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Newsletter from The Institute of Chartered Accountants of India on GST

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President's Communication



Dear Professional Colleagues,

Greetings!

On July 1, we proudly celebrated the 77th CA Day—a moment to reflect on the integral role Chartered Accountants play in strengthening the financial and regulatory fabric of our nation.

India's gross Goods & Services Tax (GST) revenue collection for June 2025 stood at ₹ 1.85 lakh crore, marking a 6.2% year-on-year (Y-o-Y) increase from ₹ 1.74 lakh crore in June 2024. This rise in collections reflects a steady growth in domestic consumption and the positive impact of improved compliance—an area where Chartered Accountants continue to play a vital role by guiding taxpayers and fostering voluntary compliance. Strengthening the GST ecosystem requires ongoing collaboration between the Government and professionals to simplify procedures, enhance transparency, and address practical implementation challenges.

The ICAI through its GST & Indirect Taxes Committee actively supports the Government by providing policy suggestions, technical inputs, and organising various capacity building programmes. The Committee regularly submits representations highlighting the practical challenges faced by stakeholders. **In line with suggestions submitted by ICAI on Invoice Management System (IMS), the Government has recently issued an advisory on handling inadvertently rejected records within system.** This proactive step is a testament to our sustained engagement with the authorities to ensure that the implementation of GST remains taxpayer-friendly, technically sound, and aligned with ground realities. We at ICAI with its Nation First approach always remain committed in bridging the gap between policy and practice through such timely interventions.

As the business landscape continues to evolve with rapid digitization, global integration, and regulatory transformation, Chartered Accountants are uniquely positioned to lead with foresight, adaptability, and a deep commitment to ethical standards.

In the 123rd episode of Mann Ki Baat, the Hon'ble Prime Minister of India Shri Narendra Modi remarked that July 1 is a day of special significance, as the day we celebrate Chartered Accountants—describing them as the guides of our economic life. Further, in his message on the occasion of CA Day, he added, *“As we strive toward building Viksit Bharat by 2047, it is imperative that all stakeholders such as government, institutions, professionals and citizens progress together with a shared objective. A strong, transparent, ethical, and supportive financial system holds the key to realizing this vision. It encouraging to see organizations like the ICAI supporting such national efforts by working to nurture a culture of trust, integrity, and continuous improvement”*. Inspired by his words, let us reaffirm our commitment to uphold integrity, trust, and excellence in our role as the financial sentinels of the nation. On this occasion, I extend my heartfelt wishes to all Chartered Accountants for their invaluable service and contribution to society.

“In every balanced sheet of progress, Chartered Accountants are the invisible line of integrity that keeps the nation financially strong and future ready.”

CA. Charanjot Singh Nanda

President

The Institute of Chartered Accountants of India

PHOTOGRAPHS



CA. Rajendra Kumar P, Chairman, GST & IDTC at 5 Day Training Programme on GST Audit, Compliance & Case Studies organised by GST & IDTC jointly with NACIN, Chennai from 10th to 12th June, 2025 for Audit Officers of CGST Tamil Nadu & Puducherry



(L to R) Ms. Meghaa Gupta, IRS, Joint Director, Mr. Mohd Yusuf, IRS, ADG, CA. Rajendra Kumar P, Chairman, GST & IDTC and Mr. R. Srivatsan, IRS, Assistant Director at inaugural session at 5 Day Training Programme on GST Audit, Compliance & Case Studies



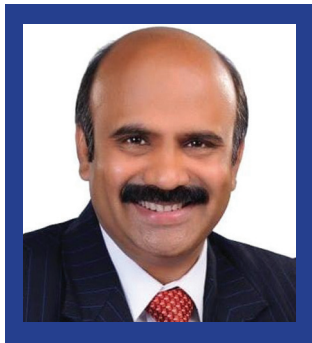
CA. Rajendra Kumar P, Chairman, GST & IDTC, met Mr. Narendra Kumar Yadav, IRS Additional Director, DGTS to discuss ways in which ICAI can support the Govt. in enhancing GST awareness & its outreach



Mr. R. Venkataramani, Hon'ble Attorney General of India, Chief Guest and CA. Rajendra Kumar P, Chairman, GST & IDTC, Guest of Honour at the GST Conclave organised by CBIC.



CA. Rajendra Kumar P, Chairman, GST & IDTC and CA. Sanjib Sanghi, Central Council Member, ICAI with the participants of the Certificate Course on GST at Kolkata



Dear Member,

Warm greetings! The 77th CA Day, celebrated on July 1, was an occasion to honour the legacy, relevance, and ever-evolving role of our profession in nation-building.

