Dear Colleagues,

Implementation of Goods and Services Tax is round the corner. Its implementation heralds a new era in indirect tax administration, as it infuses a fundamental change in the basic concepts and practices of indirect tax administration. This is indeed a historic and satisfying moment for all of us, as we are privileged not only to witness the history being made, but also to contribute in the making of history by striving for seamless and smooth transition of the Central Excise and Service Tax regime to the new GST regime. Needless to say that seamless and smooth transition needs right succession planning. Without the proper and timely succession planning put to play, we build for the future without a future. Keeping this mantra in view, CBEC has already got the approval of the Hon’ble Finance Minister for the plan for reorganization of the existing Central Excise and Service Tax field formations according to the requirements of GST regime.

2.1 During wide ranging consultations and deliberations with Zonal Chief Commissioners/ Directors General in the months of March and April 2017, suggestions in respect of the approved reorganization plan were received. A few of these suggestions have since been approved by the competent authority so as to ensure smooth implementation of the GST. The Annexures enclosed with this letter are in accordance with the present approval.
2.2 To recapitulate, the summary of the final reorganization plan is provided below:-

(A) **Central Board of Excise & Customs** will shortly be renamed as the Central Board of Indirect Taxes & Customs (CBIC). CBIC shall, *inter alia*, supervise the work of all its GST and Customs field formations and Directorates and assist the Government in policy making in relation to GST, continuing Central Excise levy & Customs functions. CBIC shall be headed by the Chairman, and its 6 Members shall be designated as:

- **Chairman (CBIC):** Assisted by Commissioner (Coordination)
- **Member (GST & CX):** Assisted by Commissioner (GST), Commissioner (CX) and Commissioner(PAC)
- **Member (IT, Legal & Compliance Verification):** Assisted by Commissioner (IT & Compliance Verification), Commissioner (Legal) and Joint Secretary (Review)
- **Member (Investigation):** Assisted by Commissioner (Investigation GST and CX) and Commissioner Investigation (Customs)
- **Member (Tax Policy):** Assisted by Joint Secretary (TRU-I) and Joint Secretary (TRU-II)
- **Member (Customs):** Assisted by Joint Secretary (Customs), Joint Secretary (Drawback), Commissioner (Customs), Commissioner (Border Protection) and Commissioner (Single Window)
- **Member (Administration & Vigilance):** Assisted by Joint Secretary (Administration)

(B) **GST and Customs Formations:** There shall be 21 GST Zones, 102 GST Taxpayer Services Commissionerates (comprising of 14 sub-Commissionerates, 768 Divisions & 3969 Ranges), 49 GST Audit Commissionerates and 50 GST Appeals Commissionerates under CBIC. Existing 11 Customs Zones, 60 Customs Commissionerates and 10 Customs Appeals Commissionerates will continue as such and shall function under CBIC. It may also be noted that GST Formations and their Officers will also be proper officers for Central Excise and Service Tax matters.
Notification defining geographical jurisdictions of GST formations is in advance stage of finalization, and is likely to be issued shortly by the Board, after vetting by the concerned departments of Government of India. **Annexure-A** to this letter provides the jurisdictions of GST Zones, Taxpayer Services Commissionerates, Commissioner (Audit) and Commissioner (Appeals), as mentioned in the *draft* Notification. Following the notification, trade notices need to be issued by the field formations for specifying the jurisdictions of the Sub-Commissionerates, Divisions, Ranges and Audit Circles in order to achieve twin objectives of providing taxpayer services at the doorsteps of the taxpayers and better coordination with State GST Departments.

(C) **Directorates General & Directorates:**

(i) Two new Directorates are being created. These are Directorate General of Analytics & Risk Management and Directorate of International Customs.

(ii) **Directorate General of Analytics & Risk Management (DGARM):** This Directorate shall have its headquarters at Delhi. Two verticals of this Directorate namely Business Intelligence & Analytics and Risk Management Centre for GST shall be in Delhi while two verticals namely Risk Management Centre for Customs and National Targeting Centre shall be located in Mumbai. The data analytics and processing coupled with intelligence inputs by DGARM would *inter alia* provide the Board the national and sub-national perspective for policy formulation, and it is expected that CBIC’s field formations shall gainfully and effectively utilize the data and other inputs shared by DGARM. (Notification in respect of this Directorate General is likely to be issued shortly.)

(ii) **Directorate of International Customs:** This Directorate shall have its headquarters at Delhi and shall, *inter alia*, attend to the tasks related to WTO, Tariff Matters, Kyoto Convention, Multi-lateral and Bi-lateral Agreements with other countries, Customs Cooperation in various matters including on Certificates of Origin, serious Transactional Crimes and issues related to computation of IGST on Imports. It will
also assist the Board in functions related to National Trade Facilitation Committee for implementation of Trade Facilitation Agreement (TFA) and Customs Procedures for international Trade. All matters of cross-border trade through Land Customs Stations shall also be handled by this Directorate.

(II) Following existing Directorates are being strengthened:

(i) **Directorate General of GST Intelligence (DGGSTI)**: Existing Directorate General of Central Excise Intelligence is being rechristened as ‘Directorate General of Goods & Services Tax Intelligence (DGGSTI)’. It will have pan-India jurisdiction having presence in all the States / Union Territories. DGGSTI, as an organization, is in a unique position wherein it will have its tasks of preventing and detecting tax evasion cut out, keeping in view the steep increase in the GST Taxpayers base. The organisation will be headed by a Principal Director General at Delhi who will be assisted by four sub-national Directors General, viz. Director General (North), Director General (South), Director General (East) and Director General (West) stationed at Gurugram, Chennai, Kolkata and Mumbai respectively. New Zonal Units at Chandigarh, Gurugram, Belgavi, Surat, Patna, Siliguri, and Nagpur are being created in addition to existing 9 Zonal Units. Further, existing Regional Units at Ludhiana, Meerut, Visakhapatnam, Kochi, Coimbatore, Bhubaneswar, Jaipur, Pune, Raipur and Guwahati are also being upgraded to the level of Zonal Unit. New Regional Units at Gangtok, Itanagar, Kohima, Imphal, Aizawl, Agartala and Shillong are also being created.

