CHAPTER 20

LIABILITY TO PAY IN CERTAIN CASES



The section numbers referred to in the chapter pertain to CGST Act, unless otherwise specified. Examples/Illustrations/Questions and Answers, as the case may be, given in the Chapter are based on the position of GST law existing as on 30.04.2026.

LEARNING OUTCOMES

After studying this Chapter, you will be able to –

- ❑ understand the liability to pay in case of transfer of business.
- ❑ determine the liability of agent and principal.
- ❑ explain the liability in case of amalgamation or merger of companies.
- ❑ describe the liability in case of company in liquidation.
- ❑ understand the liability of directors of private company.
- ❑ explain the liability of partners of firm to pay tax.
- ❑ identify the liability of guardians, trustees, etc.
- ❑ explain the liability of Court of Wards, etc.
- ❑ explain the special provisions regarding liability to pay tax, interest or penalty in certain cases

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1. INTRODUCTION

- ✓ For certain transactions like liquidation, business transfer, partition of HUF, amalgamation or merger of companies, etc., it is difficult to determine the liability to pay outstanding tax, interest,penalty and any other dues.
- ✓ Chapter XVI – Liability to pay in certain cases [Sections 85 to 94] of the CGST Act, 2017 determines person liable to pay tax under certain specified transactions (like liquidation, transfer, etc). State GST laws also prescribe identical provisions.

Provisions relating to liability to pay in certain cases under CGST Act have also been made applicable to IGST Act vide section 20 of the IGST Act.

Before proceeding to understand the aforesaid provisions, let us first go through few relevant definitions.

2. RELEVANT DEFINITIONS

- ❖ **Agent:** means a person, including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another [Section 2(5)].
- ❖ **Principal:** means a person on whose behalf an agent carries on the business of supply or receipt of goods or services or both [Section 2(88)].
- ❖ **Commissioner:** means the Commissioner of central tax and includes the Principal Commissioner of central tax appointed under section 3 and the Commissioner of integrated tax appointed under the Integrated Goods and Services Tax Act [Section 2(24)].

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❖ **Business:** includes –

(a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;
(b) any activity or transaction in connection with or incidental or ancillary to (a) above;
(c) any activity or transaction in the nature of (a) above, whether or not there is volume, frequency, continuity or regularity of such transaction;
(d) supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;
(e) provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members
(f) admission, for a consideration, of persons to any premises
(g) services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;
(h) activities of a race club including by way of totalisator or a license to book maker or activities of a licensed book maker in such club; and
(i) any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities

[Section 2(17)].

3. LIABILITY TO PAY IN CASE OF TRANSFER OF BUSINESS [SECTION 85 OF THE CGST ACT]



❑ Where a taxable person, liable to pay tax under CGST Act, transfers his business [this includes transfer or change in the ownership of business due to death of the sole proprietor[1]] in whole or in part, by sale, gift, lease, leave and license, hire or in any other manner whatsoever, the taxable person and the person to whom the business is so transferred shall, jointly and severally, be liable wholly or to the extent of such transfer, to pay the tax, interest or any penalty due from the taxable person upto the time of

[1] *Circular No. 96/15/2019 GST dated 28.03.2019*

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such transfer, whether such tax, interest or penalty has been determined before such transfer, but has remained unpaid or is determined thereafter [Section 85(1)].

- Where the transferee of a business referred to in sub-section (1) carries on such business either in his own name or in some other name, he shall be liable to pay tax on the supply of goods or services or both effected by him with effect from the date of such transfer [Section 85(2)].



- Further, if he is a registered person under this Act, he shall apply within the prescribed time for amendment of his certificate of registration [Section 85(2)].
- The transferee shall be liable to pay any tax, interest or any penalty due from the transferor in cases of transfer of business due to death of sole proprietor[2].

4. LIABILITY OF AGENT AND PRINCIPAL [SECTION 86 OF THE CGST ACT]

Where an agent supplies or receives any taxable goods on behalf of his principal, such agent and his principal shall, jointly and severally, be liable to pay the tax payable on such goods under this Act.

