



# SOP for scrutiny of returns including IMS System?

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CA Vaishali Kharde  
(05-02-2025)

# Overview

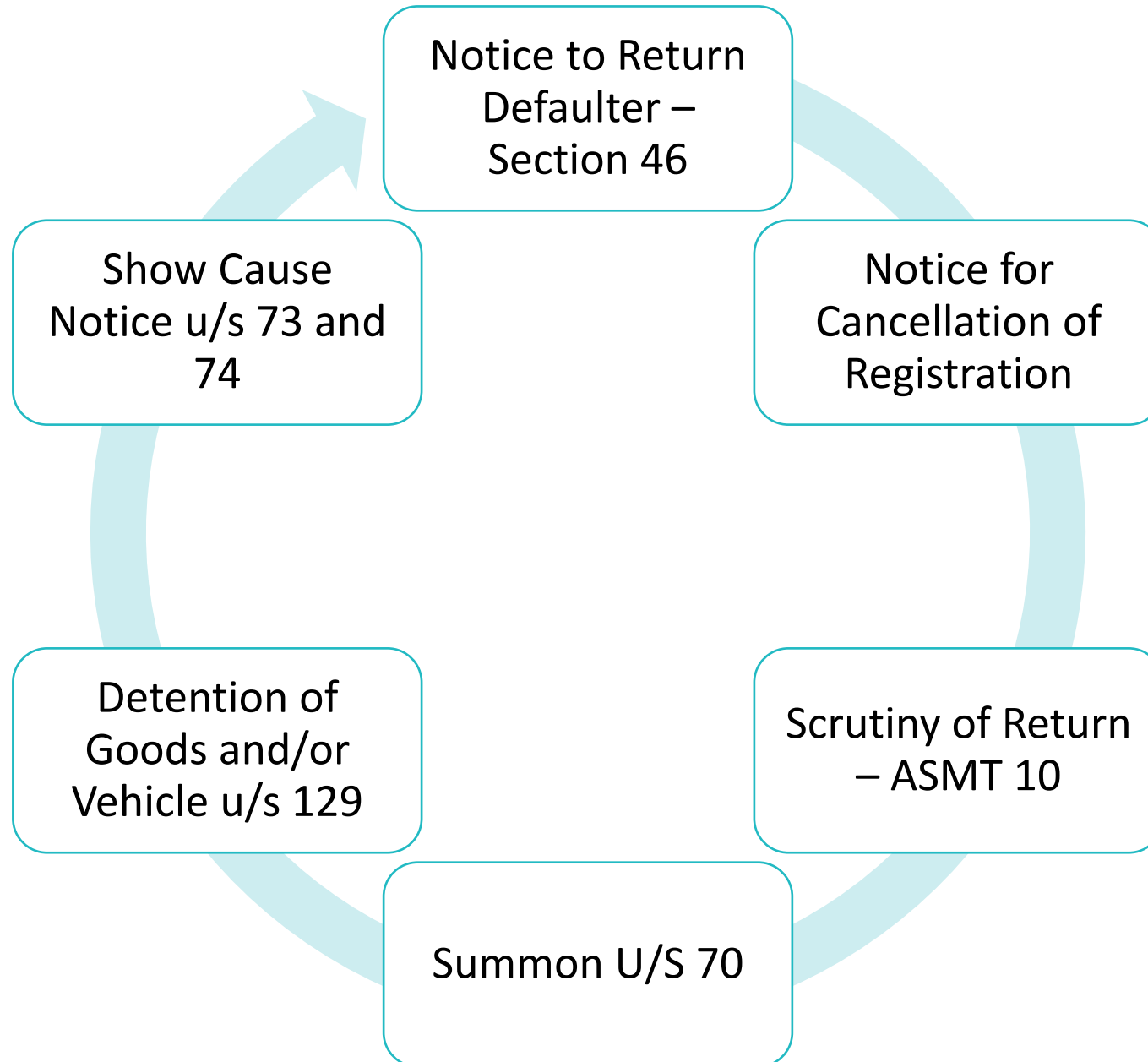
## Pre-GST

- Offline
- No Departmental Integration
- Reference of Pronouncements
- Limited Knowledge Dissemination

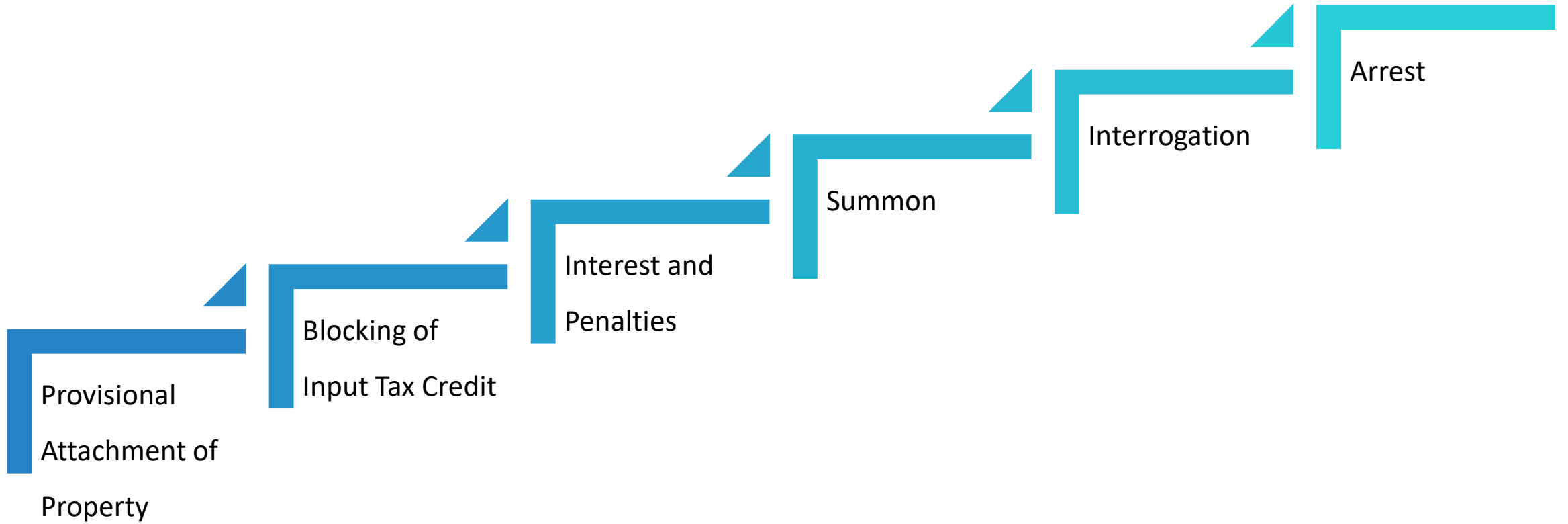
## Post GST

- Online
- Departmental Integration
- No reference or minimal reference
- Unlimited Knowledge Dissemination