In June, several key GST developments were announced to enhance accuracy and transparency in return filing. From the July 2025 tax period, **Table-3 of Form GSTR-3B will be non-editable** for values auto-filled from Forms GSTR-1, GSTR-1A, or Invoice Furnishing Facility (IFF); any changes can be made through Form GSTR-1A only. The restriction introduced by the Finance Act, 2023—**prohibiting the filing of GST returns beyond three years from their due date**—has been implemented on the GST portal starting with the July 2025 tax period. Registered persons are advised to reconcile their records and file their GST Returns, if not filed till now.

To strengthen professional capabilities in GST litigation and advocacy, the GST & Indirect Taxes Committee, in collaboration with the Committee for Members in Practice, has launched a focused **6-Day Workshop on GST Dispute Mechanism: Strategies & Advocacy**. The workshop will equip members with practical tools for handling disputes, offering expert-led sessions on litigation procedures, advocacy techniques, and key legal developments—along with case discussions. I encourage members to actively participate in this initiative to enhance their professional competence and deliver faster, value-driven dispute resolutions. Members may refer to the 'Upcoming Events' section on the Committee's website for details of forthcoming workshops.

The Committee has recently released a new publication titled **Practical Guide to GST Disputes**, aimed at equipping professionals with practical insights and in-depth understanding of GST demands, investigations, and appeals. It covers key aspects such as litigation strategy, drafting and pleadings, principles of evidence, revisionary proceedings, ethics in representation, and common challenges in adjudication and appellate proceedings. Additionally, the Committee has revised its publication **Handbook on Invoicing under GST** to offer a clear, comprehensive guide to GST invoicing—supporting professionals and businesses in ensuring compliance and streamlining financial processes.

Soft copies of both publications are available on the *Committee's website*, while physical copies can be ordered through the *ICAI's CDS portal*.

I encourage all professionals to stay abreast of the latest changes, actively participate in knowledge-enhancing programmes, and leverage the resources made available by the Committee.

CA. Rajendra Kumar P

Chairman

GST & Indirect Taxes Committee

The Institute of Chartered Accountants of India

Retrospective Effect of Clarificatory Amendments to Rule 43 of Central Goods & Services Tax Rules, 2017 : A Legal Analysis

Introduction:

The implementation of the Goods and Services Tax (GST) in India in 2017 marked a significant shift in the country's indirect tax framework. As the system matured, several amendments were made to the GST Laws out of which some aimed to address implementation challenges, and others intended to clarify legislative intent.

One such amendment was made to Explanation 1 to Rule 43 of the Central Goods and Services Tax Rules, 2017 (herein after referred to as "CGST Rules") through *Notification No. 14/2022 – CT dt. 05.07.2022*, which introduced Clause (d). Rule 43 of the CGST Rules primarily deals with the manner of determination of input tax credit (ITC) in respect of capital goods used for both business and non-business purposes or taxable and exempt supplies.

The introduction of this clause has since given rise to an important interpretative issue—namely, whether the amendment merely clarifies the original intent of the law or introduces a substantive change, and consequently, whether it warrants retrospective application.

This article examines whether the insertion of Clause (d) in Explanation 1 to Rule 43 is clarificatory in nature, and whether the amendment should be given retrospective or prospective effect, in light of judicial precedents.

In simple terms, it analyses whether the value of Duty Credit Scrips, as specified in the *Notification dt. 05.07.2022*, falls within the scope of the 2017 amendment and is thereby subject to retrospective application. These aspects are examined in the following sections.

Clarificatory vs. Substantive Amendments: The Legal Standard

When an amendment is made to a law, it either seeks to clarify or explain the original legislative intent or introduces a new rule or legal obligation. If an amendment merely clarifies or explains the legal intent behind the provision, it is considered to be clarificatory in nature and is generally applied retrospectively, unless the law expressly states otherwise. This is because such amendments are understood to reflect what the law was always meant to be.

In contrast, if an amendment modifies existing rights, obligations or legal positions, it is deemed substantive. The retrospective application of such amendments is generally

avoided, as it may lead to unfairness or disrupt settled legal expectations. As a result, substantive amendments are typically applied prospectively, unless a clear intention to apply them retrospectively is expressed.

