



Newsflash
Implementation of Geocoding Technology and
Biometric authentication for strengthening the GST
registration process

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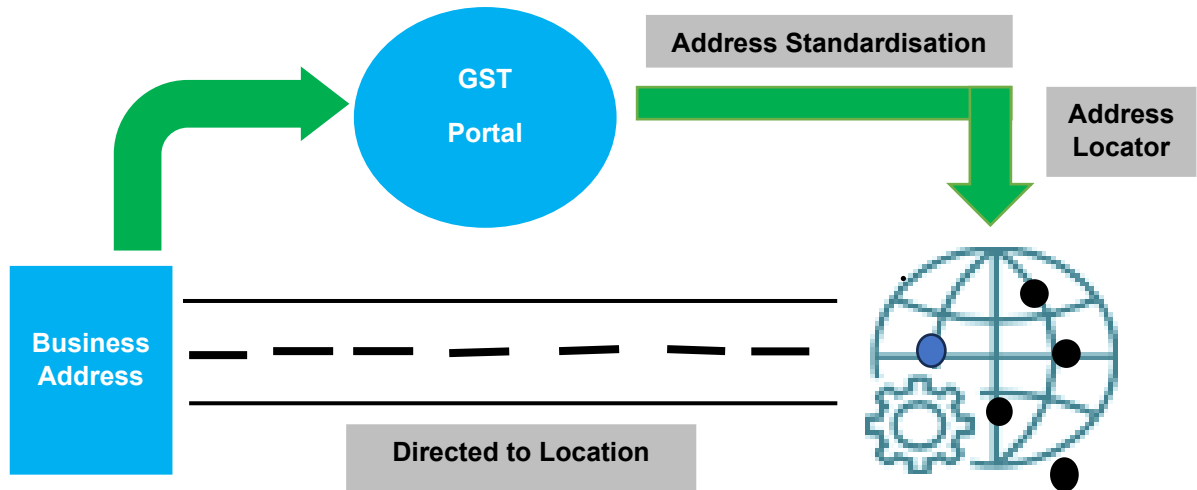
1.0 Background

- 1.1 One of the prevalent issues under the scheme of GST is that of fake/bogus registrations created by tax-dodgers attempting to defraud the government exchequer by misusing the identity of other persons. Such GST registrations obtained by wrongful means are used to evade taxes, pass on input tax credit by fraudulent means, thereby causing revenue loss to the government.
- 1.2 On conduct of several analysis and detections, it was understood that such fake registrations are obtained primarily by way of forged documents of proof of place of business and/or on the basis of misuse of PAN/Aadhaar i.e. identity documents of persons from economically weaker sections without their knowledge.
- 1.3 To address this grave menace, the GST department had conducted a nationwide drive on a mission mode to identify fake registrations and conduct necessary verifications. Out of 50,000 GST registrations scrutinized, 25% were found to be fake leading to a recovery of Rs. 3,000 crores during the drive, as communicated by the CBIC Chairman in a recent interaction with the media.
- 1.4 Central Board of Indirect Taxes and Customs (CBIC) has further strongly expressed that the geocoding technology would be utilised to make the registration process stronger and secure and more importantly to prevent fake registrations. Further, the Board is also planning to mandate biometric authentication for existing registrations that are red-flagged due to identified risk parameters.
- 1.5 With an objective to ensure that the details of business address as per the GSTN records are valid and streamlining the address verification mechanism while processing of GST registration applications, the functionality of “**geocoding**” was introduced on the GST portal on a trial basis in select states. In this newsflash, we have provided a brief overview on such geocoding functionality. Further, an advisory detailing the practical aspects to be followed to utilize the geocoding functionality was issued by GSTN in February 2023.

2.0 Geocoding Functionality

- 2.1 Geocoding is a new feature which is available on GST portal (for registered persons from chosen states) that allows users to **geocode the address of the principal place of business**.
- 2.2 In simpler terms, geocoding is a process by which an address or location description is

converted into geographical co-ordinates i.e. determining the reference points of latitude and longitude plotting the exact position on the map. Thus, it enables to locate and place the principal place of business accurately on the global map tool on the basis of precise measurements.



- 2.3 The suspected GST enrolled persons and persons intending to obtain a fresh registration may also have to undergo biometric authentication at designated aadhaar centers. Biometric authentication is a security process that verifies a person’s identity using their distinctive biological characteristics such as fingerprint mapping, voice recognition, retina scan etc.
- 2.4 It is pertinent to note that OTP driven Aadhaar authentication is already in place for identity verification of promoters and signatories. Biometric verification would further tighten the control and aid to establish absolute genuineness of the persons seeking to obtain GST registrations, and even existing registered persons.



3.0 Our Comments

By way of implementing geocoding and biometric authentication, CBIC clearly intends to alert all the taxpayers trying to escape their liabilities through improper means, also moving towards a more robust and full proof mechanism for sanctioning new GST registrations. If the menace of fake GST registrations is curbed, it would correspondingly help to combat defrauding activities such as falsification of invoices and wrongful availment of input tax credit on the basis of such forged bills.

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This Newsflash provides an overview on the implementation of geocoding technology and biometric authentication for strengthening the GST registration process. It may be noted that nothing contained in this newsflash should be regarded as our opinion and facts of each case will need to be analyzed to ascertain applicability or otherwise of the said judgement and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this newsflash.

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