



# Lawgics

By Nidhi, Advocate



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## Section 123 of CGST Act, 2017

### 123. Penalty for failure to furnish information return.

If a person who is required to furnish an information return under section 150 fails to do so within the period specified in the notice issued under sub-section (3) thereof, the proper officer may direct that such person shall be liable to pay a penalty of one hundred rupees for each day of the period during which the failure to furnish such return continues:

Provided that the penalty imposed under this section shall not exceed five thousand rupees.

### Our Interpretation

#### Section 123

This section is applicable where the information return as prescribed under section 150 is not filed. Section 150 requires certain class of persons to maintain specified records and furnish **"information return"** within the prescribed time. Every taxable person is not required to furnish **"information return"**. It is expected that this would be used by the Government/s for exchange of information.

For example: Banking Company, State Electricity Board, Registrar of Companies, Registering authority of Motor Vehicles, Recognised Stock Exchange, Depository of Shares, Officer of Reserve Bank of India, Goods & Service Tax Network (GSTN) etc., may be required to furnish the **"information return"**.

If the person who is required to file an 'information return' as prescribed under section 150 has not filed the return within the stipulated period of 30 days or such further period as prescribed under section 150(3) from the date of issue of show cause notice, **a penalty of Rs. 100/- per day** shall be levied for each day for which the failure continues but not exceeding Rs. 5,000/-.

There is **maximum ceiling of Rs. 5,000/- for failure to furnish information return u/s. 150.**

The penalty for defective information returns would not be payable under this section. But the information return will be treated as not filed if the defective returns are not rectified and in such case the penalty will be leviable.