This distinction is well-established in jurisprudence. The Supreme Court in *M/s Virtual Soft Systems Ltd. v. CIT [(2007) 9 SCC 665]* had clearly differentiated between clarificatory and substantive amendments. Similarly, in *M/s Sedco Forex International Drill Inc. v. CIT [(2005) 12 SCC 717]*, it was held that an amendment which merely clarifies what was always the legal position must be applied retrospectively. But if it changes the law, it is not presumed to be retrospective irrespective of the fact that the phrase used are 'it is declared' or 'for the removal of doubts'. Further, reinforcing this principle, the Supreme Court in *Surej Impex (India) Pvt. Ltd. v. Commissioner of Customs [2025-VIL-37-SC-CU]* ruled that an amendment reiterating what was already legally understood amounts to a clarification and must be given retrospective effect.

Applying these principles, the amendment inserting clause (d) to Explanation 1 to Rule 43, excluding the value of Duty Credit Scrips from the computation of exempt supplies – appears to be clarificatory. It does not create any new legal obligation or alter existing rights. Rather, it reaffirms the legislative intent reflected in *Notification No. 02/2017–CT(R) dt. 28.06.2017*, which already treated Duty Credit Scrips as non-taxable.

Without this clarification, the value of Duty Credit Scrips could arguably be treated as part of exempt supplies, leading to unintended ITC reversals—a result inconsistent with the original policy framework of the GST regime. Therefore, the amendment is not only clarificatory in form, but also necessary to preserve the coherence of the law and prevent avoidable disputes.

Legal Doctrine on Retrospectivity of Clarificatory Amendments

Presumption of Prospectivity and Its Rebuttal

A fundamental principle of statutory interpretation holds that amendments to law are presumed to apply prospectively, meaning they take effect only from the date of their enactment and operate on future events. This presumption is rooted in the principles of legal certainty and predictability, allowing individuals and businesses to plan their affairs with confidence, relying on the law as

it currently exists. Retrospective application of laws, by contrast, can often be inherently unfair, as it may impose liabilities or obligations on actions that were entirely lawful when undertaken.

However, this presumption of prospectivity is not absolute; it is a rebuttable presumption. That is, there exist well-established circumstances under which an amendment even in the absence of express retrospective language may be interpreted as applying retrospectively. The key conditions under which this rebuttal is permitted typically include:

- **When the amendment is expressly declared to be clarificatory:**

If the legislature, through the wording of the amendment or through accompanying materials (such as legislative debates, explanatory memoranda, or GST Council deliberations), explicitly states that the amendment is intended to clarify or explain the existing law, it is treated as clarificatory. Such amendments are presumed to be retrospective, as they do not introduce new legal norms but merely explain the pre-existing framework.

- **When the context and surrounding circumstances establish a clarificatory intent:**

Even in the absence of an express declaration, the amendment may still be clarificatory if its purpose, background, and legislative history indicate that it was enacted to resolve ambiguity or codify a position that was always implicitly understood. In such cases, the amendment functions as a curative provision, meant to correct interpretative confusion rather than alter the law.

- **When the amendment does not impose new obligations, liabilities, or penalties:**

A key test for distinguishing clarificatory amendments from substantive ones is whether the amendment introduces fresh burdens or duties or diminishes existing rights. If the amendment instead simplifies, clarifies, or reaffirms what was already understood, and does not adversely affect stakeholders retrospectively, it supports a clarificatory characterization.

Legal Framework:

Section 16 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as “CGST Act”), lays the foundational framework for claiming the ITC, acting as the primary entry point for availing the credit. However, this entitlement is subject to the conditions and restrictions as prescribed therein.

Section 17 of the CGST Act limits the general entitlement to ITC granted by the section 16. It mandates that ITC must be restricted to the extent of goods or services that

are used for business purposes (excluding non-business use) and for making taxable supplies (excluding exempt supplies).

The method for such restriction has been prescribed under Rule 42 and Rule 43 of the CGST Rules. Rule 42 outlines the methodology for determining ITC on inputs and input services, whereas Rule 43 deals with capital goods, used for both taxable and exempted supplies or for both business and non-business purposes. Both the rules aim to ensure precise apportionment of ITC so that credit is availed only for the taxable portion of the supply.

Since the inception, Rule 43 has been supplemented by three explanatory clauses, which provide interpretative clarity and implementation guidance. These explanations help ensure uniform application of the ITC apportionment and reversal mechanism for capital goods used for business, non-business purpose and taxable, exempt supply; minimizing ambiguity and litigation, and reinforcing principles of section 17 of the CGST Act.

Among these, Explanations 2 and 3 were introduced later and have separate effective dates. Explanation 1, however, has existed since 15.11.2017 but has undergone amendments over time—adding or removing certain items to provide greater clarity.

