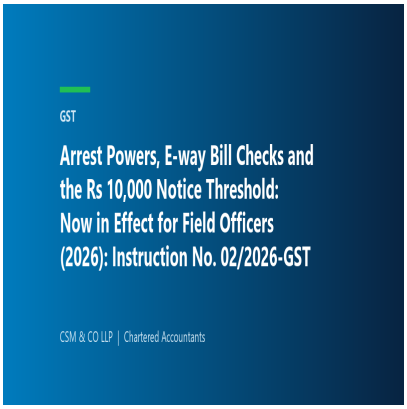

Arrest Powers, E-way Bill Checks and the Rs 10,000 Notice Threshold: Now in Effect for Field Officers (2026): Instruction No. 02/2026-GST

Description

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Quick summary

- Instruction No. 02/2026-GST, dated 30/10/2026, directs CBIC field officers to implement three 57th GST Council reforms administratively, with immediate effect - well before the law itself is amended.
- The actual amendments to sections 69 (arrest), 68/129/130 (e-way bill interception) and 73/74/74A (show cause notice threshold) of the CGST Act are expected only from 1 April 2027 - but as an interim trade-facilitation measure, the Central Government has directed field formations to follow the new approach from now.
- No further arrests may be carried out under GST at all, pending the formal omission of section 69.
- A conveyance can only be intercepted on Joint Commissioner-level written authorisation; inspection, detention and seizure under section 129 belong only to the jurisdiction of the supplier's or recipient's State, not any transit State; and section 130 confiscation does not apply to goods or conveyances in transit.
- Show cause notices under sections 73, 74 or 74A should not be issued where the combined CGST, SGST, IGST and Compensation Cess amount involved is below Rs 10,000.

Three of the most talked-about reforms from the GST Council's 57th meeting - no more arrests under GST, far tighter limits on roadside vehicle checks, and a minimum amount before a show cause notice can even be issued - have so far been reported as *proposed* changes, waiting on a formal amendment to the CGST Act. Instruction No. 02/2026-GST, dated 30 October 2026, changes that: CBIC has now directed its own field officers to actually follow this approach, starting immediately, without waiting for the law itself to change.

New to terms such as "show cause notice" or "e-way bill"? See the technical terms explained in simple words further down.

At a glance

- **Instruction:** No. 02/2026-GST, GST Policy Wing, CBIC, dated 30 October 2026.
- **Implements, administratively and ahead of the law:** three reforms recommended at the **57th GST Council meeting**

, held 8 October 2026.

- **The actual amendments** to the CGST Act (and corresponding State GST Acts) are expected to come into force only from **1 April 2027**.
- **Until then**, this instruction is the operative rule that CBIC's own field formations must follow.

Why an instruction, and not a law change, right now

The reforms the Council recommended - withdrawing arrest powers, rationalising e-way bill interception, and fixing a minimum threshold for show cause notices - all require amending the CGST Act and the corresponding State GST Acts. That legislative process is targeted for **1 April 2027**. Recognising that taxpayers would otherwise wait over a year for relief that has already been agreed in principle, the **Central Government has directed, as an interim trade-facilitation measure, that CBIC's own field formations implement these reforms administratively** from now, through this instruction - which stays in force only **until the actual CGST Act amendments take effect**.

No further arrests under GST

The Council recommended withdrawing arrest powers entirely, by omitting **section 69** of the CGST Act. Pending that formal omission, the instruction is direct and unqualified:

> All CGST field formations are accordingly directed that **no further arrests may be carried out under GST**.

E-way bill interception: the same restrictions as the proposed law, now administrative instruction

This mirrors the amendments proposed to **sections 68, 129 and 130** of the CGST Act:

1. **A rank floor and a written reason.** A conveyance may be intercepted only on the authorisation of an officer **not below the rank of Joint Commissioner**, who must record, in writing, reasons to believe the goods are being transported in contravention of the CGST Act or its rules.
2. **Jurisdiction, not geography.** The intercepting officer can inspect the conveyance and goods **only if the supplier or recipient is registered or located in his own State or Union Territory**. A transit State the goods merely pass through has no inspection power over that consignment.
3. **A transit-State officer passes the matter on, not the vehicle.** Where a contravention is suspected but neither party is in that officer's jurisdiction, he must **let the conveyance and goods pass through unhindered**, and merely transmit the information to the officer who does have jurisdiction - who then examines it and takes any necessary action.
4. **One clear exception.** Where **no e-way bill was generated at all**, and no document showing origin or destination is produced, any authorised officer may inspect, detain or seize the goods or conveyance, regardless of whose jurisdiction the supplier or recipient falls under.
5. **No detention or seizure outside these grounds**, and - critically - **no confiscation under section 130 of goods or conveyances while still in transit**, full stop.

