



PRACTICAL TIPS & HANDLING DIFFERENT NOTICES UNDER GST

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MASTERING GST NOTICES

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1. Understanding GST Law : Mastering key areas
 2. Develop proficiency in GST Procedures
 3. Mastering Documentation and Drafting Skills
 4. Technical skills in GST Analytics
 5. Stay updated with Amendments
 6. Learn from Practical Issues and Case Studies
 7. Develop specialization in Specific Sectors
 8. Professional ethics as per ICAI norms
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HANDLING DIFFERENT NOTICES UNDER GST

AUDIT / ADJUDICATION / ASSESSMENT

- Sec.59 to 64 – Self assessment, Provisional assessment, Scrutiny of returns, Assessment of non-filers of returns, Assessment of unregistered persons, Summary assessment in certain special cases
 - Sec.65 & 66 – Audit by tax authorities and Special Audit
 - Sec.73 & 74 – Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized by reason of fraud or any willful misstatement or suppression of facts or otherwise
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SEC.59 – SELF ASSESSMENT

- Self Assessment is the basis of scheme of assessment under GST Act.
 - Every person who is liable to pay tax under GST ACT is required to get themselves registered, assess the tax liability and file returns on self assessment basis.
 - Returns in GSTR-1, GSTR-3B, GSTR-4 (Composition), GSTR-5 (Non-resident taxable), GSTR-5A (OIDAR), GSTR-6 (ISD), GSTR-7 (TDS), GSTR-8 (E-Commerce Operator)
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SEC.60 – PROVISIONAL ASSESSMENT

- If taxable person is not able to determine the value of goods or services or determine rate of tax
 - He can make an application to proper officer in writing in ASMT-01, giving reasons for payment of tax on provisional basis
 - Proper officer can ask for additional information in ASMT-02
 - Reply by taxable person in ASMT-03
 - Pass Order within 90 days of ASMT-01 in ASMT-04
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SEC.62 –ASSESSMENT OF NON-FILERS

- Officer to issue notice u/s 46 (Notice for return defaulters) to file returns & upload summary in DRC-01
 - If taxpayer does not file return within 15 days, then proceed for best judgement assessment.
 - Order to be issued within 5 years from due date of annual return in ASMT-13 & summary order in DRC-07
 - If taxpayer files return within 60 days (extended by further 60 days) from the date of order, then order shall be deemed to be withdrawn
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SEC.63 –ASSESSMENT OF UNREGISTERED

- Officer to issue notice in ~~ASMT-14~~ **PERSONS** containing grounds on which assessment is proposed to be made on best judgement assessment & serve summary in DRC-01
- Allow 15 days time to furnish reply
- Pass order in ASMT-15 and summary order in DRC-07
- Issue order within 5 years from due date of annual return

(Sec.62 & 63 starts with the words “*notwithstanding anything to the contrary contained in Section 73 / 74 / 74A*”. ***This means that it has overriding effect over demand and recovery proceedings***)

SEC.64 – SUMMARY ASSESSMENT IN SPECIAL CASES

- Proper officer may proceed to assess the tax liability of any person, if
 - ✓ He has evidence showing a tax liability coming to his notice
 - ✓ With previous permission of Additional / Joint Commissioner
 - ✓ He has sufficient grounds to believe that any delay in doing so may adversely affect interest of revenue.
 - Pass order in ASMT-16 & summary order in DRC-07
 - Taxpayer can make application in ASMT-17 to AC/JC within 30 days to withdraw order if the same is found erroneous
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SEC.61 – SCRUTINY OF RETURNS

- Notice issued in ASMT-10 to scrutinize returns filed to verify correctness
 - Taxpayer to reply (accept / partly accept / do not accept discrepancy) in ASMT-11 within 30 days
 - If taxpayers' explanation is found acceptable, then issue ASMT-12 and close the case. No further action required.
 - If taxpayers fail to reply satisfactorily, officer may initiate action under Sec.65 (Audit) / Sec.66 (Special Audit by CA) / Sec.67 (Inspection, Search and seizure) or proceed to determine the tax and other dues under Sec.73 / 74 / 74A (from FY 2024-25 onwards)
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DETERMINATION OF TAX NOT PAID OR SHORT PAID OR ERRONEOUSLY REFUNDED

Section 73

- 🔗 Applicable in case of non-payment or short payment or erroneous refund of tax without fraud or willful misstatement or suppression of facts to evade tax