# Overview



# Risk



# Key Legal Provisions

## Section 59 to Section 64

- Assessment

## Section 65 and Section 66

- GST Audit by the Authorities

## Section 67 to Section 72

- Inspection of goods in movement

## Section 73 to Section 84

- Demand and Recovery

## Section 95 to Section 106

- Advance Ruling

## Section 107 to Section 121

- Appeals and Revision

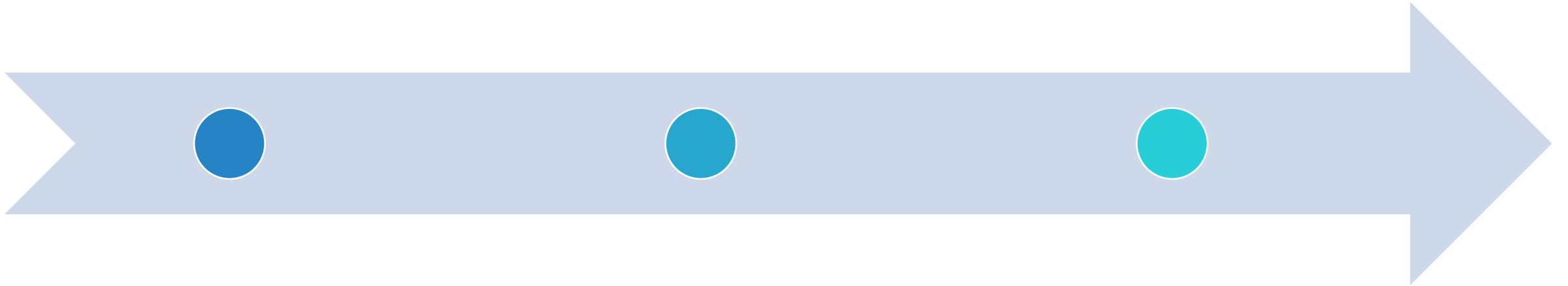
## Section 122 to Section 138

- Offences and Penalties

Overview

Past

Future



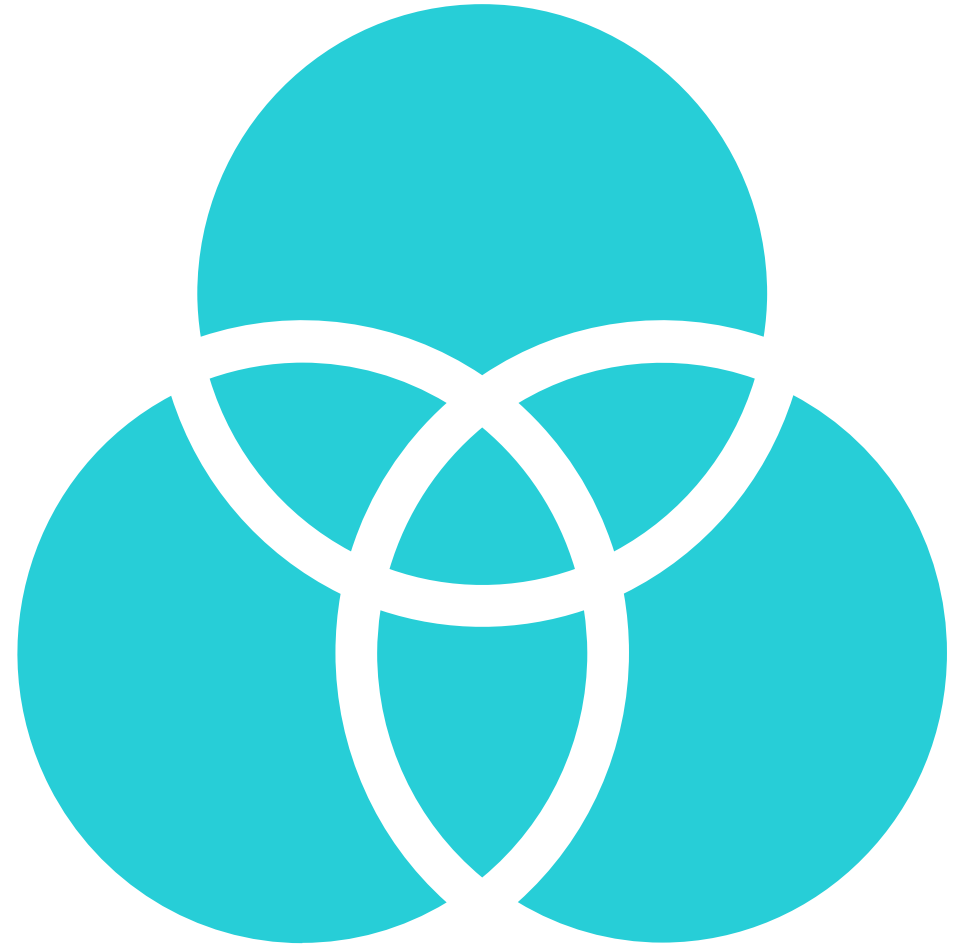
Present



PAST



# Scrutiny of GST Return





## Legal Provision – Section 61 of the CGST Act

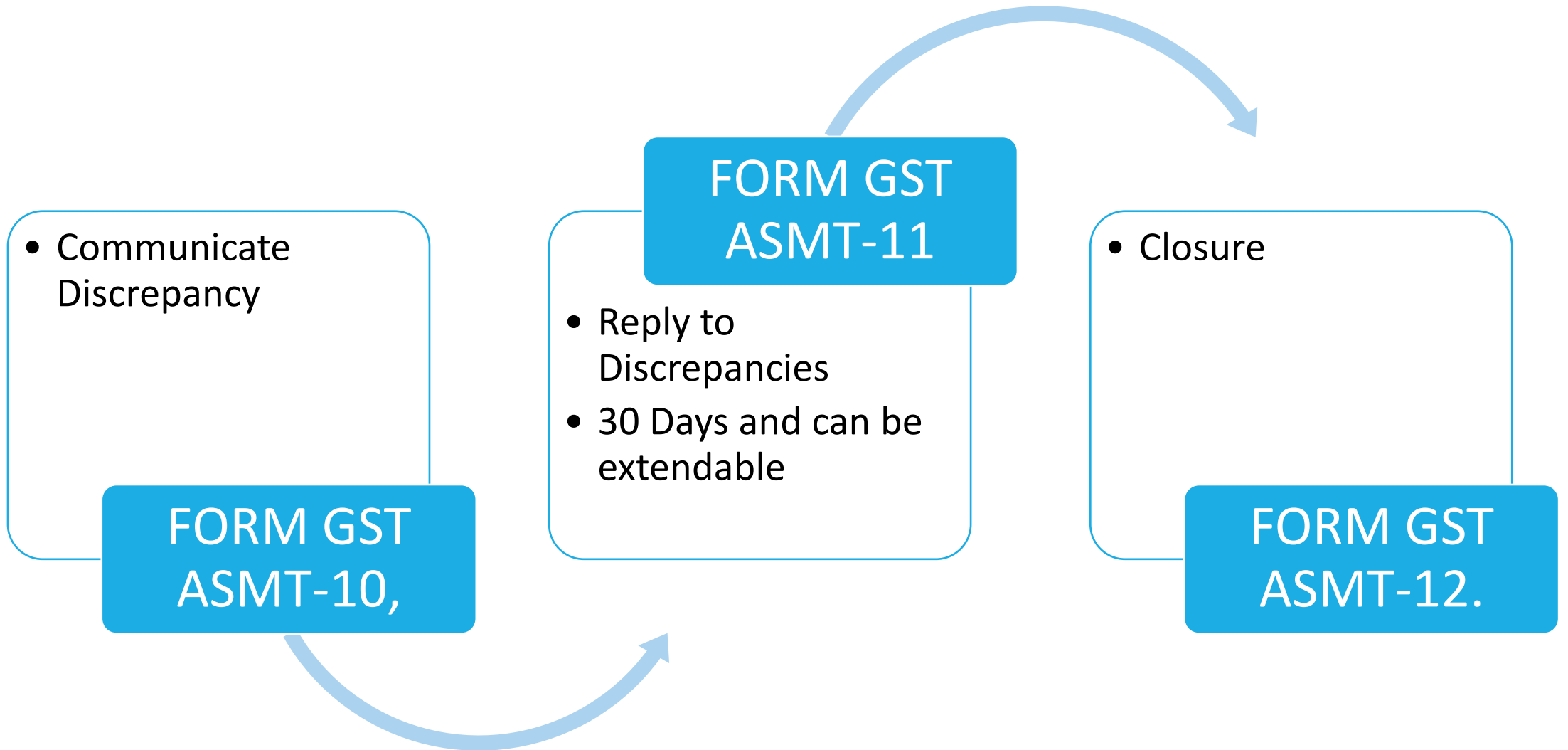
- 61. (1) The **proper officer** may **scrutinize the return and related particulars furnished** by the registered person to **verify the correctness of the return and inform him of the discrepancies noticed**, if any, in such manner as may be prescribed and seek his explanation thereto.
- (2) In case the explanation is found acceptable, the registered person shall be informed accordingly and no further action shall be taken in this regard.
- (3) 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 registered person, after accepting the discrepancies, **fails to take the corrective measure** in his return for the month in which the discrepancy is accepted, the proper officer **may initiate appropriate action including those under section 65 or section 66 or section 67, or proceed to determine the tax and other dues under section 73 or section 74.**

# Legal Provision – Rule 99

- 9. Scrutiny of returns.-
- (1) Where any return furnished by a registered person is selected for scrutiny, the proper officer **shall scrutinize the same in accordance with the provisions of section 61** with reference to the information available with him, **and in case of any discrepancy, he shall issue a notice to the said person in FORM GST ASMT-10**, informing him of such discrepancy and seeking his explanation thereto within such time, not exceeding thirty days from the date of service of the notice or such further period as may be permitted by him and also, where possible, quantifying the amount of tax, interest and any other amount payable in relation to such discrepancy.
- (2) The registered person may accept the discrepancy mentioned in the notice issued under sub-rule (1), and pay the tax, interest and any other amount arising from such discrepancy and inform the same or furnish an explanation for the discrepancy in FORM GST ASMT-11 to the proper officer.
- (3) Where the explanation furnished by the registered person or the information submitted under sub-rule (2) is found to be acceptable, the proper officer shall inform him accordingly in FORM GST ASMT-12.

[Legal Pronouncements](#)

## Procedure



# Procedure

Reply is unsatisfactory

Initiate action including those under Audit (section 65) or Special Audit (section 66) or Inspection (section 67), or SCN U/s 73 or or 74A.

