

**Office of the Commissioner of the State Goods and Services Tax
Department, Tax Towers, Karamana, Thiruvananthapuram – 695002**

SGST Policy Division

E-mail: cstpolicy.sgst@kerala.gov.in

Ph: 04712785276

File No. SGST/8220/2024-PLC8

Date : 20-01-2025

Circular No. 3/2025-Kerala SGST

Subject:- Subject-wise issuance of separate notices to the same taxpayer under sections 73 and 74 of the KSGST Act, 2017 - clarification - Instructions issued – reg

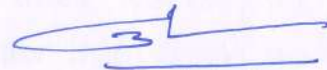
1. This office has issued instructions to the field formations for determining the proper officer for the issuance of notices and for the issuance of adjudication orders under sections 73 and 74 of the Goods and Services Tax Act, 2017 (hereinafter referred to as "KSGST Act") vide Circular No.06/2023 dated 08.01.2023. Later instructions were issued vide Circular No.16/2023 dated 09.10.2023 for the application of the provisions of Sections 73 and 74 of the KSGST Act.
2. The Gist of Circular No.16/2023 dated 09.10.2023 referred to above is extracted below;
 - i. GST law envisages a subject matter-based litigation system primarily based on the self-assessed returns filed by the taxpayer. Each subject matter of a taxpayer is to be treated independently of the other subject matters of the same taxpayer.
 - ii. In case a taxpayer is found to have multiple subject matters for which determination of tax is required under both Sections 73 and 74 of the said Acts, separate notices shall be issued to the taxpayer under each section for the respective subject matters. All the subject matters that fall under Section 73 should be covered in a notice issued under that section, while the remaining matters of

Section 74 shall be dealt with in a separate notice under the said Section. Therefore, the JC Intelligences approves the investigation report, the audit monitoring committee which considers draft audit paras, the proper officer in Taxpayer services who undertakes scrutiny of returns etc. are required to clearly delineate the subject matters between Sections 73 and 74.

- iii. It was also clarified that the process of closure of proceedings in Sections 73 and 74 speaks of the conclusion at the notice level and not at the subject matter level. For instance, a notice issued under section 73(1) is concluded entirely in section 73(8), rather than on a specific subject matter within that notice. Similar situation exists in Section 74. Therefore, the subject matters that fall under Section 73 and those matters that fall under Section 74 should not be combined into a single notice as it creates difficulty in operationalizing the subsequent adjudication/closure provisions under each of those Sections
3. Even though the instructions were issued, it has been ascertained from the field that some authorities have issued combined DRC01s for notices under sections 73 and 74, which has resulted in difficulties in adjudication.
4. Hence, in exercise of powers conferred under section 168 (1) of the KSGST Act 2017, further instructions are issued to bring uniformity in the implementation of the provisions across the field for issuing notices and passing orders under section 73 and section 74 of the Act.
 - a. The sub-rule (1) of Rule 142 says that **the proper officer shall serve, along with the Notice** issued under section 52 or section 73 or section 74 or section 74A or section 76 or section 122 or section 123 or section 124 or section 125 or section 127 or section 129 or section 130, **a summary thereof electronically in FORM GST DRC-01**. Therefore, a detailed show cause notice must be prepared manually, and a summary of each such notice shall be communicated electronically in DRC-01 through the common portal for every such notice.
 - b. Currently, the facility for issuing show cause notices is limited to

a single notice per case ID in the Audit module of the Model-2 BO portal. Until GSTN implements a permanent solution for issuing multiple SCNs and DRC-01s on the portal, proper officers under the Audit vertical must create a new adjudication case ID for each additional notice. All records related to the issuance of each show cause notice must be uploaded manually under the corresponding case ID.

- c. The district/state back-office team shall give necessary assistance for the same.
 - d. The pecuniary limit prescribed in the above mentioned circular for issuing show cause notices and passing orders applies to each individual notice and order. All subject matters across the whole period that is covered under section 73 should be handled in a single SCN under that section. A similar procedure should be followed for Section 74 notices as well. SCNs should not be artificially divided into multiple notices by segregating them year-wise.
5. Difficulty, if any, in the implementation of this Circular may be brought to the notice of the undersigned.



20/1/25

AJIT PATIL I A S
COMMISSIONER

To

All Concerned