Section 74

- 🔗 Applicable in case of non-payment or short payment or erroneous refund of tax with fraud or willful misstatement or suppression of facts to evade tax

Proper officer to issue Show Cause Notice under both the sections

Statement containing non payment or short payment of tax can be served for other periods instead of show cause notice, only if the grounds raised are identical to the ones raised in the show cause notice

Time limit for issue of order - Within **3 years** from the due date or actual date of filing of annual return

Time limit for issue of order - Within **5 years** from the due date or actual date of filing of annual return

Time limit for issue of notice - Atleast **3 months** prior to issue of order

Time limit for issue of notice - Atleast **6 months** prior to issue of order

PAYMENT OF TAX WITH INTEREST AND PENALTY

Where amount of tax is paid along with interest thereon in following situations, penalty provisions are made applicable as given below :

Sr.	Situation	Section 73	Section 74
1	Before issuance of Show Cause Notice	No Penalty	15% of tax amount
2	Within 30 days after the issuance of Show Cause Notice	No Penalty	25% of tax amount
3	After 30 days of issue of Show Cause Notice or after issue of Order	10% of tax or Rs.10,000/- whichever is higher	
4	Within 30 days of communication of Order	-	50% of tax amount

Sec.74 Explanation 2 - For the purposes of this Act, the expression "suppression" shall mean non-declaration of facts or information which a taxable person is required to declare in the return, statement, report or any other document furnished under this Act or the rules made thereunder, or failure to furnish any information on being asked for, in writing, by the proper officer."

ISSUES RAISED IN ASMT-10 / SCN – DRC-

S r	Para	Issue
1	72	In-eligible ITC claimed from GSTR-3B non filers
2	73	Excess ITC availed in GSTR-3B/9 which is not confirmed in GSTR-2B/2A
3	74	In-eligible ITC claimed from RC cancelled suppliers
4	77	Short payment of tax under RCM in GSTR-3B/9 than shown in GSTR-1
5	80	Short payment of Interest for delayed filing of GSTR-3B
4	103	Additional tax payable as per GSTR-9
5	219	Unreconciled tax in Table 9R and unreconciled ITC in Table 12F of GSTR-9C

Note : The above parameters are as per notices issued by State Department. Notices issued by Central department do not contain para numbers.

ISSUES RAISED IN SCN

- **ITC Mismatch (GSTR-2A/2B vs 3B)** – State that ITC eligibility is governed by Sec.16, not mere reflection in 2A/2B.
 - Provide reconciliation + vendor-wise details + proof of payment
 - Denial of ITC cannot be without supplier default
 - **Difference in GSTR-1 vs GSTR-3B** – Explain timing differences, amendments or clerical errors.
 - Submit month-wise reconciliation with corrections made
 - No revenue loss if tax is paid
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ISSUES RAISED IN SCN

- **E-way bill Vs Return mismatch** – Clarify nature of movement (stock transfer, job work, return). Identify errors while generating e-way bill.
 - Reconcile e-way bill data with Sales register and GSTR-1
 - Submit supporting documents like delivery challans
 - **Excess ITC claim** – Demonstrate eligibility under Sec.16 & restriction under Sec.17(5). Provide Invoice-wise ITC working. Identify invoices on which ITC for PY claimed in CY and ITC for CY claimed in next year
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ISSUES RAISED IN SCN

- **Fake / Bogus ITC claim** – Establish genuineness : invoices raised, delivery challans, payments done, GRN, ledger confirmation etc.
- **NGTP – Non-genuine tax payers** – Taxpayer should request for proof of investigation carried out either by CGST/SGST and should be part of impugned notice. Establish genuineness : invoices raised, delivery challans, payments done, GRN, ledger confirmation etc.

Ref : Judgement of Supreme Court in Shanti Kiran India Pvt Ltd. [2025] 179 taxmann.com 665 (SC) – Need to establish that the transaction is bonafide. In such case ITC benefit should be allowed after due verification.