## PAST Challenges

What can be the scope of scrutiny  
and/or validity of Notice issued

- Scrutinize the return and related particulars furnished by the registered person

Procedure Irregularities

Understanding of Reconciliation  
and other Parameter



PRESENT



(SOP) for Scrutiny of returns for FY 2017-18 and 2018-19  
dated 22nd March 2022

[Instruction No. 02/2022-GST ]

- Issued by CBIC
- 14 para's for risk

## Mismatches Parameter

|          |                   |
|----------|-------------------|
| 69 to 83 | • Para Nos.       |
| 14       | • Total Parameter |
| 4        | • Outward Supply  |
| 7        | • ITC             |
| 2        | • RCM             |
| 1        | • Interest        |



## Key Mismatches – Outward Supply

70

- Excess outward tax in GSTR 1 compared to GSTR 9/GSTR 3B

71

- Excess outward tax in E-way bills compared to GSTR-3B

75

- Less turnover shown in GSTR-1 compared to GSTR-8 (TCS)

76

- Less turnover shown in GSTR-3B compared to GSTR-7 (TDS)

## Key Mismatches -ITC

69

- In-eligible ITC claimed from non-genuine taxpayers (NGTPs) whose RC is cancelled abinitio

72

- In-eligible ITC claimed from GSTR 3B Non-filers

73

- Excess ITC claimed in GSTR 3B/9 which is not confirmed in GSTR 2A or 8A of GSTR 9

74

- In-eligible ITC claimed from RC is cancelled suppliers

## Key Mismatches -ITC

78

- ITC claims after the last date of availment of ITC as per section 16(4)- GSTR 3B

81

- Excess IGST on Imports shown in GSTR9\_6E Vs. ICEGATE data
- ITC on import of goods to be verified with 2A

82

- Excess ISD ITC availed in GSTR9\_6G Vs GSTR 2A\_ISD

## Key Mismatches -RCM

77

- RCM Liability disclosed in GSTR 9/3B/4 than shown by suppliers in GSTR-1

83

- Excess RCM ITC in GSTR9\_6CDF than liability shown in GSTR 9\_4G
- RCM liability paid to be reconciled with ITC availed in Table 4(A)(2) and Table 4(A)(3) of FORM GSTR-3B.

## Key Mismatches

80

- Interest on delayed payments made with GSTR - 3B

(SOP) for Scrutiny of returns for for FY 2019-20 onwards

[Instruction No. 02/2023-GST ]

- The SOP for scrutiny of returns provided in the Instruction No. 02/2022-GST dated 22nd March 2022 stands modified to the following extent in respect of scrutiny of returns for financial years 2019-20 onwards

## Key Aspects of SOP

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As far as possible, scrutiny of return should have **minimal interface between the proper officer and the registered person** and, there should normally not be any need for seeking documents/ records from the registered persons before issuance of **FORM GST ASMT-10**.

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There may be cases where the registered person may already have made additional payment of tax, cess, interest, etc. after filing of the returns for the relevant tax period, through **FORM DRC-03**. **The payments thus made through FORM DRC-03 may also be taken into consideration while communicating discrepancies** to the taxpayer in **FORM GST ASMT-10**.

## Key Aspects of SOP

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There will be **no need for sending any manual communication of notice** in FORM GST ASMT-10 by the proper officer to the registered person separately

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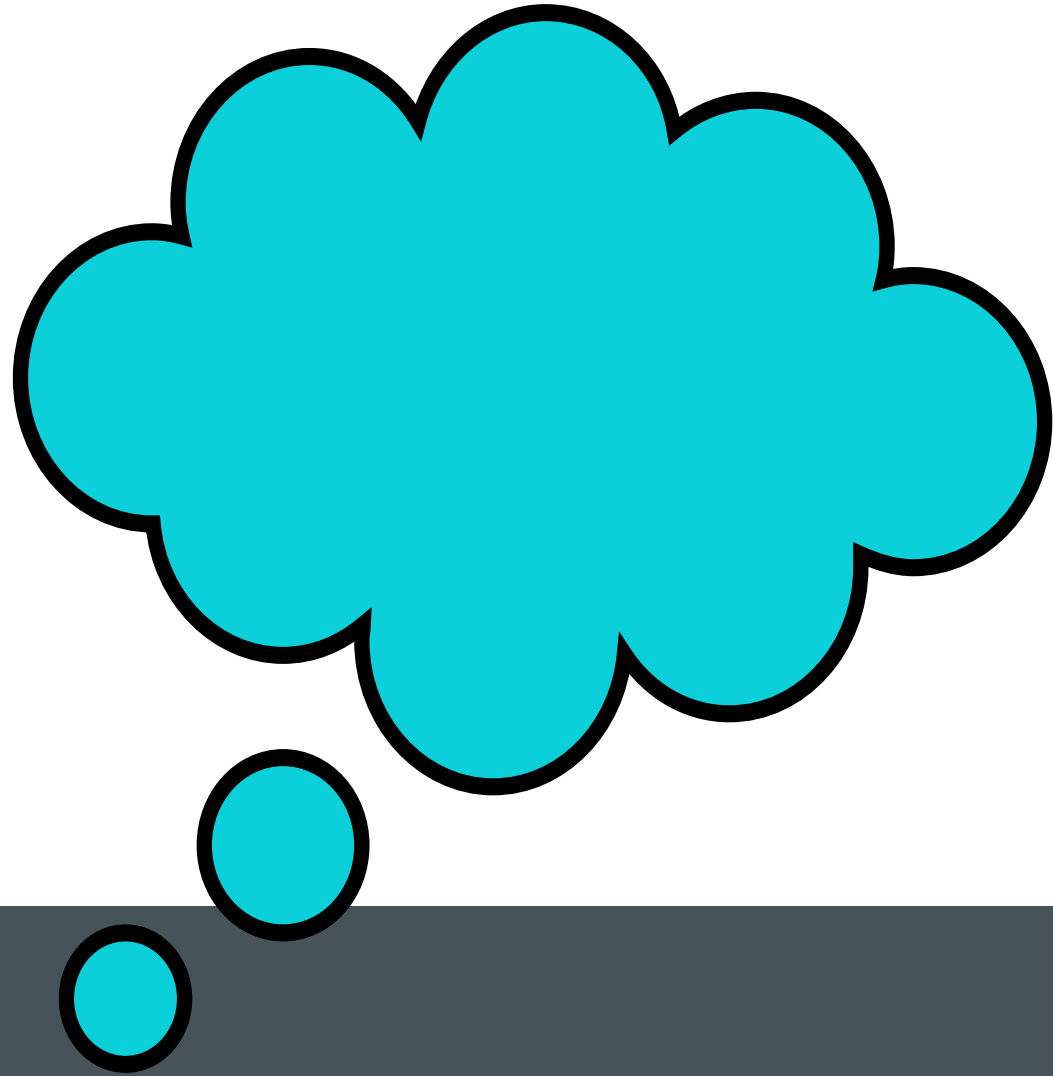
It may also be ensured that the discrepancies so communicated should, as far as possible, **be specific in nature and not vague or general.**



## Key Aspects of SOP

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The proper officer shall mention the parameter-wise details of the discrepancies noticed by him in FORM GST ASMT-10 and shall also upload the worksheets and supporting document(s)/ annexures, if any.



WHAT IS FUTURE?  
ACTION PLAN



# Inward Supply

**AMENDED GSTR-3B**

**NOTIFICATION 14/2022-CT AND**

**CLARIFICATION FOR GSTR-3B -**

**CIRCULAR NO. 170/02/2022-GST**

# GSTR-3B - FORMAT

## 4. Eligible ITC

| Details   | Integrated Tax | Central Tax | State/UT Tax | Cess |
|---|----------------|-------------|--------------|------|
| 1   | 2              | 3           | 4            | 5    |
| <b>(A) ITC Available (whether in full or part)</b>                    |                |             |              |      |
| (1) Import of goods   |                |             |              |      |
| (2) Import of services  |                |             |              |      |
| (3) Inward supplies liable to reverse charge (other than 1 & 2 above) |                |             |              |      |
| (4) Inward supplies from ISD  |                |             |              |      |
| (5) All other ITC   |                |             |              |      |
| <b>(B) ITC Reversed</b>   |                |             |              |      |
| (1) As per rules 42 & 43 of CGST Rules                                |                |             |              |      |
| (2) Others  |                |             |              |      |
| <b>(C) Net ITC Available (A) – (B)</b>                                |                |             |              |      |
| <b>(D) Ineligible ITC</b>   |                |             |              |      |
| (1) As per section 17(5)  |                |             |              |      |
| (2) Others  |                |             |              |      |

