank of Joint Commissioner has following power during valid search— ➤ Power to seal/ break open the door etc. ➤ Power to purchase goods or services from business premises to check issue of tax invoice. ➤ Disposal of notified category of seized goods.
10.	(d)	According to Section 67(8), the Government may, having regard to the perishable or hazardous nature of any goods, depreciation in the value of the goods with the passage of time, constraints of storage space for the goods or any other relevant considerations, by notification, specify the goods or class of goods which shall, as soon as may be after its seizure, be disposed of by the proper officer in such manner as may be prescribed.
11.	(d)	Search Warrant should contain the following details: ➤ the violation under the Act, ➤ the premise to be searched, ➤ the name and designation of the person authorized for search, ➤ the name of the issuing officer with full designation along with his round seal, ➤ date and place of issue, ➤ serial number of the search warrant, ➤ period of validity i.e. a day or two days etc.
12.	(c)	The offences relating to taxable goods and/or services where the amount of tax evaded or the amount of input tax credit wrongly availed or the amount of refund wrongly taken exceeds ₹ 5 crore, it shall be cognizable and non-bailable.
13.	(a)	In the case of a non-cognizable and bailable offence, the Deputy Commissioner or the Assistant Commissioner shall, for the purpose of releasing an arrested person on bail or otherwise, have the same powers and be subject to the same provisions as an officer-in-charge of a police station.
14.	(a)	All arrests under goods and services tax should be made as per the provisions of Code of Criminal Procedure, 1973.
15.	(b)	The Commissioner is vested with the power to authorise (by an order) any CGST Officer to arrest a person, where there is a reason to believe that such person has committed the specified alleged offences.
16.	(c)	A person can be arrested only where the tax evasion is more than ₹ 2 crore, by the CGST officer authorised by the Commissioner.
17.	(b)	Where a person is arrested under this Section for an offence specified u/s 132(5) i.e. cognizable and non bailable offence, the officer authorised to arrest the person shall inform such person of the grounds of arrest and produce him before a Magistrate within 24 hours.

18.	(b)	In case of every second and subsequent offence the person can be arrested irrespective of the tax amount involved.
19.	(d)	A person who is issued summon is legally bound to attend either in person or by an authorized representative and he is bound to state the truth before the officer who has issued the summon upon any subject which is the subject matter of examination and to produce such documents and other things as may be required.
20.	(c)	If a person does not appear before a CGST/SGST officer who has issued the summon, he is liable to a penalty upto ₹ 25,000 under section 122(3)(d) of the Act.
21.	(d)	Every person in charge of place shall, on demand, make available to the officer authorised or the audit party deputed by the proper officer or a cost accountant or chartered accountant nominated under section 66.
22.	(d)	Every person in charge of place shall, on demand, make available to the officer authorised or the audit party deputed by the proper officer or a cost accountant or chartered accountant nominated u/s 66— (i) such records as prepared or maintained by the registered person and declared to the proper officer in such manner as may be prescribed; (ii) trial balance or its equivalent; (iii) statements of annual financial accounts, duly audited, wherever required; (iv) cost audit report, if any, u/s 148 of the Companies Act, 2013; (v) the income-tax audit report, if any, u/s 44AB of the Income-tax Act, 1961; and (vi) any other relevant record.
23.	(a)	Any officer under this Act, authorised by the proper officer not below the rank of Joint Commissioner, shall have access to any place of business of a registered person to inspect books of account, documents, computers, computer programs, computer software whether installed in a computer or otherwise and such other things as he may require and which may be available at such place, for the purposes of carrying out any audit, scrutiny, verification and checks as may be necessary to safeguard the interest of revenue.
24.	(b)	The documents called for by the audit party u/s 71 should be provided within a period of 15 working days.