A notable amendment to Explanation 1 was introduced through *Notification No. 14/2022-CT dt. 05.07.2022*, pursuant to the 47th GST Council meeting held on 29.06.2022 (*Agenda-Volume 1-Page 224*). This amendment inserted clause (d), which expressly excludes the value of Duty Credit Scrips from the computation of exempt supplies for the purposes of ITC apportionment under Rules 42 and 43.

The introduction of this clause has since given rise to an important interpretative issue—namely, whether the amendment merely clarifies the original intent of the law or introduces a substantive change, and consequently, whether it warrants retrospective application. These aspects are examined in the following sections.

Judicial Precedents on Retrospective Effect:

Tata Steel Case (2023) and Supreme Court Dismissal

In *Tata Steel v. State of Jharkhand [TS-431-SC-2025-GST]* case, the Hon'ble Jharkhand High Court held that the amendment in Rule 89 (4) of CGST Rules, 2017 which came into effect vide *Notification No. 14/2022-CT dt. 05.07.2022* inserts a new stipulation for comparison between the two values. Such an exercise was not contemplated prior to the amendment as what was taken into account was the actual transaction value. Therefore, by way of the amendment, a substantive change has been brought about in law and therefore, such an amendment is not clarificatory in nature and will have a prospective effect.

Although the original writ petition challenged the validity of Para 47 of *Circular No. 125/44/2019-GST*, the Court, vide Para 11 of the judgment, expressly refrained from deciding the validity of the circular since Rule 89(4) itself had been amended during the pendency of the proceedings. As a result, no findings were recorded on Para 47, and the scope of the judgment was confined to the applicability of the amended rule.

The Court held that the revised formula in Rule 89(4) introduced a substantive change in law. In the Court's view, such a change could not be considered clarificatory, as it imposed a new condition that did not previously exist. Consequently, the Court ruled that the amendment is prospective in nature and cannot be applied to refund claims filed prior to its issuance.

Subsequently, the Supreme Court's dismissal of the Special Leave Petition (SLP) *[TS-431-SC-2025-GST]* effectively upheld the Jharkhand High Court's decision in *Tata Steel*. However, it's crucial to understand that this dismissal does not automatically make every aspect of the case a binding precedent for future disputes.

As established in *Secunderabad Club [(2023) SCC Online SC 1004]* and reaffirmed in *Property Owners Association [(2024) SCC 835 SC]*, a judicial decision creates binding precedent only on the specific issues it directly examines and resolves. Accordingly, the *Tata Steel* decision must be understood in its proper context namely, that it concerns the prospective application of a formula-based amendment to Rule 89(4) and does not address broader refund issues or the validity of the circular that was originally challenged.

Ascent Meditech: A Precedent for Retrospectivity

In *Ascent Meditech v. Union of India [2025 (93) G. S. T. L. 85 (Guj.)]* case, the Gujarat High Court extensively examined the retrospective effect of the amendment to Rule 89(5) of the CGST Rules brought in by *Notification No. 14/2022-CT dt. 05.07.2022*, which governs the refund of ITC in an inverted duty structure. The Court decisively held that this amendment was curative and remedial, designed to correct an anomaly and expand the scope of eligible refunds by including ITC on input services. Consequently, the Court ruled that such a curative amendment applies retrospectively, leading to the quashing of the *CBIC Circular dt. 10.11.2022* that had attempted to apply it only prospectively.

While in the *Ascent Meditech*, the Court, distinguished its case from others like *Tata Steel*, the core difference lies in *Ascent Meditech* directly adjudicating the retrospective application of a statutory rule amendment (Rule 89(5)) that was found to be curative. In contrast, *Tata Steel* primarily dealt with the correct interpretation of existing and amended rules and refrained from deliberating upon

administrative circulars. This ruling from *Ascent Meditech*, by affirming that curative or remedial amendments (which clarify or expand existing rights) apply retrospectively, provides strong support for arguing that if clause (d) of Explanation 1 to Rule 43 is genuinely clarificatory of the law's original intent, it too ought to apply retrospectively.

Surej Impex (India) Pvt Ltd: Supreme Court's Dictum

In *Surej Impex (India) Pvt Ltd v. Union of India [2025-VIL-37-SC-CU]* case, the Supreme Court laid down a clear and authoritative principle: where a circular or clarificatory measure merely reiterates or clarifies what was always the intended meaning of the law, such a measure is clarificatory, curative, and declaratory, and must be applied retrospectively. The case specifically pertained to the retrospective application of Customs *Circular No. 35/2010-Cus. dt. 17.09.2010*, regarding Customs Duty Drawback for exports. The Court held that such clarificatory circulars that align with the original intent and are beneficial to the taxpayer must be given retrospective effect, irrespective of any prospective effective date mentioned. This judgment, by solidifying the principle of retrospective application for genuinely clarificatory tax measures, lends strong support for arguing the retrospective application of provisions like clause (d) of Explanation 1 to Rule 43, provided it is similarly found to be clarificatory of existing law's original intent.