# GSTR-3B – FORMAT – REVISED FORMAT

## 4. Eligible ITC Details

| Details   | Integrated Tax | Central Tax | State/UT Tax | Cess |
|---|----------------|-------------|--------------|------|
| 1   | 2              | 3           | 4            | 5    |
| <b>(A) ITC Available (whether in full or part)</b>  |                |             |              |      |
| (1) Import of goods   |                |             |              |      |
| (2) Import of services  |                |             |              |      |
| (3) Inward supplies liable to reverse charge (other than 1 & 2 above)                               |                |             |              |      |
| (4) Inward supplies from ISD  |                |             |              |      |
| (5) All other ITC   |                |             |              |      |
| <b>(B) ITC Reversed</b>   |                |             |              |      |
| (1) As per rules 38, 42 & 43 of CGST Rules and sub-section (5) of section 17                        |                |             |              |      |
| (2) Others  |                |             |              |      |
| <b>(C) Net ITC Available (A) - (B)</b>  |                |             |              |      |
| <b>(D) Ineligible ITC Other Details</b>   |                |             |              |      |
| (1) As per section 17(5) ITC reclaimed which was reversed under Table 4(B)(2) in earlier tax period |                |             |              |      |
| (2) Others Ineligible ITC under section 16(4) and ITC restricted due to PoS provisions              |                |             |              |      |

# ITC AVAILABILITY

Up to Oct 2019

- Contention
- Circular

April 2019 to Jan  
2022

- Contention

October 24  
Onwards

- IMS with 2B

Oct 2019- March  
2019

- Contention
- Circular

Jan 2022  
onwards

- 2B

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## PATH TOWARDS RESTRICTIONS

January 2022 onwards

- Available only if reflected in GSTR-2B



October 2024

- IMS introduced



# WHETHER ITC IS AVAILABLE? SCENARIO ANALYSIS

| Sr. No. | Vendor return filing status                |  | Whether ITC Availed ? |
|---------|--|--|-----------------------|
|         | <u>GST-1</u>                               | <u>GSTR-3B</u>                             |                       |
| 1.      | Filed before 30 <sup>th</sup> September 24 | Not filed                                  | ?                     |
| 2.      | Filed before 30 <sup>th</sup> September 24 | Filed before 30 <sup>th</sup> September 24 | ?                     |
| 3.      | Not Filed                                  | Not filed                                  | ?                     |
| 4.      | Filed before 30 <sup>th</sup> September 24 | Filed after 30 <sup>th</sup> September 24  | ?                     |
| 5.      | Filed after 30 <sup>th</sup> September 24  | Filed after 30 <sup>th</sup> September 24  | ?                     |

# Amendment – Section 16 - Inserted

*“(aa) the details of the invoice or debit note referred to in clause (a) has been **furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37;**”* [Inserted (w.e.f. 1.01.2022 vide Notification No. 39/2021-C.T. by s. 109 of The Finance Act, 2021 (No. 13 of 2021)].

*(ba) the details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted;* [Inserted (w.e.f. 1.10.2022 vide Notification No. 18/2022 - CT by s. 100 of The Finance Act 2022 (No. 6 of 2022)].

## Section 16 (2) of the CGST Act

### ***Eligibility and condition for taking input tax credit.***

- *(2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,—*
  - *(a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;*
  - *(aa) the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37;*

# Section 16 (2) of the CGST Act

*(b) he has received the goods or services or both.*

- **Explanation.**—*For the purposes of this clause, it shall be deemed that the registered person has received the goods or, as the case may be, services—*
- *(i) where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;*
- *(ii) where the services are provided by the supplier to any person on the direction of and on account of such registered person*

*(ba) the details of input tax credit in respect of the said supply communicated to such registered person under [section 38](#)*

*has not been restricted*

## Section 16 (2) of the CGST Act

*(c) subject to the provisions of section 41 or ~~Section 43A~~, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and*

*(d) he has furnished the return under section 39:*

# Analysis of amendment

## Two more condition for eligibility of ITC – Section 16(2)

- a. Possession of Tax Invoice or debit note
- aa. Detail of Invoice or debit note has been furnished by supplier in GSTR-1 and Communicated
- b. Goods or Services or both should be received.
- (ba) ITC communicated to such registered person under section 38 has not been restricted
- c. GST paid to the Government
- d. Furnished Return.

# ITC REVERSAL – NEW RULE 37A INSERTED

- ***[Rule 37A. Reversal of input tax credit in the case of non-payment of tax by the supplier and re-availment thereof.-***
- *Where input tax credit has been availed by a registered person in the return in FORM GSTR-3B for a tax period in respect of such invoice or debit note, the details of which have been furnished by the supplier in the statement of outward supplies in FORM GSTR-1, as amended in FORM GSTR-1A if any, or using the invoice furnishing facility, but the return in FORM GSTR-3B for the tax period corresponding to the said statement of outward supplies has not been furnished by such supplier till the 30th day of September following the end of financial year in which the input tax credit in respect of such invoice or debit note has been availed, the said amount of input tax credit shall be reversed by the said registered person, while furnishing a return in FORM GSTR-3B on or before the 30th day of November following the end of such financial year:*
- ***Provided*** *that where the said amount of input tax credit is not reversed by the registered person in a return in **FORM GSTR-3B** on or before the 30th day of November following the end of such financial year during which such input tax credit has been availed, such amount shall be payable by the said person along with interest thereon under **section 50**.*
- ***Provided*** *further that where the said supplier subsequently furnishes the return in **FORM GSTR-3B** for the said tax period, the said registered person may re-avail the amount of such credit in the return in **FORM GSTR-3B** for a tax period thereafter.]*

