

FAQs > Filing Application for Compounding of Offence (Form GST CPD-01) and Taking Actions in the Subsequent Proceedings

General

1. What is the purpose of Form GST CPD-01?

Form GST CPD-01 is Application for Coounding of Offence. Any Taxpayer can file this application in the following two cases:

- **Prosecution is instituted:** This means that an Order for initiation of prosecution has been issued against the Taxpayer. He/she would have received a Prosecution Notice, issued by a concerned Tax Official, regarding the same.
- **Prosecution is contemplated:** This means that the taxpayer is voluntarily filing this application for Compounding of Offence. In this case, he/she might have received a Prosecution Notice or an Order, issued by a concerned Tax Official.

2. When can I file Form GST CPD-01-Application for Compounding of Offence?

Any Taxpayer may file the Application for Compounding of Offence in the following two cases:

- **Prosecution is instituted:** This means that an Order for initiation of prosecution has been issued against the Taxpayer. He/she would have received a Prosecution Notice, issued by a concerned Tax Official, regarding the same.
- **Prosecution is contemplated:** This means that the taxpayer is voluntarily filing this application for Compounding of Offence. A taxpayer can do so if he/she has received an Order, issued by a concerned Tax Official, against any case involving commission of any offence specified in Section 132.

3. What is the general process of conducting Compounding Proceedings on GST Portal?

General process of conducting Compounding Proceedings on GST Portal is:

1. The Taxpayer files Application for Compounding of Offence (Form GST CPD-01) on the GST Portal.
2. The concerned authority examines the Application for Compounding of Offence filed by the Taxpayer with reference to the provisions and may issue Hearing Notice to the Prosecution and Compounding Officer or Taxpayer or both before disposing the application.
3. The Taxpayer can file reply to the issued Notice or can appear on the day of the scheduled hearing.
4. On the date of hearing, party(ies) appear before the concerned authority. The concerned authority can also issue an Adjournment Notice to the party(ies) with details of new date, new place and new time of hearing.
5. After conducting hearing and examining the application and the related documents received during hearing, if any, the concerned authority will issue an Order either allowing or rejecting the application for Compounding of Offence.
6. The Taxpayer or the Prosecution and Compounding Officer may, if required, file for rectification of the issued "Compounding allowed" Order.
7. If required, the concerned authority may also do a Suo-moto rectification of the issued "Compounding allowed" Order. No rectification can be done after a period of six months from the date of issue of such decision or order. However, if the rectification is purely in the nature of correction of a clerical or arithmetical error, limitation of six months will not apply.

Note: The concerned authority may, as per his/her discretion, do a suo moto withdrawal of the Compounding Application at any stage, once it has been filed by the Taxpayer.

4. What happens on the GST Portal once the Form GST CPD-01 is filed by a Taxpayer?

Once the Form GST CPD-01 is filed, following actions take place on the GST Portal:

- Dashboard of Taxpayer and the concerned Tax Official(s) is updated with the record of the filed Application.
- Status of the application on the GST Portal gets updated to "**Compounding Application Submitted**".
- Taxpayer will also receive an intimation on his/her registered Mobile and email ID informing about the successful filing of the application and the generated ARN.
- The Application will land in the concerned authority's queue and he/she will take subsequent actions to process it.

Filing Reply during Compounding Proceedings

5. What happens on the GST Portal once a Reply is filed by a Taxpayer?

Once the Taxpayer files a reply or a counter-reply, following actions take place on the GST Portal:

- ARN Status on the GST Portal gets updated to "Reply submitted".
- The concerned Tax Official(s) will be intimated about the filed reply via their registered email.
- Dashboard of the Taxpayer is updated with the record of the filed reply. He/she can view it from the following navigation: **Services > User Services > My Applications > REPLIES**.
- Dashboard of all the concerned Tax Official roles is updated with the record of the filed reply.

Issuance of Order on Compounding Application

6. What happens on the GST Portal once the concerned authority allows the application for compounding?

Once the concerned authority allows the application for compounding, following actions take place on the GST Portal:

- Dashboard of Taxpayer and the concerned Tax Officials is updated with the record of the issued Order.
- Taxpayer and the concerned Tax Official will receive an intimation on their registered Mobile and email informing them of the issued Order.
- Status of the ARN will get updated to "Compounding allowed".

7. What happens on the GST Portal once the concerned authority rejects compounding?

Once the concerned authority rejects compounding, following actions take place on the GST Portal:

- Dashboard of Taxpayer and the concerned Tax Officials is updated with the record of the issued Order.
- Taxpayer and the concerned Tax Official will receive an intimation on their registered Mobile and email informing them of the issued Order.

- Status of the ARN shall get updated to "Compounding Rejected"

8. Once the concerned authority has allowed application for compounding, can he/she withdraw it?

Yes. After allowing Compounding, the concerned authority may also withdraw it, at any stage if he is satisfied that such person, had, in the course of the compounding proceedings, concealed any material particulars or had given false evidence. In this case the status of the ARN shall get updated to "Compounding Withdrawn" and thereafter, no action could be performed by the Taxpayer or the concerned Tax Officials, on the withdrawn ARN.