Secunderabad Club and Property Owners Association

The Supreme Court's rulings in *Secunderabad Club* (supra) and *Property Owners Association* (supra) reinforce the settled doctrine that judicial decisions are binding only on the specific issues actually adjudicated. These cases clarify that peripheral observations or unrelated conclusion—particularly those not central to the dispute—do not constitute binding precedent. Accordingly, any references to *Tata Steel* that do not involve the retrospective applicability of clarificatory amendments cannot be relied upon to challenge the retrospective nature of clause (d) of Explanation 1 to Rule 43.

Practical Implications: Duty Credit Scrips and ITC

Duty Credit Scrips issued under schemes like the Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS), are essential instrument to promote India's foreign trade by offering valuable export-linked incentives. Such Duty Credit Scrips are transferrable and GST was required to be paid on its sale/supply. However, w.e.f. October, 2017, *[vide Notification No. 35/2017-CT(R) dt. 13.10.2017 (entry no. 122A)]*, the said supply was exempted from GST. This meant that businesses engaged in trading of Duty Credit Scrips were not required to pay or collect GST on such transactions w.e.f. 13.10.2017.

However, despite this clarity regarding their non-taxability, a significant and unintended ambiguity emerged in the period leading up to a key amendment. Certain tax authorities began interpreting the value of Duty Credit Scrips as forming part of “exempt supplies” under the GST framework. This interpretation created serious compliance issues for exporters. As per the CGST Rules, when a business undertakes both taxable and exempt supplies using common inputs or input services, it is required to proportionately reverse a part of the ITC attributable to such common use.

By treating Duty Credit Scrips as an “exempt supply,” exporters were suddenly compelled to reverse a portion of their ITC on common expenses (e.g., office rent, utilities, general administrative costs) even though such expenses were primarily incurred to generate taxable export turnover. This interpretation was logically flawed and inconsistent with the broader policy objective of promoting exports. It effectively diluted the benefit of export-linked incentives and increased the cost of doing business for the very class of taxpayers the schemes were meant to support. The resulting ambiguity led to substantial uncertainty, risk of litigation, and disruption of business planning for exporters.

The Law Committee deliberated upon this issue and opined that *“though supply of MEIS/Duty Credit Scrip by the exporters is an exempt supply under GST, the credit availed on input and input services by the exporters for making taxable supplies including zero rated supplies should not be considered as common credit on such taxable supplies and the exempted supply of Duty Credit Scrips. Therefore, there should be no requirement of reversal of input tax credit for such exempted supply of Duty Credit Scrips by the exporters.”*

Accordingly, the Law Committee recommended that clause (d) may be inserted in Explanation 1 after Rule 43 of CGST Rules 2017 to clarify the aforesaid stand (GST Council 47th Meeting-Agenda-Volume-1-Page 224- Para 2.3).

Based on this recommendation, Clause (d) was inserted into Explanation 1 of Rule 43 in terms of *Notification No. 14/2022-CT dt. 05.07.2022*. This amendment explicitly excluded the value of Duty Credit Scrips from the scope of “exempt supplies” for the purpose of ITC apportionment under both Rules 42 and 43.

Recognizing this amendment as clarificatory in nature – that is, as one that simply reaffirms the original legal position rather than introducing any new right is essential. Being clarificatory, the amendment is legally presumed to apply retrospectively, in accordance with settled jurisprudence. This has critical implications for

exporters; it protects legitimate past ITC claims, prevents retrospective disallowances or adverse assessments arising from an unintended interpretation, and aligns with the Government’s consistent policy of facilitating seamless ITC and encouraging exports.

Ultimately, this clarification ensures legal continuity, restores taxpayer confidence, and prevents unnecessary litigation. It upholds the spirit and intent of the GST regime to create a transparent, predictable, and equitable tax environment and supports the overarching objective of ease of doing business for India’s exporting community.

Conclusion:

In light of the detailed analysis, it is firmly established that the insertion of clause (d) to Explanation 1 of Rule 43 of the CGST Rules, vide *Notification dt. 05.07.2022*, is clarificatory in character. This conclusion is grounded in legislative intent, supported by Supreme Court pronouncements like *Surej Impex (India) Pvt. Ltd.*, and reinforced by the Gujarat High Court’s decision in *Ascent Meditech*, all consistently affirming that clarificatory amendments are to be applied retrospectively.