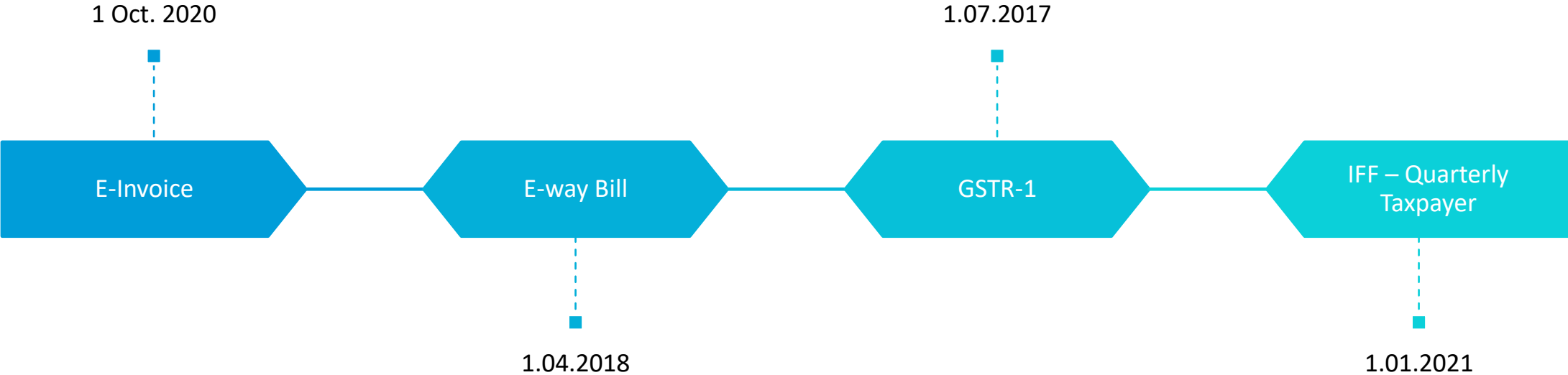


# IMS – METHODOLOGY AND CHALLENGES



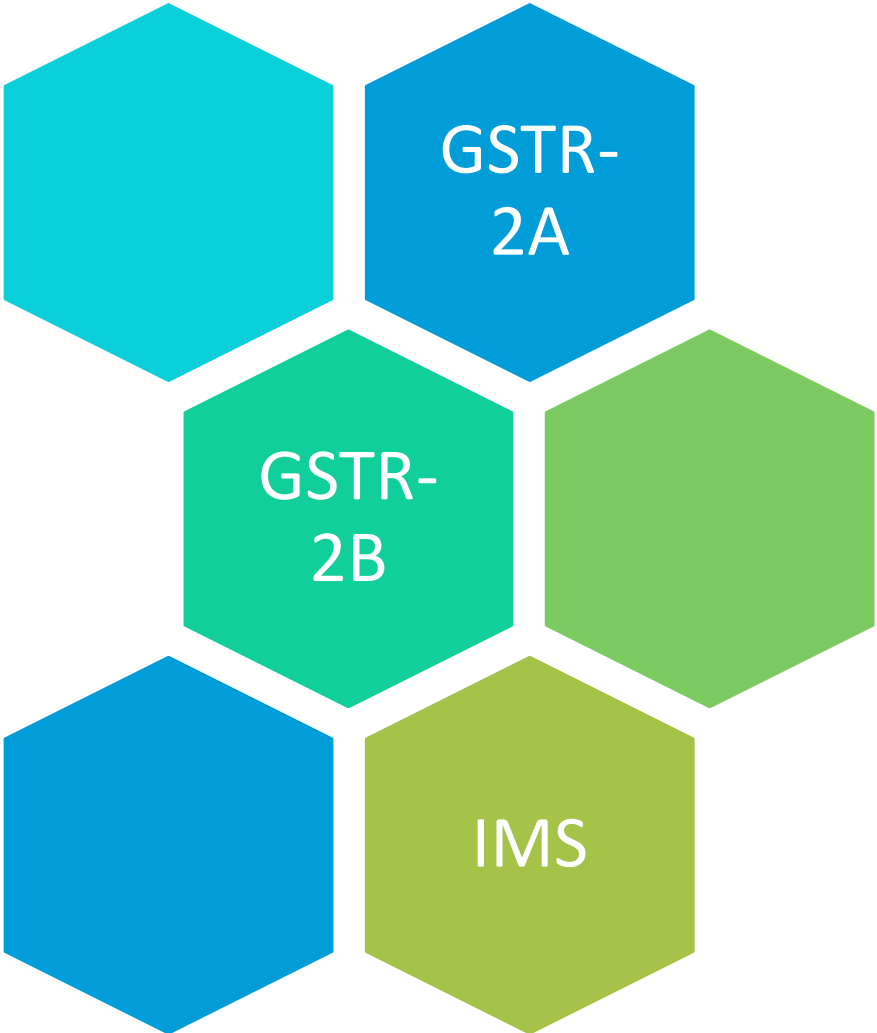


# INVOICE WISE REPORTING



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# INVOICE WISE REFLECTION – FOR RECIPIENT



# HOW TO ACCESS IMS



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4 SCENARIOS, PENDING ACTION WOULD NOT BE AVAILABLE :-

## Recipient View



“Inward Supply” documents which are saved or filed by your respective supplier.

## Supplier View



“Outward Supply” view all the specified documents by their respective recipient.

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## WHAT IS INVOICE MANAGEMENT SYSTEM

System which will allow below actions with respect to invoices for availment of ITC



- to accept,
- To reject, or
- to keep the invoices pending

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## WHEN RECIPIENT CAN TAKE ACTION

As soon as a supplier/ taxpayer  
saves an Invoice/ records in  
GSTR-1/1A/IFF,

## DETAILS IN 2B – BEFORE FILING GSTR-3B BY RECIPIENT

to accept

- Part of '**ITC Available**' section of respective GSTR 2B
- ITC accepted will auto-populate in GSTR 3B.'

To reject

- Part of 'ITC Rejected' section of respective GSTR 2B.
- Will not auto-populate in GSTR 3B

Pending

- Pending records will not become part of GSTR 2B and GSTR 3B.
- Such records will remain on IMS dashboard till the time same is accepted or rejected or till the time timeline prescribed in Section 16(4) of CGST Act.

No Action

- Records with "No Action" status will be deemed accepted at the time of GSTR-2B generation.

## DETAILS IN 2B – AFTER FILING GSTR-3B BY RECIPIENT

to accept

- Accepted records belonging to GSTR 2B will be removed from IMS

To reject

- Rejected records belonging to GSTR 2B will be removed from IMS

Pending

- Will remain on IMS dashboard till the time same is accepted or rejected or till the time timeline prescribed in Section 16(4) of CGST Act. Afterwards it will be removed



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## WHOSE ACTION WILL BE FINALE?

Action – Supplier

- Can edit or delete the documents before filing of GSTR-1

Action – Recipient

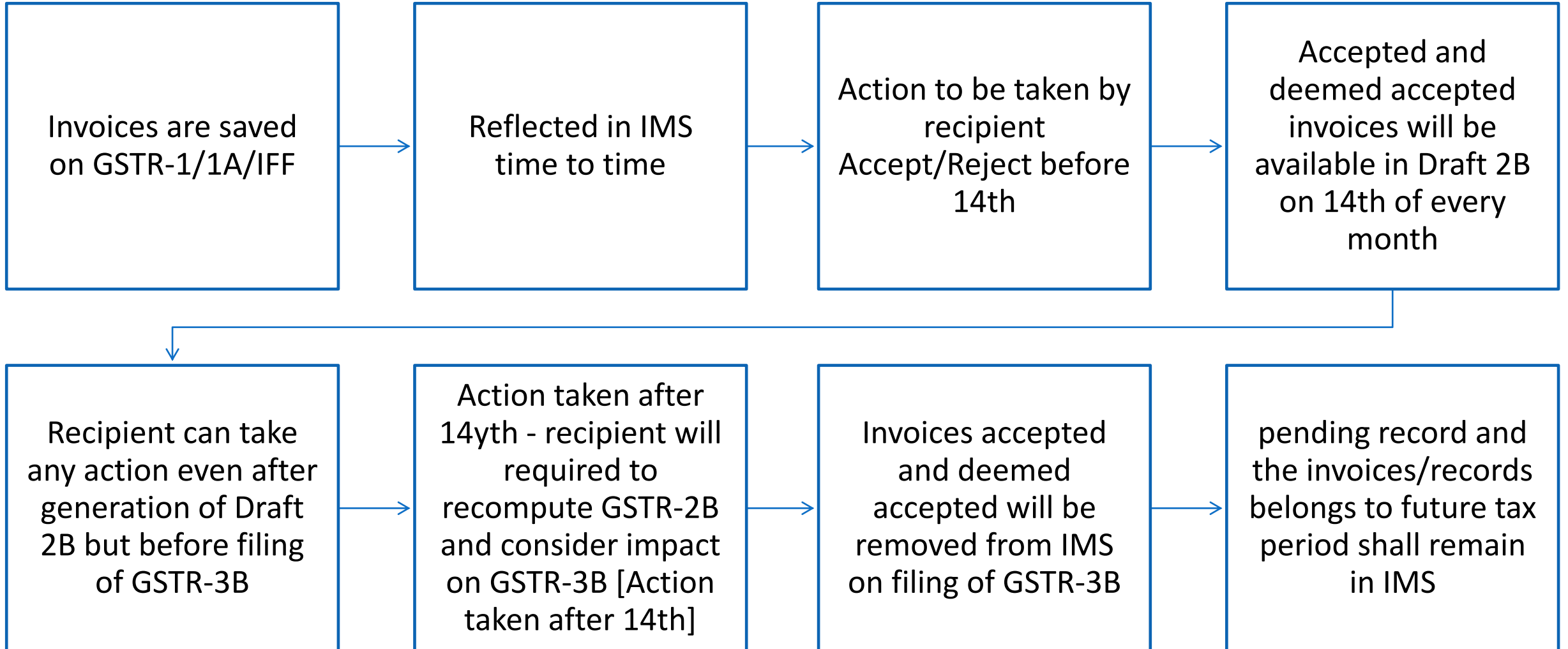
- Invoice available in IMS as soon as they are saved by the supplier in GSTR-1/1A/IFF.
- Action can be taken multiple times and latest action will remain final and same is frozen at the time of filing of GSTR-3B

4 SCENARIOS, PENDING ACTION WOULD NOT BE AVAILABLE :-

## Pending action not allowed

1. Original Credit note
2. Upward amendment of the credit note rejected by the recipient irrespective of the action taken by recipient on the original credit note
3. Downward amendment of the credit note rejected by the recipient if original credit note was rejected by him
4. Downward amendment of Invoice/ Debit note rejected by the recipient where original Invoice/ Debit note was accepted by him and respective GSTR 3B has also been filed

## PROCEDURE - IMS





## CHALLENGES – RECIPIENT



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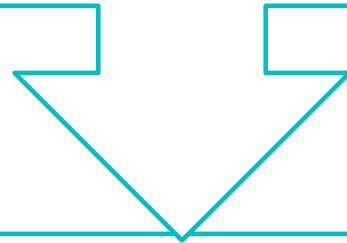
## CHALLENGES

GSTR-2A shall continue  
to be generated as it is.

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## CHALLENGES

If previous period GSTR 3B is not filed by the taxpayer then the system will not generate their draft GSTR 2B on 14th of the subsequent month.



In such case, the taxpayer can generate their GSTR 2B from the IMS dashboard after filing their previous GSTR 3B.