Paying Compounding Fee

9. What are the points I need to know before making payment of the Compounding Fee?

Before you make the payment of the Compounding Fee, you should be aware of the following points:

- You are required to pay tax, interest and penalty liable to be paid for which the application has been made.
- You can pay Compounding Fee only when the concerned authority allows the application request.
- You need to pay the Compounding fee within 30 days of the Order, otherwise, the Order will be vitiated and be void.
- You need to make payment of compounding fee through cash ledger only. ITC can be utilized for payment of tax only. Payment of taxes will be as per the rules applicable.

10. I do not have sufficient amount in my Cash Ledger. How can I pay the Compounding Fee?

If you do not have sufficient amount in my Cash Ledger, you can create a Challan to deposit money in the Electronic Cash Ledger. You can easily do so by clicking the "**DEPOSIT IN CASH LEDGER**" button available on the Payment FEE page.

11. What happens once the Compounding Fee is paid?

Once the Compounding Fee is paid, following actions take place on the GST Portal:

- Status of the ARN gets updated to "Compounding Fee paid".
- If the compliant has been filed with the Magistrate/Court of competent jurisdiction, the concerned Tax official will withdraw the complaint.
- If no complaint has been filed with the Magistrate/Court of competent jurisdiction, no further prosecution proceedings shall be initiated.

Submitting Rectification Request

12. Can I submit a Rectification request against the Compounding Order issued by the concerned authority?

Yes. in case you notice an error apparent from the face of the order, you can file rectification application against the Order passed by the concerned authority.

Additionally, note that:

- You can submit the Application for rectification within <three months> from the date of Order sought to be rectified.
- No rectification shall be allowed after a period of six months from the date of issue of such decision or Order.
- If the rectification is purely in the nature of correction of a clerical or arithmetical error, the limitation of six months shall not apply. Thus, in this case (when the difference between the date of the Order and rectification application filed is more than 6 months), the following information message pops up asking for confirmation “Do you still want to file the Rectification application as the period exceeds 6 months from the date of the order”. You can click the PROCEED button to move forward with filing the application.

13. What happens on the GST Portal once a Rectification request is submitted by a Taxpayer?

Once a Rectification request is submitted by a Taxpayer, the concerned authority may either accept the request or reject it. However, in case the Order which need to be rectified has the effect of enhancing the tax liability or reducing the amount of admissible input tax credit then, it cannot be passed unless the Applicant has been given an opportunity of being heard.

In case of Acceptance:

- The concerned authority issues the Rectification Order. Dashboard of Taxpayer and the concerned Tax Officials is updated with the record of the issued Order. Taxpayer can access the Rectification Order from the **ORDERS** tab.
- Status of the ARN on the GST Portal gets updated to "Rectification order passed".

In case of Rejection:

- The concerned authority issues the Order. Dashboard of Taxpayer and the concerned Tax Officials is updated with the record of the issued Order. Taxpayer can access the Order from the **RECTIFICATION** tab.
- Status of the ARN on the GST Portal gets updated to "Rectification request rejected".

Status of Application

14. During the Compounding Application proceedings, what all Status changes does an ARN undergo?

During the Compounding Application proceedings, an ARN undergoes following Status changes:

- **Compounding Application Submitted:** When the Compounding Application is successfully filed by the Taxpayer
- **Hearing notice issued:** When hearing is issued (by the P&C Senior Officer/Assistant to Commissioner) to the Taxpayer or the P&C Officer or both
- **Reply Submitted:** When anyone (P&C Senior Officer/Assistant to Commissioner/P&C Senior Officer/Taxpayer) files reply to the issued notice or a counter-reply
- **Adjournment granted:** When adjournment notice is issued (by the P&C Senior Officer/Assistant to Commissioner) to the Taxpayer or the P&C Officer or both

- **Compounding allowed:** When the application for Compounding of offense is allowed by the P&C Senior Officer/Assistant to Commissioner and order for compounding is issued
- **Compounding Rejected:** When the application for Compounding of offense is rejected by the P&C Senior Officer/Assistant to Commissioner
- **Compounding Withdrawn:** When the application for Compounding of offense is withdrawn by the P&C Senior Officer/Assistant to Commissioner
- **Rectification request submitted:** When application for Rectification of an issued Order ("Compounding granted" Order or "Compounding Rejected" Order) is filed by the Taxpayer or the P&C Officer
- **Rectification request rejected:** When application for Rectification of an issued Order ("Compounding granted" Order or "Compounding Rejected" Order) is rejected by the P&C Senior Officer/Assistant to Commissioner
- **Rectification order passed:** When the Order is rectified by the P&C Senior Officer/Assistant to Commissioner
- **Compounding fee paid:** When the Taxpayer utilizes cash from the Electronic Cash Ledger to pay the compounding fee