DUE DATES

Sr	FY	GST Annual Return Due date		Section 73		Section 74	
		Original	Extended	Notice u/s 73(2)	Order u/s 73(10)	Notice u/s 74(2)	Order u/s 74(10)
1	2017-18	31.12.2018	07.02.2020	30.09.2023	31.12.2023	07.08.2024	07.02.2025
2	2018-19	31.12.2019	31.12.2020	31.01.2024	30.04.2024	30.06.2025	31.12.2025
3	2019-20	31.12.2020	31.03.2021	31.05.2024	31.08.2024	30.09.2025	31.03.2026
4	2020-21	31.12.2021	28.02.2022	30.11.2024	28.02.2025	31.08.2026	28.02.2027
5	2021-22	31.12.2022	31.12.2022	30.09.2025	31.12.2025	30.06.2027	31.12.2027
6	2022-23	31.12.2023		30.09.2026	31.12.2026	30.06.2028	31.12.2028
7	2023-24	31.12.2024		30.09.2027	31.12.2027	30.06.2029	31.12.2029
Sr	FY	GST Annual Return Due date		Section 74A			
				Notice	Order	Order (Extended period)	
8	2024-25	31.12.2025		30.06.2029	30.06.2030	30.12.2030	

PRACTICAL TIPS FOR DRAFTING

1. Understand the notice thoroughly
 2. Verify facts with records
 3. Classify issues – Legal v Factual
 4. Draft structured reply
 5. Support with documentary evidences
 6. Cite relevant case laws
 7. Maintain professional tone
 8. Timely submission & take acknowledgement from proper officer
 9. Opt for personal hearing
 10. Check for Voluntary payment option in case of accepted dues
 11. Review before submission
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ASMT-10 AND DRC-01

ASMT-10	DRC-01
This is scrutiny of returns	This is Demand / Adjudication
Ask for explanation for discrepancies in return	Demand tax, interest, penalty
Preliminary enquiry	Show Cause Notice for recovery
Reply in ASMT-11	Reply to SCN followed by adjudication
Scrutiny closed by acceptance by issuing ASMT-12 or proceed to issue notice in DRC-01	Final demand order in DRC-07
Appeal cannot be directly filed – ASMT-12 is issued only in case all the points are accepted	Appeal can be filed against DRC-07

FOOD FOR THOUGHT

A taxpayer has wrongly shown outward supply in GSTR-1 as 10 lac instead of 1 lac. He correctly paid tax on 1 lac in GSTR-3B. Now there is a difference between GSTR-1 & GSTR-3B? What are the consequences?

Section 75(12) – Notwithstanding anything contained in sec 73 or 74 or 74A, where any amount of self-assessed tax in accordance with a return furnished under sec 39 remains unpaid, either wholly or partly, or any amount of interest payable on such tax remains unpaid, the same shall be recovered in accordance with the provisions of sec 79.

Instruction No.01/2022 dt.07.01.2022 – The proper officer may send communication to the registered person to pay the amount or to explain the reasons thereof, within a reasonable time. It should be to the 'satisfaction of the proper officer'

FOOD FOR THOUGHT

Rule 88C – If tax payable as per GSTR-1 is more than GSTR-3B, officer shall intimate difference in Part A of Form GST DRC-01B, directing him to pay differential tax liability alongwith interest in DRC-03 or explain the difference within 7 days.

Taxpayer to pay accepted tax in DRC-03 and furnish details in Part B of DRC-01B; or furnish a reply for unpaid amount in Part B of DRC-01B.

If amount remains unpaid and no reply is given / reply is not satisfactory, the said amount shall be recovered in accordance with provisions of Sec 79.

Rule 88D – Where ITC availed in GSTR-3B is more than GSTR-2B, officer shall intimate difference in Part A of Form GST DRC-01C directing him to pay differential tax liability alongwith interest in DRC-03 or explain the difference within 7 days.

Taxpayer to pay accepted tax in DRC-03 and furnish details in Part B of DRC-01B; or furnish a reply for unpaid amount in Part B of DRC-01B.

If amount remains unpaid and no reply is given / reply is not satisfactory, the said amount shall be liable to be demanded in accordance with provisions of Sec 73 / 74 / 74A

FOOD FOR THOUGHT

- 1) The taxpayer has received notice in DRC 01 covering the issue of mismatch of the input tax credit, and a demand under IGST is raised. At the time of verification, the officer has identified a mismatch for CGST and SGST. Can the officer pass an order for CGST and SGST ?
 - 2) The taxpayer receives a notice in ASMT 10 and pays the tax along with applicable interest and submits a reply in ASMT 11. Instead of dropping the proceedings, the officer issues DRC 01A with an updated interest amount and demands both tax and interest. Is the notice valid? If yes, what is the remedy, and can the officer initiate drop proceedings without issuing DRC 01 notice?
 - 3) Can officers demand a penalty under 122 if proceedings are initiated in section 74?
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GENERAL PROVISIONS RELATING TO DETERMINATION OF TAX - SEC.75

Opportunity of being heard : An opportunity of hearing shall be granted where a request is received in writing from the person chargeable with tax or penalty, or where any adverse decision is contemplated against such person.