## CREDIT NOTE NOT ACCEPTED

If the recipient rejects the  
Credit note furnished by the  
supplier

Then the corresponding  
liability will be added to the  
supplier liability in the GSTR  
**3B of subsequent tax period.**

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## SCENARIO -1 – LIABILITY ON ACCOUNT OF SUPPLIER INADVERTENT ERROR

If supplier amend the Invoice  
either upward or downward  
after filing of GSTR-3B of the  
recipient

Wrong GST No disclosed while  
filing of the GSTR-1 and same  
is accepted by the Recipient



## SCENARIO -2 – LIABILITY ON ACCOUNT OF RECIPIENT INADVERTENT ERROR

If recipient reject the credit note after filing of GSTR -3B of the Supplier

If recipient reject the Invoice after filing of GSTR-3B of the supplier

Credit not inadvertently accepted or accepted as deemed acceptance which is not the correct or not of the Company

If recipient don't avail the ITC on Invoice issued by the Supplier and then rejected material and same is return to the Supplier in next month

# Whether action is mandatory

Not Mandatory

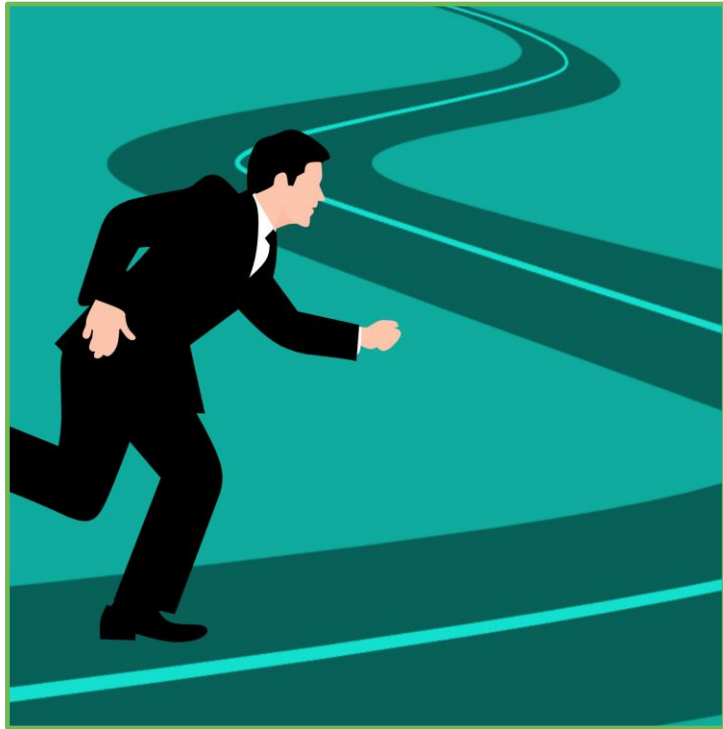
2B will generate  
as generating it  
today

Legal Farmwork  
introduced in  
Budget 2025

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## CHALLENGES

Whether action is necessary?



# Key Highlights with Way Forward/SOP

## ACTION ON IMS RECORD

Reconcile records before filling  
of GSTR 1 for September 2024  
tax period.

The Taxpayer can accept/reject  
the record on IMS after due  
verification.

Invoice Level details of 2B Vs  
books should be matched else  
could have consequence under  
Income Tax also

## WAY FORWARD

### Supplier

- Revisit the action taken by the recipient from 11<sup>th</sup> to 14<sup>th</sup>
- Revisit any change in liability before filing of GSTR-3B [before 20<sup>th</sup> ]
- Revisit any action of recipient lead to change in next month GSTR-1 or GSTR-3B

### Recipient

- Revisit the ITC, credit notes and/or debit notes (before 14<sup>th</sup>)
- Review difference in GSTR-2B and books
- Revisit any amendment made in Original Invoices

## WAY FORWARD

Training of team including clients

Include appropriate risk in the agreement or PO

- Responsibility of Credit note liability
- Accept the Invoice without receipt of the goods and can be reversed if rejected

MECHANISM TO DEAL  
WITH DIFFERENCES IN  
ITC OF GSTR-2B AND 3B  
[Not. No. 38/2023- CT]





## Mechanism to deal with differences in ITC of GSTR-2B and 3B

A mechanism for system-based intimation to the taxpayers in respect of the excess availment of ITC in FORM GSTR-3B vis a vis that made available in FORM GSTR-2B above a certain threshold, along with the procedure of auto-compliance on the part of the taxpayers, to explain the reasons for the said difference or take remedial action in respect of such difference.

Rule 88D and FORM DRC-01C to be inserted in CGST Rules, 2017, along with an amendment in rule 59(6) of CGST Rules, 2017.

# Mechanism to deal with differences in ITC of GSTR-2B and 3B

The said registered person shall be intimated of such difference in Part A of  
FORM GST DRC-01C

The registered person either pay an amount or share reply within a period  
of **seven days**

In case of non payment or no explanation or explanation or reason  
furnished by such person is not found to be acceptable by the proper  
officer within the specified period shall be liable **to be demanded in  
accordance with the provisions of section 73 or section 74 or 74A**

## ITC Mismatch (DRC-01C)

English ?

REF No. - AB270424885008X

Financial Year - 2024-25

Return Period - April

Status - Pending

### PART-A Intimation of difference in input tax credit available in auto-generated statement containing the details of input tax credit and that availed in return

1. It is noticed that the input tax credit availed by you in the return furnished in FORM GSTR-3B exceeds the amount of input tax credit available to you in accordance with the auto-generated statement containing the details of input tax credit made available to you in FORM GSTR-2B for the period **Apr 2024** by an amount of Rs. 25,61,383.72. The details thereof are as follows:

| Form Type                              | Input tax credit available / availed (in Rs.) |                     |                     |             |                     |
|--|---|---------------------|---------------------|-------------|---------------------|
|  | IGST  | CGST                | SGST/UTGST          | CESS        | Total               |
| FORM GSTR-2B                           | 6,67,412.88                                   | 25,22,290.21        | 25,22,290.21        | 0.00        | 57,11,993.30        |
| Form GSTR-3B                           | 7,76,554.88                                   | 37,48,411.07        | 37,48,411.07        | 0.00        | 82,73,377.02        |
| <b>Excess input tax credit availed</b> | <b>1,09,142.00</b>                            | <b>12,26,120.86</b> | <b>12,26,120.86</b> | <b>0.00</b> | <b>25,61,383.72</b> |

2. In accordance with sub-rule (1) of rule 88D, you are hereby requested to either pay an amount equal to the said excess input tax credit, along with interest payable under section 50, through FORM GST DRC-03 and furnish the details thereof in Part-B of FORM GST DRC-01C, and/or furnish the reply in Part-B of FORM GST DRC-01C incorporating reasons in respect of that part of the excess input tax credit that has remained to be paid, within a period of seven days.

3. It may be noted that where any amount of the excess input tax credit remains to be paid after completion of a period of seven days and where no explanation or reason for the same is furnished by you or where the explanation or reason furnished by you is not found to be acceptable by the proper officer, the said amount shall be liable to be demanded in accordance with the provisions of section 73 or section 74 of the CGST Act, 2017, as the case may be.

4. This is a system generated notice and does not require signature.

**PART-B Reply by Taxpayer in respect of the intimation of difference in input tax credit**

**To add DRC-03, enter its ARN and press VALIDATE button.**

1. Paid the difference amount through DRC-03

VALIDATE

CLICK HERE FOR DRC-03

| S.No. 0 | ARN of Form GST DRC-03 | Tax Period | Paid Under Head | IGST (₹) | CGST (₹) | SGST/UTGST (₹) | CESS (₹) |  |
|---------|------------------------|------------|-----------------|----------|----------|----------------|----------|--|
|         |                        |            |                 |          |          |                |          |  |

AND/OR

2. Select and explain the reason for difference

Input tax credit not availed in earlier tax period(s)...([Read more](#))

Explain reason here

Input tax credit not availed in earlier tax period(s) inadvertently or due to mistake or omission.

Explain reason here

ITC available on account of import of goods is not reflected in FORM GSTR-2B.

Explain reason here

ITC available on account of inward supplies from SEZ is not reflected in FORM GSTR-2B.

Explain reason here

Excess reversal of ITC in previous tax periods; the same being reclaimed in the current tax period.

Explain reason here

Recredit of ITC on payment made to supplier, in respect of ITC reversed as per rule 37 in earlier tax period.

Explain reason here

Top

Recredit of ITC on payment made to supplier, in respect of ITC reversed as per rule 37 in earlier tax period.

Explain reason here

Recredit of ITC on filing of return by the supplier, in respect of ITC reversed as per rule 37A in earlier tax period.

Explain reason here

FORM GSTR-3B filed with incorrect details and will be amended in next tax period (including typographical errors, wrong tax rates, etc.)

Explain reason here

Any other reasons (Please specify)

Explain reason here

### Upload supporting document (if any)

No file chosen

- i** Only PDF/JPG file format is allowed.
- i** Maximum file size for upload is 5MB.

I/ We, hereby solemnly affirm and declare that the information given hereinabove is true and correct to the best of my knowledge and belief and nothing has been concealed therefrom.

