



Press Information Bureau

Ministry of Information and Broadcasting, Government of India



Economy

Frequently Asked Questions (FAQs) on rationalisation and decriminalisation of arrest and prosecution provisions in GST

Posted On: 09 OCT 2026 4:51PM

S. No.	Question	Answer
13.	What changes have been recommended by the GST Council in respect of arrest and prosecution provision under GST?	The GST Council has recommended: • removal of the arrest provisions under GST; • increase in the threshold for prosecution from Rs. 1 crore to Rs. 5 crore; • omission or narrowing of certain offences under section 132(1) of the CGST Act, and redrafting of clause (c) thereof; • rationalisation of the maximum term of imprisonment from three or two years in case of tax evasion of more between Rs 5 to Rs 10 Crore; and • discretion to the Court to impose only a fine, and removal of the minimum imprisonment of six months.

14.	Can someone be arrested under GST after the proposed amendment?	No. The arrest provisions under GST are now proposed to be removed, and no person shall be arrested for an offence under the GST law. However, prosecution may still be launched before the competent Court, on a complaint filed by the tax authorities, where the amount involved exceeds Rs. 5 crore.
15.	In which cases can someone be prosecuted under GST?	Prosecution may be launched for offences under section 132(1) where the evaded tax amount exceeds Rs. 5 crore, as against the present threshold of Rs. 1 crore.
17.	What will be the punishment on conviction after the amendment?	The maximum term of imprisonment is being rationalised as under:

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		• where the amount involved exceeds Rs. 10 crore: imprisonment up to five years, or fine, or both; • where the amount involved exceeds Rs. 5 crore but does not exceed Rs. 10 crore: imprisonment up to two years, or fine, or both.
18.	Someone who is convicted, will imprisonment be compulsory?	No. The punishment is proposed to be changed from “imprisonment and fine” to “imprisonment or fine or both”, so that the Court may have discretion of awarding punishment. Further, the requirement of a minimum imprisonment of six months under section 132(3) is being removed, so as to confer discretion on the Court.

19 Which offences are being omitted or narrowed for the purpose of prosecution?	• Clause (i) of section 132(1), relating to supply of services in contravention of the Act, is being omitted, as the offence is difficult to quantify and liable to subjective interpretation. • Clause (e) of section 132(1): the expression “evades tax” is being omitted, so that the clause is confined to fraudulently obtaining refund. • Clause (h) of section 132(1): the expression “or in any other manner deals with” is being omitted, leaving only the specific acts listed in the clause.
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