Adjournment of hearing : The proper officer shall, if sufficient cause is shown by the person chargeable with tax, grant time to the said person and adjourn the hearing for reasons to be recorded in writing.

Provided that no such adjournment shall be granted for more than 3 times to a person during the proceedings.

Speaking Order : The proper officer, in his order, shall set out the relevant facts and the basis of his decision.

Demand order should not be more than amount specified in notice and grounds shall be same: The amount of tax, interest and penalty demanded in the order shall not be in excess of the amount specified in the notice and no demand shall be confirmed on the grounds other than the grounds specified in the notice.

Modification of Order by Appellate Authority or Tribunal : Where the Appellate Authority or Tribunal or Court modifies the amount of tax determined by proper officer, the amount of interest and penalty shall stand modified accordingly.

GENERAL PROVISIONS RELATING TO DETERMINATION OF TAX - SEC.75

Mandatory payment of interest even though not specified in notice : The interest on the tax short paid or not paid shall be payable whether or not specified in the order determining the tax liability.

Demand order must be within time : The adjudication proceedings shall be deemed to be concluded, if the order is not issued within 3 years as provided in Sec 73(10) or within 5 years as provided in Sec 74(10)

Period between decision of two authorities to be excluded : In case of appeal filed by department against prejudicial decision of the Appellate Authority / Appellate Tribunal / High Court, period between the date of decision of the higher authority and that of the lower authority to be excluded.

Recovery of self assessed tax : Notwithstanding anything contained in Sec.73 or 74, where any amount of self assessed tax in accordance with a return furnished under sec.39 remains unpaid, either wholly or partly, or any amount of interest payable on such tax remains unpaid, the same shall be recovered under the provisions of Sec.79

Penalty only once : Where any penalty is imposed u/s 73 or 74, no penalty for the same act or omission shall be imposed on the same person under any other provisions of this Act.

TAX COLLECTED BUT NOT PAID TO GOVERNMENT - SEC.76

Amount representing tax collected from any person to be paid to the Central Government :

Any person who has collected the amount from any other person in respect of tax under this act, and has not paid the said amount to the Government, shall forthwith pay the said amount to the Government, irrespective of whether the supplies in respect of which such amount was collected are taxable or not. Such amount shall be required to be determined along with the applicable interest under section 50 and penalty as specified.

Issue of Show Cause Notice : Proper officer may serve SCN on the person specifying the amount of tax and penalty equivalent to tax.

Interest Payment : Interest shall be payable from the date such amount was collected to the date such amount is paid to the Government.

Opportunity of being heard : An opportunity of being heard shall be granted where a request is received in writing.

Demand Order : Proper officer after considering representation, determine the amount due and such person shall pay the amount so determined.

Time limit for issue of Order : within one year from the date of issue of the notice.

Speaking Order : Proper officer shall set out the relevant facts and the basis of his decision.

Period of stay excluded : Where the issuance of order is stayed by an order of the Court or Appellate Tribunal, the period of such stay shall be excluded in computing the period of one year.

NOTICE FOR RECOVERY AFTER 1ST

APPEAL

- 1st Appellate Authority has confirmed demand. GSTAT is still not operational.
 - If taxpayer wants to file appeal before GSTAT, he has to make payment of pre-deposit as per Sec.112(8). Once pre-deposit is paid, demand is stayed as per Sec.112(9).
 - But there is no mechanism to pay. Taxpayer is ready to pay through DRC-03, or by crediting electronic liability register.
 - Circular No.224/18/2024 dt.11.07.2024 – Make payment of amount equal to pre-deposit by navigating to Services >> Ledgers >> Payment towards demand. The taxpayer will be navigated to Electronic Liability Register (ELL) Part-II – then select the order – map the payment against order.
 - This amount will be adjusted against pre-deposit at the time of filing appeal before GSTAT.
 - File undertaking / declaration that appeal will be filed – (Annexure-II)
 - Demand will be stayed
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DENIAL OF ITC - TRIPURA HIGH COURT – SAHIL