5. LIABILITY TO PAY IN CASE OF AN AMALGAMATION/MERGER OF COMPANIES [SECTION 87 OF THE CGST ACT]

- When:
  - two or more companies are amalgamated or merged in pursuance of an order of court or of Tribunal or otherwise and



[2] *Circular No. 96/15/2019 GST dated 28.03.2019*

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- ❖ the order is to take effect from a date earlier to the date of the order and
- ❖ any two or more of such companies have supplied or received any goods or services or both to or from each other during the period commencing on the date from which the order takes effect till the date of the order, then such transactions of supply and receipt shall be **included in the turnover of supply or receipt of the respective companies** and they shall be liable to pay tax accordingly [Section 87(1)].

- ❑ Notwithstanding anything contained in the said order, for the purposes of this Act, **the said two or more companies shall be treated as distinct companies** for the period up to the date of the said order [Section 87(2)].
- ❑ The registration certificates of the said companies shall be cancelled with effect from the date of the said order [Section 87(2)].

6. LIABILITY IN CASE OF COMPANY IN LIQUIDATION [SECTION 88 OF THE CGST ACT]



- ❑ **Initiation by liquidator of a company of his appointment to Commissioner:** When any company is being wound up whether under the orders of a court or Tribunal or otherwise, every person appointed as receiver of any assets of a company (hereafter referred to as the "liquidator"), shall, **within 30 days after his appointment**, give intimation of his appointment to the Commissioner [Section 88(1)].
- ❑ **Estimation of any tax, interest or penalty payable/likely to become payable by the company in liquidation by Commissioner:** The Commissioner shall,
  - ❖ after making such inquiry or calling for such information as he may deem fit,

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- ❖ notify the liquidator within 3 months from the date on which he receives intimation of the appointment of the liquidator,
- ❖ the amount which in the opinion of the Commissioner would be sufficient to provide for any tax, interest or penalty which is then, or is likely thereafter to become, payable by the company [Section 88(2)].

❑ **Director of a private company to be jointly and severally liable for the payment of such tax, interest or penalty not recovered:** When any private company is wound up and any tax, interest or penalty determined under CGST Act on the company for any period, whether before or in the course of or after its liquidation, cannot be recovered, then every person who was a director of such company at any time during the period for which the tax was due shall, jointly and severally, be liable for the payment of such tax, interest or penalty.



However, director shall not be so liable if he proves to the satisfaction of the Commissioner that such non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company [Section 88(3)].

7. LIABILITY OF DIRECTORS OF PRIVATE COMPANY [SECTION 89 OF THE CGST ACT]

❑ **Director of a private company to be jointly and severally liable for the payment of any tax, interest or penalty due from the company & not recovered:** Notwithstanding anything contained in the Companies Act, 2013,

- ❖ where any tax, interest or penalty due from a private company in respect of any supply of goods or services or both for any period cannot be recovered,
- ❖ then, every person who was a director of the private company during such period shall, jointly and severally, be liable for the payment of such tax, interest or penalty

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- ❖ unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company [Section 89(1)].

❑ **Director not jointly and severally liable for the payment of any tax, interest or penalty due from a private company & not recovered, if such private company gets converted into a public company:** Where a private company is converted into a public company and the tax, interest or penalty in respect of any supply of goods or services or both for any period during which such company was a private company cannot be recovered before such conversion, then, nothing contained in sub-section (1) shall apply to any person who was a director of such private company in relation to any tax, interest or penalty in respect of such supply of goods or services or both of such private company.

However, nothing contained in this sub-section shall apply to any personal penalty imposed on such director [Section 89(2)].

8. LIABILITY OF PARTNERS OF FIRM TO PAY TAX [SECTION 90 OF THE CGST ACT]

❑ **Partners of the firm jointly and severally liable to pay any tax, interest or penalty of the firm:** Notwithstanding any contract to the contrary and any other law for the time being in force, where any firm is liable to pay any tax, interest or penalty under this Act, the firm and each of the partners of the firm shall, jointly and severally, be liable for such payment.