Accordingly, in author’s opinion, the value of Duty Credit Scrips is deemed excluded from the scope of “exempt supplies” under Rule 42 and 43 with effect from 13.10.2017, with the 2022 amendment merely reaffirming this position and resolving ambiguity to preserve legal coherence and protect taxpayer rights.

Contributed by CA. S. Thirumalai & CA. Sri Harsha



Navigating the New Era of GST Demands: A Comprehensive Analysis of Show Cause Notices under Sections 73, 74, and the Transformative Section 74A

Executive Summary:

The Goods and Services Tax (GST) demand and recovery framework is undergoing a seminal change with the introduction of section 74A of the CGST Act, 2017, effective from November 1, 2024, for tax periods from FY 2024-25 onwards. This new section departs significantly from the bifurcated approach of sections 73 and 74, by eliminating the initial mens rea distinction for SCN issuance and unifying procedural timelines. While aiming for simplification, section 74A shifts the battleground of litigation to penalty determination, demand enhanced proactive compliance and documentation from taxpayers. Chartered Accountants must strategically adapt their advisory and representation approaches to effectively navigate this evolving landscape, focusing on factual merits, early resolution, and meticulous record-keeping to mitigate future litigation.

1. Introduction: The Evolving Landscape of GST Demand and Recovery

The GST regime, since its inception, has continuously evolved, bringing with it a dynamic set of compliance requirements and enforcement mechanisms. At the core of the revenue administration and dispute resolution process lie the provisions governing the determination and recovery of tax liabilities through Show Cause Notices (SCNs). These notices are not merely formal communications but represent a fundamental adherence to the principles of natural justice, offering taxpayers an opportunity to present their defence before any final demand is crystallized.

Historically, sections 73 and 74 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "the CGST Act"), have served as the twin pillars for initiating such demand proceedings. Their crucial distinction lay in the presence or absence of mens rea (fraud, wilful misstatement, or suppression of facts with intent to evade tax), influencing both the limitation period for issuing SCNs and orders, and the severity of associated penalties. However, the legislative intent to streamline and simplify these processes has culminated in a significant amendment: the introduction of section 74A through the Finance (No. 2) Act, 2024. This new section, slated to be effective from 1st November, 2024, and applicable for tax periods from Financial Year 2024-25 onwards, marks a paradigm shift in the approach to GST demands.

This article provides a comprehensive and practical analysis for Chartered Accountants, delving into the nuances of SCNs under sections 73 and 74, meticulously contrasting them with the newly enacted section 74A. It will critically examine the drafting

philosophy behind section 74A, its procedural implications, and, most importantly, its profound impact on future Departmental notices, taxpayer compliance strategies, and the overall landscape of GST litigation.

2. The Foundational Framework: SCNs under Sections 73 and 74 (Applicable up to FY 2023-24)

For all tax periods up to FY 2023-24, the well-established provisions of sections 73 and 74 will continue to govern demand proceedings. A clear understanding of these sections remains imperative for addressing legacy issues and ongoing litigations.

2.1. Section 73: Cases without Malicious Intent

Section 73 addresses situations where tax has not been paid, short paid, erroneously refunded, or Input Tax Credit (ITC) has been wrongly availed or utilized, for any reason other than fraud, wilful misstatement, or suppression of facts. This section typically applies to cases arising from:

- Genuine accounting errors.
- Misinterpretation of complex legal provisions or Notifications.
- Clerical mistakes in filing returns.
- Bona fide differences in opinion regarding classification or valuation.

Procedural Nuances of Section 73:

- **Limitation Period for SCN:** The SCN under section 73(1) must be served at least three months prior to the time limit for issuance of the adjudication order.
- **Adjudication Order Timeline:** The final order under section 73(10) must be issued within three years from the due date of furnishing the annual return for the financial year to which the tax not paid or short paid pertains, or ITC has been wrongly availed or utilised, or the date of erroneous refund. This relatively shorter timeline reflects the absence of an intent to evade.
- **Penalty Provisions:** The penalty structure under section 73 is designed to encourage self-correction and early resolution:
 - o **Voluntary Payment (before SCN):** No penalty if tax and interest are paid before the issuance of SCN [Section 73(6)].
 - o **Payment within 30 days of SCN:** No penalty if tax and interest are paid within thirty days of issuance of SCN and all the proceedings in respect of said notice are deemed to be concluded [Section 73(8)].
 - o **Otherwise:** A penalty equivalent to 10% of the tax or ₹ 10,000, whichever is higher, is levied.

