



GST NOTICES & SCRUTINY

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INTRODUCTION

GST Notices can be of many types- Show cause notice, Demand notice and scrutiny notice to mention a few. These are usually communicated by GST Department. The reason these notices are sent to the taxpayer is to remind or caution the taxpayer for any defaults being noticed or for prohibition of any GST Law. The department acts on the basis of any information collected on verification of taxpayer's GST returns filed or any information received from Government or any other third party.

A notice can be called by different names like show cause notice (SCN), scrutiny notice or the demand/ Notice issued against the taxpayer. The common grounds for receiving notices from GST Department are lapses on the part of the taxpayers such as not registering under GST, non-filing or any delay in filing of GST returns, non-payment of GST or short payment of GST, excess Input tax credit claims, Inconsistent declaration in GSTR-1 and e-way bill portal, Inconsistencies in reporting of Exports in GSTR-1 with information available on ICEGATE etc. Hence the taxpayer must be alert and vigilant while replying to such Notices and necessarily within the time limit prescribed. Any failure to do so can land the taxpayer in deep trouble.

Types of Notices

GSTR-3A

Default notice received by non-filers of GST returns in GSTR-1 or GSTR-3B. The time limit to reply is 15 days from the date of receiving notice and the taxpayer needs to file the particular GST Returns, which is yet to be filed along with late fees for the delay and interest on the GST liability, if any.

CMP-05

A Show cause notice which questions the eligibility of the taxpayer to be a composition dealer. The time limit to reply is 15 days of receipt of the notice, where the taxpayer has to justify the reasons as to why he should be eligible to continue under Composition Scheme.

REG-03

A notice which can be sent for clarification for the information provided in the application or documents needed for verification regarding GST Registration. Also, the same form for the notice is applicable for amendment of GST registration. The time limit to reply is 7 working days from the date of receipt of Notice.

ASMT-10

A Scrutiny notice for intimating discrepancies in the GST return after scrutiny along with tax, interest and any other amount payable such as late fees in relation to such discrepancy found in returns filed. The time limit for such reply is the prescribed time limit given in Show Cause Notice or a maximum time of 30 Days from the date of receipt of Notice. Here the taxpayer has to reply in ASMT-11 giving reasons for the discrepancies found in GST Returns.

ASMT-14

A show Cause Notice for assessment under section 63 stating the reasons for conducting the assessment on best judgement basis. These notice is generally sent to the taxpayer who has failed to obtain registration under GST or whose registration has been cancelled. The time limit to reply is 15 days from the date of receipt of Notice. The Assesse has to reply in written form and has to appear before the GST Department.

ADT-01

Notice for conducting audit by Tax authority under Section 65. Time limit to reply is the time prescribed in the notice. The taxpayer needs to attend in person as directed in the notice or produce records. If not, it is assumed that taxpayer does not possess books of accounts and proceedings will be initiated against him.

DRC-01

A Show cause Notice issued for demanding tax paid shortly or not paid with or without an intent to defraud. It is usually served along with a statement of details in DRC-02. The time limit to reply to such notice is 30 days from receipt of notice. The taxpayer needs to file the reply in Form DRC-03 for paying the amount of tax demanded in the notice along with Interest and penalty, if any applicable.

Some Modes of Receiving GST Notices

- The notice is either hand-delivered to the taxpayer or is sent by a courier by registered post or a speed post or a courier with an acknowledgement.
- Communication to the registered email address.
- Notice is made available on GST Portal and can be viewed by logging in.
- Publication in a regional newspaper being circulated in the locality of the Taxpayer.

The taxpayer is not required to act or reply to any notice or such Communication if it is received in any other modes rather than the above mentioned.

Reply to GST Notices

A reply can be submitted online through logging in GST Portal. If payment is necessary then it can be made in the next month's particular return or by making voluntary payment through DRC-03. In case the registered person fails to reply to Notice within stipulated time then he shall be liable for penalties and other proceedings under GST Law.

A taxpayer can authorize another representative or a practicing chartered accountant to look into the matters related to GST notices.

Scrutiny

In terms of GST it implies verification of correctness of information submitted in the GST returns filed by the taxpayer. It basically arises when the assessing officer suspects that the registered person has understated his income/ gross receipts or has underpaid tax liability arising on him, or is continuously filing Nil GST Returns. **Section 61** of CGST Act, 2017 contains provisions of scrutiny of GST Returns which empowers the proper officer to scrutinize the return and its correctness and accordingly initiate the proceedings.

Scrutiny Assessment Process

- Notice in ASMT-10
- Registered Person may accept and pay the Tax/ Interest
- If not then he may furnish his explanation in ASMT-11 (Within specified time limit)
- Proper Officer may accept the reply within 30 days from receipt of ASMT-11.
- Proper Officer may proceed further if he is not satisfied with the reply in ASMT-11.

The Tax Officer can take following actions such as

- Conduct a tax audit under section 65
- Conduct a special audit under section 66
- Survey/Inspection under section 67
- Initiate demand and recovery provisions.

Consequences of not responding to a Scrutiny Notice

If the registered person fails to reply to the Show cause notice or within stipulated time frame then the proper officer can take action under section 73 (Non-fraudulent) or section 74 (Fraudulent) and will issue an order demanding tax dues along with interest and penalty, if any.