❑ **Retiring partner liable to pay any tax, interest or penalty of the firm due up to the date of his retirement:** Where any partner retires from the firm, he or the firm, shall intimate the date of retirement of the said partner to the Commissioner by a notice in that behalf in writing and such partner shall be liable to pay tax, interest or penalty due up to the date of his retirement whether determined or not, on that date.

However, if no such intimation is given within 1 month from the date of retirement, the liability of such partner shall continue until the date on which such intimation is received by the Commissioner.

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9. LIABILITY OF GUARDIANS, TRUSTEES ETC. [SECTION 91 OF THE CGST ACT]

- Where the business in respect of which any tax, interest or penalty is payable under this Act is carried on by any guardian, trustee or agent of a minor or other incapacitated person on behalf of and for the benefit of such minor or other incapacitated person, the tax, interest or penalty shall be levied upon and recoverable from such guardian, trustee or agent.
- Tax, interest or penalty shall be levied and recoverable in like manner and to the same extent as it would be determined and recoverable from any such minor or other incapacitated person, as if he were a major or capacitated person and as if he were conducting the business himself and all the provisions of this Act or the rules made thereunder shall apply accordingly.

10. LIABILITY OF COURT OF WARDS ETC. [SECTION 92 OF THE CGST ACT]

- Where the estate or any portion of the estate of a taxable person owning a business in respect of which any tax, interest or penalty is payable under this Act is under the control of the Court of Wards, the Administrator General, the Official Trustee or any receiver or manager (including any person, whatever be his designation, who in fact manages the business) appointed by or under any order of a court, the tax, interest or penalty shall be levied upon and be recoverable from such Court of Wards, Administrator General, Official Trustee, receiver or manager.



- Tax, interest or penalty shall be levied and recoverable in like manner and to the same extent as it would be determined and be recoverable from the taxable person as if he were conducting the business himself and all the provisions of this Act or the rules made thereunder shall apply accordingly.

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11. SPECIAL PROVISIONS REGARDING LIABILITY TO PAY TAX, INTEREST OR PENALTY IN CERTAIN CASES [SECTION 93 OF THE CGST ACT]

Special provision regarding liability to pay tax, interest or penalty in certain cases have been discussed as under:

A. On death of a person liable to pay tax, interest or penalty [Section 93(1)]:

Save as otherwise provided in the Insolvency and Bankruptcy Code, 2016, **where a person, liable to pay tax, interest or penalty under CGST Act, dies**, then:

- **business is continued after his death**: if a business carried on by the person is continued after his death by his legal representative or any other person, such legal representative or other person, shall be liable to pay tax, interest or penalty due from such person under this Act.
- **business is discontinued after his death**: if the business carried on by the person is discontinued, whether before or after his death, his legal representative shall be liable to pay, out of the estate of the deceased, to the extent to which the estate is capable of meeting the charge, the tax, interest or penalty due from such person under this Act,

  whether such tax, interest or penalty has been determined before his death but has remained unpaid or is determined after his death.

The successor shall be liable to pay any tax, interest or any penalty due from the transferor in cases of transfer of business due to death of sole proprietor[3].

B. On partition of HUF or AOP [Section 93(2)]:

- Save as otherwise provided in the Insolvency and Bankruptcy Code, 2016,



[3] *Circular No. 96/15/2019 GST dated 28.03.2019*

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- where a taxable person, liable to pay tax, interest or penalty under CGST Act, is a Hindu Undivided Family (HUF) or an association of persons (AOP) and
- **property of the HUF or AOP is partitioned** amongst the various members or groups of members,
- then, **each member/group of members shall, jointly and severally, be liable** to pay the tax, interest or penalty due from the taxable person under said Act.
- up to the time of the partition
- whether such tax, penalty or interest has been determined before partition but has remained unpaid or is determined after the partition.