2.2. Section 74: Cases Involving Malicious Intent (Mens Rea)

Section 74 is invoked when the tax not paid or short paid or erroneously refunded or ITC wrongly availed or utilised by any reason of fraud, or any wilful misstatement or suppression of facts. The Department bears the heavy burden of proving such mens rea. Cases falling under this section often involve:

- Deliberate non-declaration of taxable supplies.
- Claiming ITC on forged documents or fictitious transactions.
- Intentional misclassification or undervaluation to reduce tax liability.
- Maintenance of parallel accounts or other deceptive practices.

Procedural Nuances of Section 74:

- **Limitation Period for SCN:** The SCN under section 74(1) must be served at least six months prior to the time limit for issuance of the adjudication order.
- **Adjudication Order Timeline:** The final order under section 74(10) must be issued within five years from the due date of furnishing the annual return for the financial year to which the tax not paid or short paid pertains, or ITC wrongly availed or utilised relates. This extended period grants authorities more time for investigation in complex evasion cases.
- **Penalty Provisions:** Reflecting the severity of the alleged intent, penalties under section 74 are substantially higher:
 - **Voluntary Payment (before SCN):** Payment of tax, interest, and a penalty equivalent to 15% of such tax [Section 74(5)].
 - **Payment within 30 days of SCN:** Payment of tax, interest, and a penalty equivalent to 25% of such tax and all proceedings in respect of such notice shall deemed to be concluded. [Section 74(8)].
 - **Payment within 30 days of communication of order:** Payment of tax, interest, and a penalty equivalent to 50% of such tax and all proceedings in respect of such notice shall deemed to be concluded. [Section 74(11)].
 - **Otherwise:** Penalty ranges from 50% to 100% of the tax due.

The clear bifurcation between sections 73 and 74 has, for years, been a significant point of litigation with taxpayers, often challenging the Department's invocation of section 74 (and its extended limitation period) even in cases perceived to be bona fide errors. This is precisely the area section 74A aims to reform.

3. The Dawn of Section 74A: A Unified Approach to GST Demands (Pertaining to FY 2024-25 Onwards) [Effective from 01.11.2024]

The Finance (No. 2) Act, 2024, introduces section 74A to the CGST Act, which becomes effective from 1st November, 2024, and applies to tax periods from Financial Year 2024-25 onwards. Concurrently, sub-

section (12) has been inserted into sections 73 and 74, explicitly limiting their applicability for determination of tax pertaining to period up to Financial Year 2023-24. This legislative restructuring ushers in a new era for GST demand proceedings.

3.1. Core Objective and Scope of Section 74A:

Section 74A aims to establish a single, common, and streamlined framework for initiating demand proceedings. It addresses situations where any tax has not been paid, short paid, erroneously refunded, or ITC has been wrongly availed or utilized, "for any reason." This broad phraseology is key, as it effectively subsumes both the previous non-fraudulent and fraudulent categories under a unified procedural umbrella for the initial issuance of the SCN. The determination of mens rea will now primarily influence the penalty levied, rather than dictating which specific demand section is invoked at the outset.

3.2. Drafting Nuances and Key Distinctions from Sections 73 & 74:

The structure and language of Section 74A reveal a deliberate attempt by the legislature to simplify and standardize the demand process:

- **The Imperative of Intent - SCN Specificity under section 74A:** While section 74A appears simplifying the grounds for issuance the SCN by stating that "*where it appears to the proper officer that any tax has not been paid... for any reason*". Suggesting a departure from the pre-requisite categorization of intent mandated by sections 73 and 74 which does not imply a truly generic SCN. Furthermore, section 74(7) unequivocally specifies the amount of tax, interest and penalty determined by the authority shall not exceed the amount specified in the SCN, nor the demand can be confirmed on the grounds difference from the notice as such. The proper officer is still required to specify the alleged nature of default and corresponding penalty proposed.
- **Unified and Predictable Timelines:**
 - **SCN Issuance [Section 74A(2)]:** The SCN must be served within forty-two months from the due date for furnishing of the annual return for the financial year to which the tax not paid or short paid or ITC wrongly availed or utilised relates, or within forty-two months from the date of erroneous refund. This replaces the distinct time limits under section 73 and section 74, establishing a single, mid-range timeline for SCN issuance, irrespective of alleged intent. This provides greater predictability for taxpayers.
 - **Adjudication Order Issuance [Section 74A(7)]:** The proper officer is mandated to issue the adjudication order within twelve months from the date of issuance of the SCN. Importantly, a proviso allows for an extension of this period by a maximum of six months having regard to the reasons to be recorded in writing, before the expiry of said period, subject to approval by the Commissioner or an officer authorized by the

Commissioner senior in rank to proper officer. This brings much-needed certainty and a more time-bound closure to demand proceedings, addressing a long-standing grievance of taxpayers facing protracted assessments.