Show cause notices: nothing below Rs 10,000

The Council recommended amending **sections 73, 74 and 74A** of the CGST Act to build in a minimum threshold for issuing a show cause notice. The instruction directs that, administratively, **show cause notices should not be issued where the amount involved is below Rs 10,000**

- computed as the **combined total** of amounts under the CGST Act, the relevant State/Union Territory GST Act, the IGST Act, and cess under the GST (Compensation to States) Act.

Why this matters even though nothing in the Act has changed

An instruction is not a notification or an amendment - it does not alter the CGST Act's text. But it **directly binds how CBIC's own officers behave** from the date it is issued, which is what actually determines whether a taxpayer is arrested, a truck is stopped, or a small-value notice lands in someone's inbox. Any earlier commentary - including coverage that described these reforms as "proposed" and said a vehicle stopped "today" would still be handled under the unchanged law - should now be read in light of this instruction: **in practice, these restrictions already bind field officers from 30 October 2026**, well ahead of the formal 1 April 2027 amendment.

State GST field formations are not automatically bound by this instruction, since it addresses only CBIC's central tax officers - the instruction's own covering note asks the GST Council Secretariat to circulate it to State formations, who may issue similar instructions if they consider it appropriate. Taxpayers dealing with State tax officers should confirm whether an equivalent State instruction has been issued before assuming the same protection applies there.

How CSM & Co LLP can help

Whether it's pushing back on a roadside detention that doesn't meet these conditions, or questioning a show cause notice for an amount under Rs 10,000, this instruction gives taxpayers a concrete, currently-binding basis to do so - please reach out to our team and we will be happy to assist.

Technical terms explained in simple words

Term	What it means
Instruction (CBIC)	An internal administrative directive binding CBIC's own officers on how to apply the law, as distinct from a notification or an amendment to the Act itself.
E-way bill	An electronic document required for moving goods above a certain value, recording the consignment's details for GST tracking purposes.
Section 129 (CGST Act)	The provision governing detention and seizure of goods and conveyances found to be transported in contravention of GST law.
Section 130 (CGST Act)	The provision allowing confiscation of goods or conveyances in more serious cases of contravention.
Show cause notice (SCN)	A formal notice requiring a taxpayer to explain why a proposed tax demand or other adverse action should not be confirmed against them.

Frequently asked questions

Has the GST Act actually been amended to remove arrest powers and change e-way bill checks?

Not yet. The GST Council's 57th meeting recommendations on arrest powers, e-way bill interception and the show cause notice threshold are expected to be formally enacted only from 1 April 2027. However, Instruction No. 02/2026-GST, dated 30 October 2026, directs CBIC field officers to follow the new approach administratively, with immediate effect, as an interim trade-facilitation measure pending that amendment.

Can a taxpayer still be arrested under GST right now?

No. The instruction directs all CGST field formations that no further arrests may be carried out under GST, even though section 69 of the CGST Act - which gives the power to arrest - has not yet been formally omitted. This is an administrative direction to officers, not a change in the statute book.

What is the rule now for stopping and checking a vehicle carrying goods?

A conveyance may only be intercepted on the written authorisation of an officer not below the rank of Joint Commissioner, who must record reasons to believe the goods are being moved in contravention of the law. Inspection, detention and seizure under section 129 can only be carried out by an officer with jurisdiction over the supplier or recipient - not by any officer in a transit State the goods merely pass through, unless there is no e-way bill or supporting document at all.

Can goods or a vehicle be confiscated while still in transit?

No. The instruction directs that goods or conveyances in transit shall not be confiscated under section 130 of the CGST Act at all, while these interim arrangements remain in force.

Below what amount will a GST show cause notice not be issued?

Rs 10,000, computed as the combined amount under the CGST Act, the relevant SGST Act, the IGST Act or the UTGST Act, plus any cess under the GST (Compensation to States) Act. Show cause notices under sections 73, 74 or 74A should not be issued where the amount involved is below this threshold.

Official sources

- CBIC - GST Circulars (CGST)
- GST Portal

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