C. On dissolution of a firm [Section 93(3)]:

- Save as otherwise provided in the Insolvency and Bankruptcy Code, 2016,
- where a taxable person, liable to pay tax, interest or penalty under CGST Act, is a firm, and
- such firm is dissolved,
- then, every person who was a **partner shall, jointly and severally, be liable** to pay the tax, interest or penalty due from the firm under said Act
- up to the time of dissolution
- whether such tax, interest or penalty has been determined before the dissolution, but has remained unpaid or is determined after dissolution.

D. On termination of guardianship or trust [Section 93(4)]:

- Save as otherwise provided in the Insolvency and Bankruptcy Code, 2016,
- where a taxable person liable to pay tax, interest or penalty under this Act, —
  - is the guardian of a ward on whose behalf the business is carried on by the guardian; or

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- ❖ is a trustee who carries on the business under a trust for a beneficiary,

- ❑ then, **if the guardianship or trust is terminated**,
- ❑ the **ward or the beneficiary shall be liable** to pay the tax, interest or penalty due from the taxable person
- ❑ **upto the time of the termination of the guardianship or trust**,
- ❑ whether such tax, interest or penalty has been determined before the termination of guardianship or trust but has remained unpaid or is determined thereafter.

12. LIABILITY IN OTHER CASES [SECTION 94 OF THE CGST ACT]

A. Discontinuation of business by a firm/AOP/HUF [Section 94(1)]:

Where a taxable person is a firm/AOP/HUF and such firm, association or family has **discontinued business** —

- ❑ the tax, interest or penalty payable under this Act by such firm, association or family up to the date of such discontinuance may be determined as if no such discontinuance had taken place; **and**
- ❑ every person who, at the time of such discontinuance, was a partner of such firm, or a member of such association or family, shall, notwithstanding such discontinuance, jointly and severally, be liable for the payment of tax and interest determined and penalty imposed and payable by such firm, association or family, whether such tax and interest has been determined or penalty imposed prior to or after such discontinuance and subject as aforesaid, the provisions of this Act shall, so far as may be, apply as if every such person or partner or member were himself a taxable person.

B. Change in the constitution of the firm or AOP [Section 94(2)]:

- ❑ Where a change has occurred in the constitution of a firm or an association of persons, the partners of the firm or members of association, as it existed before and as it exists after the reconstitution,

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shall, without prejudice to the provisions of section 90, jointly and severally, be liable to pay tax, interest or penalty due from such firm or association for any period before its reconstitution.

C. Dissolution of firm/AOP or partition of HUF [Section 94(3)]:

- The provisions of section 94(1) shall, so far as may be, apply where the taxable person, being a firm/AOP is dissolved or where the taxable person, being an HUF, has effected partition with respect to the business carried on by it and accordingly references in that sub-section to discontinuance shall be construed as reference to dissolution or to partition.

Explanation — For the purposes of this Chapter, —

(i) **A Limited Liability Partnership** formed and registered under the provisions of the Limited Liability Partnership Act, 2008 **shall also be considered as a firm.**

(ii) **Court:** means the District Court, High Court or Supreme Court.

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LET US RECAPITULATE

LIABILITY TO PAY IN CASE OF TRANSFER OF BUSINESS (SECTION 85)

Where transfer of business (wholly or partly) is made by way of sale, gift, lease, leave and license, hire or in any other manner,

↓

UPTO THE TIME OF SUCH TRANSFER

↓

Transferor and transferee are jointly and severally liable wholly or to the extent of transfer, to pay tax, interest or any penalty.

↓

Where transferee carries on such business either in his own name or in some other name.

↓

Transferee shall be liable to pay tax on the supply of goods or services or both effected by him with effect from the date of such transfer.

Note: In case of death of sole proprietor, transferee shall be liable to pay any tax, interest or any penalty due from the transferor.