(ii) **National Academy of Customs, Indirect Taxes and Narcotics (NACIN)**: Existing National Academy of Customs, Excise & Narcotics (NACEN) is being rechristened as ‘National Academy of Customs, Indirect Taxes and Narcotics (NACIN)’. The existing Regional Training Institutes (RTIs) are being rechristened as Zonal Training Institutes (ZTIs). In GST regime, NACIN will be the only Academy of its kind in India that will provide regular training to not only the officers and staff of CBIC; but also to State GST
Officers and staff of 29 States and 7 Union Territories. It is also envisaged that NACIN will provide training to representatives of trade bodies and tax professionals. Thus, it will be catering to the training needs of around 70,000 persons every year. Therefore, the Academy is being strengthened by creating four new ZTIs (headed by Additional Director General) at Chandigarh, Jaipur, Visakhapatnam and Bhubaneswar and two Regional Training Institutes (headed by Additional /Joint Commissioners) at Raipur and Ranchi.

(iii) Directorate General of Taxpayer Services (DGTS): Role of DGTS in GST regime is expected to be more prominent, as it is envisaged to provide assistance to the taxpayers at their doorsteps, in addition to publicity and public relations work, holding seminars and workshops, attending to queries of taxpayers, coordinating the resolution of taxpayers' grievances, if any. Therefore, in view of its expanding role in GST regime, three additional Zonal Units of this Directorate are being created at Bhopal, Ahmedabad and Bengaluru. Existing Zonal Units at Delhi, Mumbai, Chennai and Kolkata, which shall continue to function as such, are also being strengthened.

(iv) Directorate General of Systems & Data Management: In GST regime, IT infrastructure and data management have assumed great importance, as the new taxation is completely IT-platform based. Therefore, two new Zonal Units at Kolkata and Bengaluru are being created. The headquarters is also being strengthened by providing another ADG.

There is no change in other Directorates under the Board.

3.0 Staff Reallocation: Consequent to the approval of Reorganization Plan, existing sanctioned Staff Strength has to be redistributed amongst the field formations. Accordingly, draft proposal for reallocation of existing staff strength amongst field formations has already been submitted to the Board for consideration. Orders in this regard shall be issued shortly. It is to be mentioned here that in the GST regime, no new post in any Group A, B and C grade
is being created, for the present. It is also pertinent to note that the reallocation of the staff strength at different levels of Group A, B and C in this present exercise is limited only to the staff strength available to Central Excise and Service Tax formations. There is no change/reallocation of staff strength in Customs. Staff Reallocation Proposal is enclosed as Annexure-B to this letter. Further, different Directorates and their Units are also being provided with the Staff Strength in Group ‘B’ and ‘C’ from local GST Zones on rotational transfer-cum-loan basis. Annexure-C to this letter provides the details about this arrangement.

4.0 Changes in Budgetary Authorities: With the re-organisation of the field formations of hitherto Central Excise & Service Tax Zones as GST Zones, there will be consequential changes in the Budgetary Authorities. The Budgetary Authorities which would be notified are tentatively indicated at Annexure-D. The revised Budgetary Authorities would also be notified along with the other notifications specifying the jurisdictions. The manner in which the funds, presently with the Budgetary Authorities who would cease to be so, would need to be utilized would be elaborated by the EMC Wing of the Directorate separately. The exercise of revising the list of Head of Department (HoDs) is also currently at an advanced stage and shall be notified simultaneously along with the Budgetary Authorities.

5.0 As the available time left before introduction of Goods & Services Tax is very limited, it is important that the interregnum between now and formal issuance of requisite Notification and Staff Reallocation is fruitfully utilized by the field formations for making requisite preparations for seamless and smooth switchover of the field formations to the new Indirect Taxation regime. The preparations may, inter alia, include estimation of office space and estimation of expenditure involved in creation of infrastructure etc. It is important to establish correlation of Central Excise and Service Tax legacy issues with the proposed GST Commissionerates in each of the Zones. A Concordance Table for existing Central Excise & Service Tax records/files for transfer to new jurisdictional GST field formations right upto the
Range levels should also be done latest by 31st May, 2017. Wherever required, the stakeholders should be informed. Placement of Officers and Staff in the reorganised formations should be suitably made to ensure smooth implementation of the GST.

In view of the urgency of the matter, I request you to initiate the aforesaid exercises immediately. Additional requirement of funds, if any, may also be projected at the earliest so that the same could be factored in while finalising the supplementary grants for getting the sanction in June, 2017.

6.0 Finally, I would like to extend my heartfelt gratitude to all the officers and colleagues, staff associations and trade associations for giving their valuable time and inputs during formulation of Reorganization proposal as also when the team from DGHRD visited different locations across the country to have consultations and discussions with you and your officers on the matter. But for your valuable and wholehearted cooperation and participation, the gigantic task of Reorganization of the field formations for GST regime could not have been possible.

With regards,

Encl- a/a

To,

Principal Chief Commissioners / Chief Commissioners
Principal Directors General / Directors General

Yours sincerely,

(S. K. Sawhney)