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Office of the Commissioner of State Goods and Services Tax Department  
Government of Kerala, Thiruvananthapuram

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No. CT/6845/2019-C1

Dated **30/05/2019**

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**Circular No.7/2019**

Sub:- SGST – Scrutiny of self assessed returns filed by registered persons -  
Discrepancies noticed - Failure to take corrective measures to rectify the  
discrepancies - Completion of assessments - guidelines issued- reg.

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The due date for filing returns under Goods and Services Tax Act for the period 2017-18 and the time limit for its rectifications, if any, was over as per Section 39 of the SGST Act. Therefore, scrutiny of returns is to be commenced immediately in the interest of revenue. During the scrutiny of returns, if it is found that the outward supply has escaped, or has been under assessed, or self assessed at a lower rate of tax or availed ineligible exemption or availed ineligible input tax credit etc., steps have to be taken to proceed for assessment.

As per Section 61 of SGST Act, 2017, the Proper Officer may scrutinize the return and related particulars furnished by the registered person to verify the correctness of the return. During scrutiny, if any discrepancy is noticed, in accordance with the procedure prescribed under SGST Rules 99, the Proper Officer shall issue a notice to the assessee in FORM GST ASMT-10, manually informing him of such discrepancy and seeking his explanation thereon. While issuing notice, the Proper Officer shall quantify the amount of tax, interest and any other amount payable in relation to such discrepancy. As per law, while

issuing FORM GST ASMT-10, the Proper Officer shall give time to the assessee, not exceeding thirty days from the date of service of the notice, to furnish reply. If the assessee accepts the discrepancy mentioned in the notice and pay the tax, interest or any other amount arising from such discrepancy, then he may inform the same to Proper Officer in FORM GST ASMT-11. If there is justifiable reasons, Proper Officer may permit such further period to file FORM GST ASMT-11 not exceeding 15 days. Where the explanation furnished by the assessee is found to be acceptable, the proper officer shall inform the assessee in FORM GST ASMT -12 and no further action shall be taken in this regard.

In case no satisfactory explanation is furnished within a period of thirty days of being informed by the proper officer or such further period as may be permitted by him or where the assessee after accepting the discrepancies, fails to take corrective measure in his return for the month in which the discrepancy is noticed, the proper officer shall proceed to determine the tax and other dues under Section 73. In case of fraud or willful suppression of facts, the Proper Officer shall proceed under Section 74.

As the online system is not ready, after the expiry of 30 days from date of issuance of FORM GST ASMT-10, the Proper Officer shall issue manual notice in FORM GST DRC-01, along with statement in FORM GST DRC-02, as required under Rule 142(1), specifying therein the details of tax, interest, penalty payable under Section 73(3) or 74(3) of the SGST Act. On receipt of the notice, if the assessee admits the discrepancy, then further process shall be completed as per Rule 142(3) of the SGST Rules. If the annual return in GSTR-9 for the period 2017-18 is filed rectifying the defects, the same shall be accepted.

If the assessee fails to take corrective measures even after issuing FORM GST DRC-01 and FORM GST DRC-02, after the expiry of 30 days, adjudication shall be finalized by issuing FORM GST DRC-07. The proper officer shall determine the amount of tax, interest and a penalty equivalent to 10% of tax or Rs.10,000/-, whichever is higher. FORM GST DRC-07 shall be issued online.

All officers are instructed to take action against assesseees who have disclosed higher liability in GSTR-1 compared with GSTR-3B. Also take action against assesseees who have availed wrong VAT - transitional credit, 2A mismatch, etc. From July 2019 onwards, scrutiny for the period 2018-19 is to be commenced and proceeded to assess the discrepancies.

The Deputy Commissioners shall ensure that scrutiny of returns for the period 2017-18 in respect of A, B and C category dealers, is completed on or before 15<sup>th</sup> June, 2019. Being top priority cases, if any discrepancy is detected, notices to the assesseees in FORM GST ASMT-10 are to be served before 20<sup>th</sup> June 2019. In respect of the remaining categories, issuance of notices, if any, is to be completed on or before 15<sup>th</sup> July, 2019. report on the action taken in this regard is to be furnished every month from the 1<sup>st</sup> July, 2019 in the following format.

No.of cases in which GST ASMT-10 issued	SGST	CGST	Cess	No. of cases concluded based on reply	No.of cases in which GST DRC - 07 issued.	SGST	CGST	Cess	Penalty

Sd/-

**TINKU BISWAL IAS**  
**COMMISSIONER**