GOVERNMENT OF TELANGANA
COMMERCIAL TAXES DEPARTMENT

Office of the
Chief Commissioner of State Tax
Telangana, Hyderabad.

CIRCULAR NO.13/2026.

CCT's Ref.No.A(1)/106/2026

Dated: 13.11.2026.

Sub: GST – Rule 86A of the TGST/CGST Rules, 2017 – Disallowance of debit of Input Tax Credit from Electronic Credit Ledger – Introduction of "Rule 86A Tracker" module in the Departmental Dashboard – Verification and monitoring of blocked cases - Instructions – Issued.

Ref: CCT's Ref. No A(1)/48/2026 Circular No. 5/2026 dated 19-06-2026.

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1. Rule 86A(1) of the TGST/CGST Rules, 2017 empowers the Chief Commissioner or an officer authorised by him, not below the rank of Assistant Commissioner, if have reasons to believe that credit of Input Tax available in the electronic credit ledger has been fraudulently availed or ineligible to disallow debit of an amount equivalent to the Input Tax Credit (ITC) available in the Electronic Credit Ledger (ECL) for discharge of liability under Section 49 or for claim of any refund of any underutilized amount in cases where:

    1. The credit of input tax has been availed on the strength of tax invoices or debit notes or any other document prescribed under rule 36-

        a) issued by a registered person who has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or

        b) without receipt of goods or services or both; or

    2. the credit of input tax has been availed on the strength of tax invoices or debit notes or any other document prescribed under rule 36 in respect of any supply, the tax charged in respect of which has not been paid to the Government; or

    3. the registered person availing the credit of input tax has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or

    4. the registered person availing any credit of input tax is not in possession of a tax invoice or debit note or any other document prescribed under rule 36.

The Commissioner, or the officer authorized by him may, upon being satisfied that conditions for disallowing debit of electronic credit ledger as above, no longer exist, allow such debit. Such restriction shall cease to have effect after the expiry of a period of one year from the date of imposing such restriction.

A Comprehensive Guidelines and Standard Operating Procedure for disallowing Debit of an Amount from Electronic Credit Ledger under Rule 86A of TGST/CGST Rules, 2017 was already issued vide reference cited.

2. **Introduction of "Rule 86A Tracker" module:** In order to facilitate easy monitoring of the cases in which debit of ITC has been restricted under Rule 86A and to ensure that such cases are taken up for timely verification and follow-up, a new module titled "Rule 86A Tracker" is made available in the Departmental Dashboard. The details of blocking orders passed under Rule 86A are populated in the module jurisdiction-wise and are made available to the concerned officers under their respective logins.

The module may be accessed through the following navigation:
Dashboard → Focus Areas → Rule 86A Tracker

3. **Screens available in the module:**

3.1 Rule 86A Alert Screen: This is a viewing report which displays the details of taxpayers whose ITC has been blocked since 1st November 2025. The report contains the Division, Circle, GSTIN, trade name, reference number and date of the blocking order, reason for blocking and the amount blocked under SGST, CGST, IGST and Cess. It also provides for viewing abstract of total number of taxpayers, total number of blocking orders, the total amount blocked and age of orders. The report can be exported to Excel for review and analysis.

3.2 Rule 86A Verification Screen: The proper officer shall examine the cases appearing in this report and record the outcome of verification and action taken through this module.

4. **Action to be taken by the proper officer:**

4.1. The proper officer shall examine every case appearing in the Rule 86A Verification Screen , with reference to the grounds recorded in the blocking order, the material available on record and the conditions specified under Rule 86A.

4.2. On completion of verification, where the officer is satisfied that the conditions for blocking no longer exist, and such restriction is revoked, the reasons for revocation and the date of unblocking shall be recorded in the module.

4.3. Where the verification indicates that the ITC is ineligible or has been fraudulently availed and the restriction is required to be continued, the proper officer shall take appropriate consequential action under the relevant provisions of the TGST/CGST Act, 2017, within the applicable statutory time limits. The details of such action, including issue of notice and adjudication, shall be updated in the Module.

4.4. The following information is to be entered by the officer:

i. If the block is removed by the officer, enter the unblocking reference number and the reason for such removal at stock to be recorded in the Verification Module.

ii. If a notice is issued, enter the DRC-01 ARN and the reason to be recorded in the Verification Module.

4.5 Officers are to note that the block/unblock status will be updated through API on a regular basis.

Automatic updates through the API:

iii. DRC-07 orders passed and the collections made will be updated automatically through the API.

iv. The system will capture automatic unblocking of cases on expiry of one year under Rule 86A(3).

5. **Cases for more than Three Months:** The Rule 86A Verification report is designed to bring to the notice of the proper officer cases in which the period from the date of the blocking order has exceeded three months. Such cases will be shown in red colour in Rule 86A Alert Report. The three months above cases shall be treated as priority cases and to be taken up for immediate verification. The three-month period is an administrative alert for monitoring purposes and does not alter the statutory period of one year prescribed under Rule 86A(3).

The Deputy Commissioner(ST) / Assistant Commissioner(ST) of STU's / Circles shall ensure proper timely action in all cases and Module is regularly update.

6. **Compliance with Circular No. 5/2026:** All officers shall strictly follow the comprehensive guidelines and Standard Operating Procedure prescribed in Circular No. 5/2026, dated 19.06.2026(reference cited), issued by the Commissioner of Commercial Taxes, Telangana, while exercising powers under Rule 86A and while undertaking verification, continuation or revocation of blocking orders and consequential proceedings. The said Circular shall be read with these instructions. The present Circular is intended only to operationalize and monitor the cases through the "Rule 86A Tracker" module and shall not be construed as modifying or superseding the procedure prescribed in Circular No. 5/2026.

7. All the concerned Joint Commissioners (ST), Deputy Commissioners (ST) and Assistant Commissioners (ST) are instructed to access the Rule 86A Tracker regularly, examine the cases available under their respective jurisdictions and ensure that the verification outcome and action taken are promptly updated in the module.

8. This action item shall be monitored by the Enforcement wing.

Sd/- Sri M.Raghunandan Rao,
Chief Commissioner of State Taxes,
Telangana, Hyderabad.

To

1. All the Commissioners / Additional Commissioners / Joint Commissioners / Deputy Commissioners of HOD.
2. Joint Commissioners of Commercial Taxes concerned.
3. All the Deputy Commissioners of Commercial Taxes concerned.
4. All the Assistant Commissioners of Commercial Taxes concerned.

/f.b.o/

Deputy Commissioner (ST)-3
Enforcement Wing, Hyderabad.