LIABILITY OF AGENT AND PRINCIPAL (SECTION 86)

Agent supplies/ receives taxable goods on behalf of principal. → Agent and Principal are jointly and severally liable → to pay tax payable on such goods

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LIABILITY TO PAY IN CASE OF AN AMALGAMATION/MERGER OF COMPANIES (SECTION 87)

Where two or more companies amalgamated or merged

due to order of Court/Tribunal or otherwise, AND

order is to take effect from the date earlier than date of that order.

Supply/receipt of goods and/goods between any two or more of such companies to or from each other

Date from which amalgamation/merger is effective

- Such transactions shall be included in the turnover of supply or receipt of the respective companies.
- They shall be liable to pay tax accordingly.

Date of order of court/Tribunal for amalgamation/merger of companies

- These companies shall be treated as distinct companies for the period till date of such order.
- Registration certificates of said companies shall be cancelled with effect from the date of the said order

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LIABILITY IN CASE OF COMPANY IN LIQUIDATION (SECTION 88)

Liquidator shall give the intimation of his appointment to the Commissioner within 30 days of his appointment

The Commissioner may make such inquiry or call for such information as he may deem fit.

Commissioner shall notify the liquidator the amount sufficient to provide for any tax, interest or penalty payable or likely to be payable by the company, within 3 months of receipt of intimation of liquidator.

When any private company is wound up and any tax, interest or penalty determined under this Act on the company for any period, whether before or in the course of or after its liquidation, cannot be recovered, , every director during the period is jointly and severely liable to pay it unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part.

LIABILITY OF DIRECTORS OF PRIVATE COMPANY (SECTION 89)

Where any **tax, interest or penalty (TIP)** due from a private company in respect of any supply for any period cannot be recovered

Director(s) of such private company during such period to be jointly and severally

liable to pay such TIP	not liable to pay such TIP
unless he proves that, non-recovery cannot be attributed to his gross neglect, misfeasance or breach of duty.	if such private company gets converted into a public company and non- recovery pertains to the period before conversion.

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LIABILITY OF PARTNERS OF FIRM TO PAY TAX (SECTION 90)

General Scenario
Firm and each of the partners of the firm shall, jointly and severally, be liable to pay TIP in case of firm.

Where any partner retires

- He/firm, shall intimate date of retirement of said partner to Commissioner by a written notice.
- Such partner shall be liable to pay TIP dues only upto:
  - ✓ date of his retirement, if above intimation given within 1 month of retirement
  - ✓ or date of intimation, if above intimation given after 1 month of retirement

LIABILITY OF GUARDIANS, TRUSTEES ETC. (SECTION 91)

Where business is carried on by any guardian, trustee or agent on behalf of and for benefit of a minor or other incapacitated person.

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TIP shall be levied and recoverable from such guardian, trustee or agent.

↓

Such TIP shall be determined, levied and recoverable in a like manner and to the same extent as it would be recoverable from minor or incapacitated person as if he were a major/capacitated person and as if he were conducting the business himself & all provisions of GST law shall apply accordingly.

LIABILITY OF COURT OF WARDS ETC. (SECTION 92)

Where the estate/portion of estate is under the control of:

→ Court of Wards (COW), Administrator General (AG), Official Trustee (OT) or any receiver or manager or any such person appointed by/under a order of court

→ TIP shall be levied and recoverable from such COW, AG, OT, receiver or manager.

Such T.I.P. shall be determined, levied and recoverable from above mentioned persons in same manner and to same extent if he were conducting the business himself and & all provisions of GST law shall apply accordingly.

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SPECIAL PROVISIONS REGARDING LIABILITY TO PAY TAX, INTEREST OR PENALTY IN CERTAIN CASES

(i) ON DEATH OF A PERSON liable to pay TIP [SECTION 93(1)]

If business is continued after his death by legal representative (LR) or any other person :
Such LR/other person, shall be liable to pay TIP due from deceased person.

Business is discontinued after his death:
LR shall be liable to pay TIP out of the estate of deceased person to the extent to which his estate is capable of meeting TIP due.