BACK

SAVE

PREVIEW DRC-01C

FILE GST DRC-01C



Search



ENG IN



11:11 PM

25-05-2024





# Outward Supply

# GSTR-1 and 3B Difference



## Outward Supply Reporting – 6 to 7 times





# Reconciliations -

## Online Data

- GSTR-1 Vs GSTR-3B
- E-way bill Vs GSTR-1
- E-Invoice Data Vs E-way bill
- E-Invoice Data Vs GSTR-1
- E-Invoice Data Vs E-way bill Vs GSTR-1
- Turnover of books Vs GSTR-3B
- E-Invoice with turnover as per books
- Invoice Accepted, Rejected and No Action by the Recipient

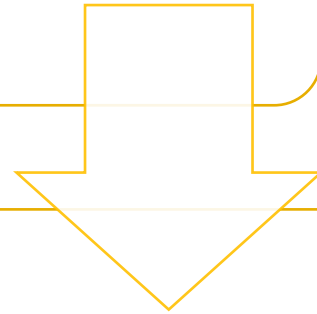
## Amendment – Section 75 (12) – Inserted

- (12) Notwithstanding anything contained in section 73 or section 74 or section 74A, where any amount of self-assessed tax in accordance with a return furnished under section 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 section 79
- 
- ***Explanation.***—*For the purposes of this sub-section, the expression "self-assessed tax" shall include the tax payable in respect of details of outward supplies furnished under section 37, but not included in the return furnished under section 39.*

[Inserted (w.e.f. 1st January, 2022 vide [Notification No. 39/2021-C.T.](#), dated 21st December, 2021) by s. 114 of The Finance Act, 2021 (No. 13 of 2021) dated 28th March, 2021.]

# Analysis of amendment

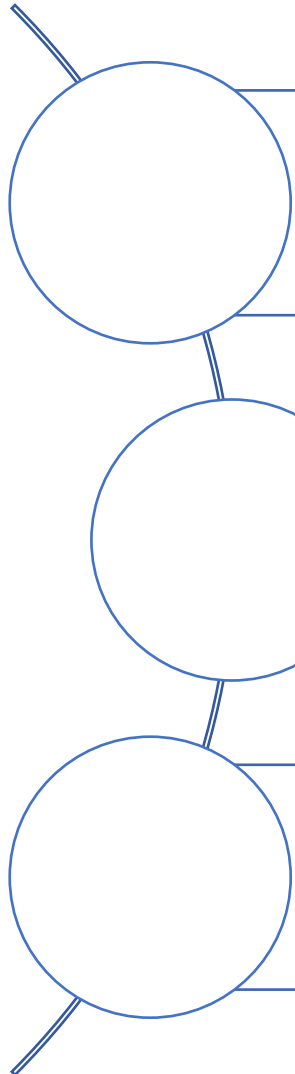
Self Assessment Tax can be recovered in the u/s 75



Tax disclosed payable in GSTR-1 but not paid in GSTR-3B (i.e.

GSTR-1 is higher than GSTR-3B) can be recovered u/s 79

## Modes of Recovery As Per Section 79

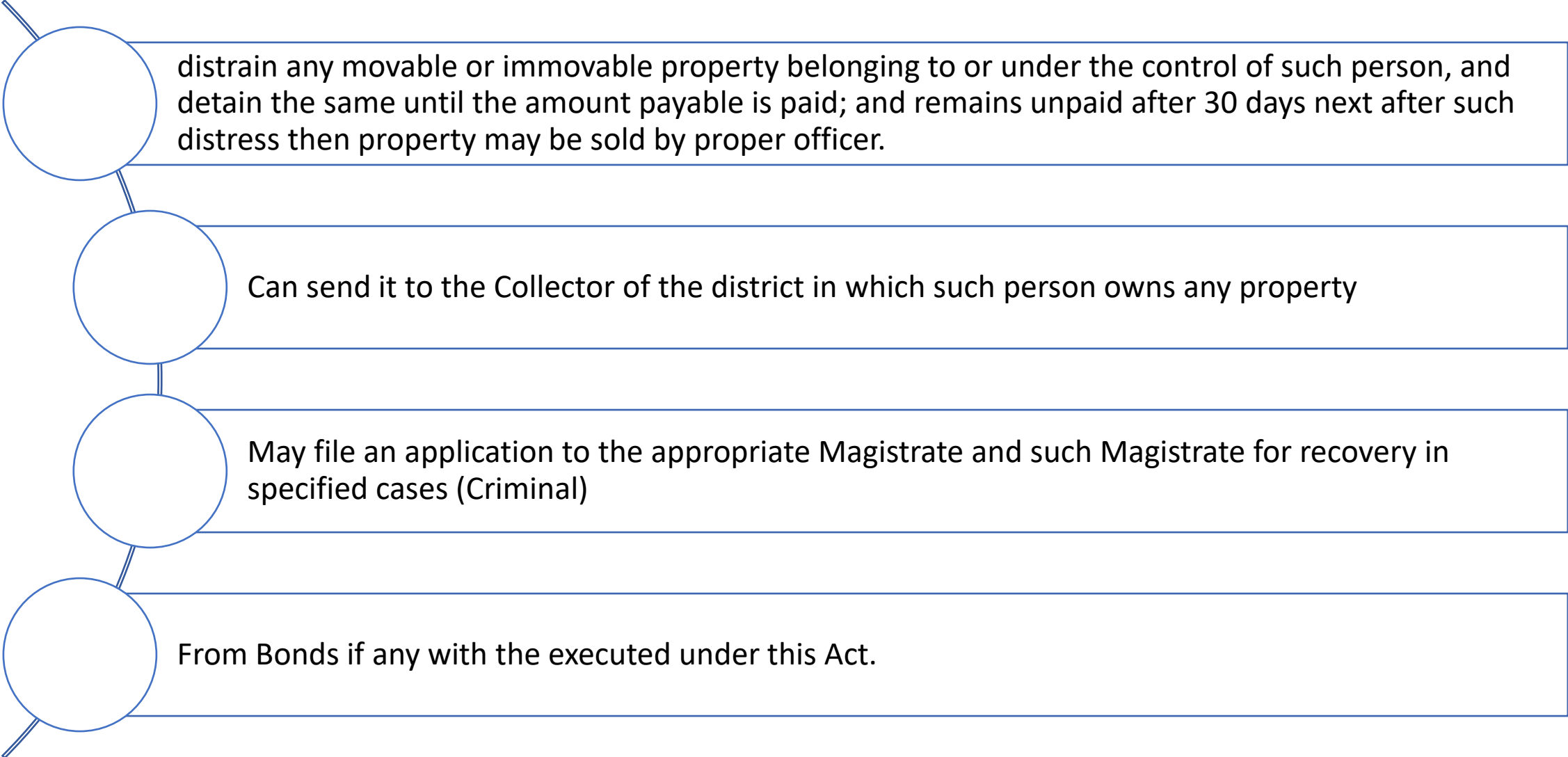


Deduct from any money owing under the control of the proper officer or such other specified officer;

detaining and selling any goods

By a notice in writing, require any other person from whom money is due or may become due to such person or who holds or may subsequently hold money for or on account of such person,

## Key Modes of Recovery As Per Section 79



distrain any movable or immovable property belonging to or under the control of such person, and detain the same until the amount payable is paid; and remains unpaid after 30 days next after such distress then property may be sold by proper officer.

Can send it to the Collector of the district in which such person owns any property

May file an application to the appropriate Magistrate and such Magistrate for recovery in specified cases (Criminal)

From Bonds if any with the executed under this Act.



What is the future?  
Reply to notices should  
be within time  
[Not. No. 26/2022-CT]

## Differences to be Communicated on Online Portal

Rule 88C and FORM GST DRC-01B to be  
inserted in CGST Rules, 2017 from 26<sup>th</sup> Dec  
2022

*88C. Manner of dealing with difference in  
liability reported in statement of outward  
supplies and that reported in return*

# Differences to be Communicated on Online Portal

Amendment

- Intimation to the taxpayer, by the common portal and via email, about the difference between liability reported in GSTR-1 and in GSTR-3B for a tax period, where such difference exceeds a specified amount and/ or percentage,
- The taxpayer either required to pay or explain the difference.
- Restriction on furnishing of FORM GSTR-1 for a subsequent tax period if neither paid nor replied

Impact

- Prompt reply [Within 7 days] to notices related to discrepancies will be required



# Differences to be Communicated on Online Portal

## **Part A of FORM GST DRC-01B**

- GSTR-1 and 3B difference to be Communicated

## **Modes of Communication**

- Online Portal
- Email

## **Action within 7 days via Part B of DRC-01B**

- Accept and Pay
- Reply to explain difference

## **Modes of Reply**

- Online Portal

## **Consequences of non reply or reply not acceptable by the Officer**

- Recovery under Section 79

# Differences to be Communicated on Online Portal

Legal Provision

- Rule 59(6)(d) - . Inserted vide [Notification No. 26/2022-CT](#) dated 26.12.2022.
- *“(d) a registered person, to whom an intimation has been issued on the common portal under the provisions of sub-rule (1) of rule 88C in respect of a tax period, **shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility for a subsequent tax period, unless he has either deposited the amount specified in the said intimation or has furnished a reply explaining** the reasons for any amount remaining unpaid, as required under the provisions of sub-rule (2) of rule 88C.”*

