



Lawgics

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Section 81 of CGST Act, 2017

81. Transfer of property to be void in certain cases.

Where a person, after any amount has become due from him, creates a charge on or parts with the property belonging to him or in his possession by way of sale, mortgage, exchange, or any other mode of transfer whatsoever of any of his properties in favour of any other person with the intention of defrauding the Government revenue, such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by the said person:

Provided that, such charge or transfer shall not be void if it is made for adequate consideration, in good faith and without notice of the pendency of such proceedings under this Act or without notice of such tax or other sum payable by the said person, or with the previous permission of the proper officer.

Our Interpretation

Section 81	<p>The said provision would be applicable only when any amount has become due from a person under this Act.</p> <p>The following acts done by a person, in favour of any another person, after the amount becomes due, would be void-</p> <p>Creates a charge on; or Parts with the property belonging to him; or in his possession by way of:</p> <ul style="list-style-type: none">• sale,• mortgage,• exchange, or• any other mode of transfer, <p>of any of his properties, in favour of any other person with the intention to defraud the Government revenue.</p> <p>It has been provided that such charge or transfer shall not be void if:</p> <ul style="list-style-type: none">• It is made for adequate consideration,• In good faith,• Without notice of the pendency of proceeding,• Without notice of such tax or other sum payable by the said person,• With previous permission of the proper officer. <p>The transfer will be void when it is done with intention of defrauding the Government revenue.</p>
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