The successor shall be liable to pay any TIP due from the transferor in cases of transfer of business **due to death of sole proprietor.**

(ii) ON PARTITION OF PROPERTY OF HUF OR AOP [SECTION 93(2)]

Where property of the HUF or AOP is partitioned amongst the various members or groups of members

Each member/group of members shall, jointly and severally, be liable to pay TIP due

up to the time of the partition

(iii) On dissolution of a firm [SECTION 93(3)]

Where a firm is dissolved

every person **partner shall, jointly and severally, be liable** to pay TIP due

up to the time of dissolution

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TEST YOUR KNOWLEDGE

1. *Avataar Industries, a registered person under GST, has sold whole of its business to Rolex Manufacturers. Determine the person liable to pay GST, interest or any penalty under GST law [determined before sale, but still unpaid] due from Avataar Industries upto the time of such transfer.*
2. *ABC Manufacturers Ltd. engages Raghav & Sons as an agent to sell goods on its behalf. Raghav & Sons sells goods to Swami Associates on behalf of ABC Manufacturers Ltd. Determine the liability to pay GST payable on such goods as per the provisions of section 86.*
3. *A person, liable to pay GST, interest and penalty under GST law, dies. Determine the person liable to pay the GST, interest and penalty due from such person under GST law determined after his death if the business carried on by such person is continued after his death by his legal representative.*
4. *In the question 3. above, would your answer be different if the business carried on by the person who has died, is discontinued after his death?*
5. *What happens to the GST liability when the estate of a taxable person is under the control of Court of Wards?*
6. *Discuss the liability to pay tax in case of an amalgamation/merger, under section 87.*
7. *Discuss the liability to pay tax, interest or penalty on death of a person liable to pay tax, interest or penalty as per the provisions of section 93(1).*
8. *With reference to the provisions of CGST Act, 2017, explain the liability of partners of firm to pay tax?*
9. *Explain the provisions relating to liability for GST in case of company in liquidation (section 88).*
10. *Discuss the liability of the retiring partner of a firm to pay any tax, interest or penalty, if any, leviable on the firm under CGST/ lGST/ SGST Act.*

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ANSWERS

1. Where a taxable person, liable to pay tax under this Act, transfers his business in whole or in part, by sale, gift, lease, leave and license, hire or in any other manner whatsoever, the taxable person and the person to whom the business is so transferred shall, jointly and severally, be liable wholly or to the extent of such transfer, to pay the tax, interest or any penalty due from the taxable person upto the time of such transfer, whether such tax, interest or penalty has been determined before such transfer, but has remained unpaid or is determined thereafter.

Thus, in the given case, Avataar Industries and Rolex Manufacturers shall, jointly and severally, be liable wholly or to the extent of such transfer, to pay GST, interest or any penalty [determined before sale, but still unpaid] due from Avataar Industries upto the time of such transfer.

2. As per provisions of Section 86, where an agent supplies or receives any taxable goods on behalf of his principal, such agent and his principal shall, jointly and severally, be liable to pay the tax payable on such goods under this Act.

Thus, in the given case, ABC Manufacturers Ltd. and Raghav & Sons shall, jointly and severally, be liable to pay GST payable on such goods.

3. Save as otherwise provided in the Insolvency and Bankruptcy Code, 2016, where a person, liable to pay tax, interest or penalty under this Act, dies, then if a business carried on by the person is continued after his death by his legal representative or any other person, such legal representative or other person, shall be liable to pay tax, interest or penalty due from such person under CGST Act, whether such tax, interest or penalty has been determined before his death but has remained unpaid or is determined after his death.

4. Save as otherwise provided in the Insolvency and Bankruptcy Code, 2016, where a person, liable to pay tax, interest or penalty under this Act, dies, then if a business carried on by the person is discontinued, whether before or after his death, his legal representative shall be liable to pay, out of the estate of the deceased, to the extent to which the estate is capable of meeting the

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charge, the tax, interest or penalty due from such person under CGST Act, whether such tax, interest or penalty has been determined before his death but has remained unpaid or is determined after his death.