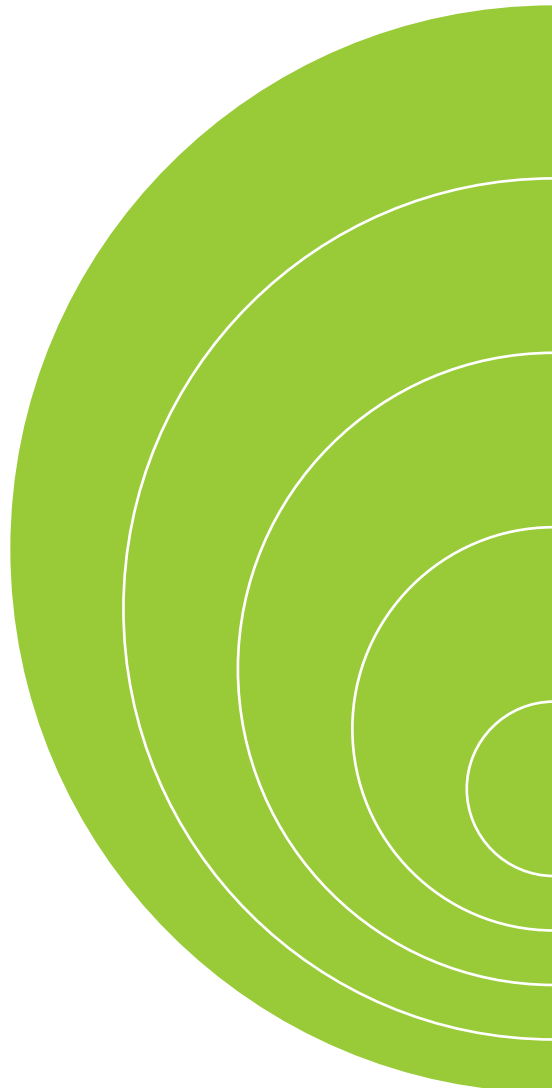
## Challenges

What if inadvertent  
error in GSTR-1 ?

Any error in GSTR-1  
may lead to recovery

It will lead to violation  
of Article 19(1)(g)

## GST Return – Action Plan



|  |
|--|
| Reconciliation on real time                        |
| Correct disclosure is must to avoid litigation     |
| Internal control and SOP for data disclosure       |
| Immediate Email and/or grievance in case of error  |
| GSTR-9C reporting in case of error during the Year |
|  |
|  |
|  |

# Key Legal Pronouncement



Whether is it Necessary to serve ASMT-10?

Whether SCN issued without ASMT-10 is valid as per law?

# Key Pronouncements

| Case   | Facts   | Observation   |
|--|---|---|
| AMEX SERVICES AND ANR v. DEPUTY COMMISSIONER, STATE TAX, ASSANSOL CHARGE AND ORS<br>[WPA No 9391 of 2024 ] | Discrepancy which is not communicated via ASMT-10 is directly included in SCN | Calcutta High Court holds communication of discrepancies in returns by issuing Form GST ASMT-10 to be mandatory before issuance of show cause notice under section 73 of CGST Act.<br>[Refer <a href="#">Section 61</a> ] |

# Key Pronouncements

| Case  | Facts  | Observation  |
|---|--|--|
| <b>Mandarina Apartment Owners Welfare Association Vs CTO/STO</b><br><br><a href="#">2024-TIOL-1189-HC-MAD-GST</a> | <p>Show cause notice was not communicated through any other mode and, therefore, the petitioner was unaware of proceedings and could not participate in the same.</p> <p>SCN challenges for non-issuance of notice in Form ASMT-10</p> | <p>No indication in either s.61 or s.73 that scrutiny of returns and the issuance of notice in Form ASMT-10 constitute a mandatory pre-requisite for adjudication even in cases where returns were scrutinized: HC</p> <p>[Refer <a href="#">Section 61</a>]</p> |



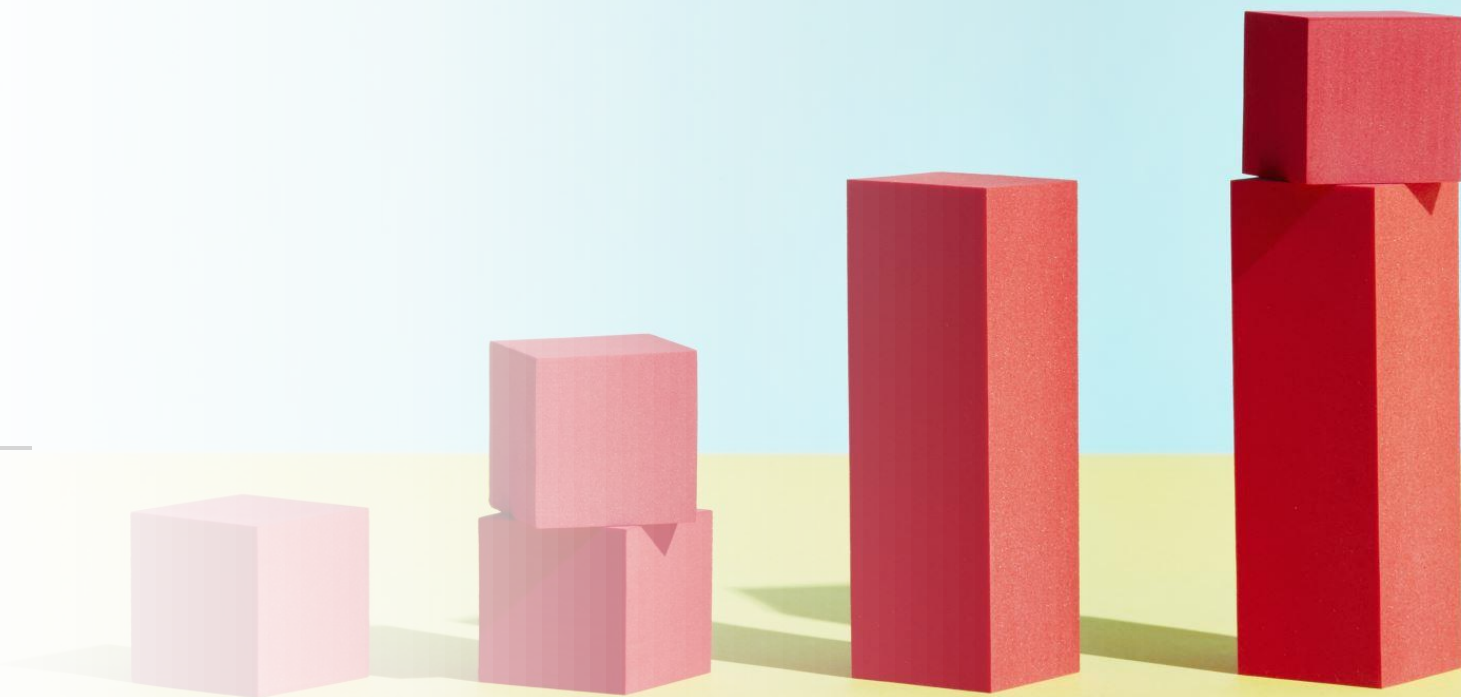
## Key Pronouncements

| Case   | Facts   | Observation   |
|--|---|---|
| Nkas Services Pvt Ltd<br><a href="#">[2021-TIOL-2079-HC-JHARKHAND-GST]</a> | SCN issued u/s 74 of the JGST Act has been challenged by the petitioner along with the consequential challenge to summary of show-cause notice in FORM DRC-01 - Petitioner assails the Show Cause Notice (SCN) dated 7th June 2021 as being vague; without jurisdiction and that the proceeding initiated <b>without service of FORM GST-ASMT-10 is void ab-initio.</b> | <p><i>In absence of clear charges which the person so alleged is required to answer, <b>the noticee is bound to be denied proper opportunity to defend itself.</b> + This would <b>entail violation of principles of natural justice</b> which is a well-recognized exception for invocation of writ jurisdiction despite availability of alternative remedy.</i></p> <p><i>Impugned notice completely lacks in fulfilling the ingredients of a proper SCN u/s 74 of the Act.</i></p> <p><i>Impugned notice and the summary of show-cause notice in Form GST DRC-01 are quashed.</i></p> <p><i>Respondents are at liberty to initiate fresh proceedings in accordance with law within a period of four weeks.</i></p> |



# Way Forward

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Amount of tax can be paid under Protest and keep pending with appellate Authorities. Wait for Judgements



Any notice or communication should be within the Jurisdiction and/or from proper officer



Read and Understand Allegation thoroughly



Reply should be within the time prescribed

# Way Forward



ATTENTION !

Join our WhatsApp Group for Updates via link below

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WJ3

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# Thank You



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