ENTERPRISES

- *Section 16(2)(c) of the Act is held not violative of Articles 14, 19(1)(g) or 265 or 300-A of the Constitution of India but Section 16(2)(c) of the Act ought not to be interpreted to deny ITC to purchasers in a bona fide transaction like the petitioner and it should be read down and applied only where the transaction is found to be not bona fide or is a collusive transaction or fraudulent transaction to defraud the revenue.*
- Parliament, while enacting Section 16(2)(c), failed to distinguish between:
 - ✓ buyers who transacted in good faith, taking all precautions required under the Act, and
 - ✓ those who were complicit or negligent in transacting with non-compliant sellers.
- The court observed that there is a need to restrict the denial of ITC only to sellers who failed to deposit collected taxes, and not to punish bona fide buyers.
- Importantly, the court did *not* hold Section 16(2)(c) as unconstitutional—and rightly so. Striking down the provision entirely would have opened floodgates for fraudulent minds. Instead, the court adopted a more nuanced approach: it "read down" the section, narrowing its scope to apply only to non-bona fide, collusive, or fraudulent transactions.
- In other words, once a buyer establishes his bona fides, the focus of recovery must shift to the seller, not remain fixated on the easier target.
- It underscores a fundamental principle: in the pursuit of revenue protection, fairness and justice must



THANK

YOU

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1. UNDERSTANDING GST LAW : MASTERING

KEY AREAS

- Understand CGST, SGST and IGST Act and its Rules,
- Changes in Finance Act
- Notifications, Circulars etc.
- Evidence Act
- Limitation Act
- Civil Procedure Code, 1908
- Mastering Key areas like Classification, Input Tax Credit (ITC) Mismatch, Place of Supply (PoS), E-way bill, Export/SEZ, Valuation etc.

2. DEVELOP PROFICIENCY IN GST

PROCEDURES

1. Adjudication and Assessment – Understand SCN formation, powers of proper officer, time lines for determination of liability etc.
2. Appeal – First Appeal (Appellate Authority), Second Appeal (GSTAT), High Court, Supreme Court, Writ petition
3. GSTAT – Understand the procedures, drafting appeals, preparing paper books, citing statutory provisions and circulars

3. MASTERING DOCUMENTATION AND DRAFTING SKILLS

1. How to draft reply to Show Cause Notice
2. Statementing facts of the case
3. Legal provisions in GST Act
4. Circulars / Notifications to support the legal provision
5. Judicial precedents – Case Laws
6. Evidences like Invoices, delivery challans, contracts, e-way bills, reconciliation statements etc.
7. Observe statutory timelines strictly

4. TECHNICAL SKILLS IN GST ANALYTICS

1. Excel skills / Analytical skills
2. Reconciliation of GSTR-1, 3B, 9, 2A/2B with Purchase / Sales register as per books of accounts
3. Ledger analysis (Cash / Credit / Liability)
4. GST refund calculation (Rule 89, inverted duty structure)
5. ITC working (Rule 42 / 43)

5. STAY UPDATED WITH AMENDMENTS

1. Various Notifications and Circulars – any amendments in subsequent notifications
2. Latest Amendments in Act and Rules
3. GST Council decisions – Questions raised before GST Council & Minutes of the meeting for changes made

6. LEARN FROM PRACTICAL ISSUES AND CASE STUDIES

1. Practical issues arising during day to day compliances
2. Problems like blocking of ITC
3. Transition issue
4. GST website technical issues etc.
5. Aadhar authentication, Refund delays
6. Registration and its cancellations
7. Extension of timelines for various reasons in various areas

7. DEVELOP SPECIALIZATION IN SPECIFIC SECTORS

- 1.Specialized knowledge of various sectors
- 2.Real Estate,
- 3.E-commerce
- 4.Lodging & Restaurant
- 5.Automobile, Manufacturing, Job work etc.
- 6.Digital & Cloud services
- 7.Supply to and from SEZ / EOU

8. PROFESSIONAL ETHICS AS PER ICAI NORMS

1. Accuracy in submission
2. No suppression / misrepresentation
3. Maintaining independence and integrity
4. Acting in the best interest of your client without compromising
5. Ethical practice