5. Where the estate of a taxable person owning a business in respect of which any tax, interest or penalty is payable is under the control of the Court of Wards/Administrator General/Official Trustee/Receiver or Manager appointed under any order of a Court, the tax, interest or penalty shall be levied and recoverable from such Court of Wards/Administrator General/Official Trustee/Receiver or Manager to the same extent as it would be determined and recoverable from a taxable person.

6. Section 87 stipulates that when two or more companies are amalgamated/ merged in pursuance of an order of court or Tribunal or otherwise and the order is to take effect from a date earlier to the date of the order and any two or more of such companies have supplied/ received any goods and/or services to or from each other during the period commencing on the date from which the order takes effect till the date of the order, then such transactions of supply and receipt shall be included in the turnover of supply or receipt of the respective companies and they shall be liable to pay tax accordingly.

Notwithstanding anything contained in the said order, for the purposes of the CGST Act, 2017, the said two or more companies shall be treated as distinct companies for the period up to the date of the said order. The registration certificates of the said companies shall be cancelled with effect from the date of the said order.

7. As per provision of section 93(1), save as otherwise provided in the Insolvency and Bankruptcy Code, 2016, where a person, liable to pay tax, interest or penalty under CGST Act, dies, then:

- Business is continued after his death: if a business carried on by the person is continued after his death by his legal representative or any other person, such legal representative or other person, shall be liable to pay tax, interest or penalty due from such person under this Act.
- Business is discontinued after his death: if the business carried on by the person is discontinued, whether before or after his death, his legal

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representative shall be liable to pay, out of the estate of the deceased, to the extent to which the estate is capable of meeting the charge, the tax, interest or penalty due from such person under this Act, whether such tax, interest or penalty has been determined before his death but has remained unpaid or is determined after his death.

8. Section 90 explains the liability of partners of firm to pay tax as under:-

Partners of the firm jointly and severally liable to pay any tax, interest or penalty of the firm: Notwithstanding any contract to the contrary and any other law for the time being in force, where any firm is liable to pay any tax, interest or penalty under this Act, the firm and each of the partners of the firm shall, jointly and severally, be liable for such payment.

Retiring partner liable to pay any tax, interest or penalty of the firm due up to the date of his retirement: Where any partner retires from the firm, he or the firm, shall intimate the date of retirement of the said partner to the Commissioner by a notice in that behalf in writing and such partner shall be liable to pay tax, interest or penalty due up to the date of his retirement whether determined or not, on that date.

However, if no such intimation is given within 1 month from the date of retirement, the liability of such partner shall continue until the date on which such intimation is received by the Commissioner.

9. The provisions relating to liability for GST in case of company in liquidation provided under section 88 are:-

- Where any company is being wound up whether under the orders of a court or Tribunal or otherwise, every person appointed as a liquidator/receiver of assets of a company shall give the intimation of his appointment to the Commissioner within 30 days of his appointment.
- The Commissioner shall ascertain the amount which in the opinion of the Commissioner would be sufficient to provide for any tax, interest or penalty which is then, or is likely thereafter to become, payable by the company.
- He shall communicate the details of amount to the liquidator within 3 months of the receipt of intimation of appointment of liquidator.

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- When any private company is wound up and any tax, interest or penalty determined under the CGST Act on the company for any period, whether before or in the course of or after its liquidation, cannot be recovered, then every person who was a director of such company at any time during the period for which the tax was due shall, jointly and severally, be liable for the payment of such tax, interest or penalty.

However, director shall not be liable if he proves to the satisfaction of the Commissioner that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.

10. Where any partner retires from the firm, he or the firm, shall intimate the date of retirement of the said partner to the Commissioner by a notice in that behalf in writing. Such partner shall be liable to pay tax, interest or penalty due up to the date of his retirement whether determined or not, on that date.

However, if no such intimation is given within 1 month from the date of retirement, the liability of such partner shall continue until the date on which such intimation is received by the Commissioner [Section 90].

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