- **Monetary Threshold for SCN [Proviso to Section 74A(1)]:** A significant practical relief, particularly for smaller discrepancies, is the stipulation that no SCN shall be issued if the tax which has not been paid or short paid or erroneously refunded or ITC wrongly availed or utilised in a financial year is less than ₹ 1,000. This aims to reduce administrative burden on both taxpayers and the Department, preventing trivial disputes from escalating.
- **Revised Penalty Regime – Intent Still Matters for Quantum:** While the initial SCN is unified, the penalty provisions under section 74A explicitly retain the distinction based on mens rea, albeit with revised percentages and expanded windows for reduced penalties. This indicates that the intent of the taxpayer will remain a crucial factor during the adjudication process for determining the final penalty.
 - o **where any tax has not been paid or short paid or erroneously refunded, or where ITC has been wrongly availed or utilised for any reason, other than the reason of fraud or any wilful-misstatement or suppression of facts to evade tax [Section 74A(8)]:**
 - **Payment before SCN:** No penalty if tax and interest are paid.
 - **Payment within 60 days of SCN:** No penalty if tax and interest are paid and all proceedings in respect of said notice are concluded. (This is an expansion from the 30-day window under section 73).
 - **After 60 days of SCN [Section 74A(5)(i)]:** Penalty of 10% of tax due or ₹ 10,000, whichever is higher.
 - o **where any tax has not been paid or short paid or erroneously refunded or where ITC has been wrongly availed or utilised by reason of fraud, or any wilful-misstatement or suppression of facts to evade tax [Section 74A(9)]:**
 - **Payment before SCN:** Penalty of 15% of the said tax (in addition to tax and interest).
 - **Payment within 60 days of SCN:** Penalty of 25% of the said tax (in addition to tax and interest), all proceedings in respect of said notice shall deemed to be concluded. (Again, an expansion from 30 days under section 74).
 - **After 60 days of SCN [Section 74A(5)(ii)]:** Penalty equivalent to the tax due (100%).
- **Service of Statement for Subsequent Periods [Section 74A(3) & (4)]:** Similar to existing provisions, if an SCN has been issued for a

period, and similar grounds exist for subsequent periods, a detailed statement can be served in lieu of a fresh SCN. If the grounds are the same as in the original SCN, this statement will be deemed to be a service of SCN. This facilitates consolidated demands for recurring issues.

4. Practical Implications and Strategic Shifts for Future Notices

The introduction of section 74A from FY 2024-25 onwards will necessitate a significant recalibration of strategies for both tax authorities and taxpayers. For Chartered Accountants, this demands a more sophisticated and proactive approach to advisory and litigation management:

- **Integrated Defence - Addressing the Law, Facts and Intent in SCN Responses:** Though the SCN 74A streamlined the demand procedure with broader SCN trigger (any reason) it doesn't neglect the need for 'mens rea' assessment. Section 75(7) dictates that the proposed penalty in SCN cannot be exceeded, inherently requiring the officer to categorize the default whether fraudulent or not upfront.

Consequently, CAs must offer an integrated defence while providing the initial SCN responses to squarely address the legal, factual and also arguments disputing the intent of fraud upfront factual and legal merits of the demand. These arguments regarding the absence of mens rea will primarily come into play when disputing the penalty component during the adjudication process.
- **Predictability in Timelines vs. Prolonged Uncertainty:** While the unified 42-months SCN timeline and 12-months order timeline bring greater procedural predictability, it's crucial to note that for a financial year like FY 2024-25, an SCN could theoretically be issued on or before 30th June 2029 (42 months from 31st December 2025, the due date of the annual return for FY 2024-25). The adjudication order could then be followed by June 2030 (plus 6-month extension, if sought). This still implies a considerable period of uncertainty for businesses, emphasizing the need for robust internal controls and dispute management.
- **Penalty Determination as the New Litigation Epicentre:** The battleground for litigation will largely shift from challenging the type of SCN to intensely disputing the quantum of penalty. CAs will need to meticulously gather evidence and construct compelling arguments to demonstrate the absence of fraud, wilful misstatement, or suppression of facts during the adjudication proceedings, thereby advocating for the lower penalty provisions as provided in section 74A(5)(i) or 74A(8) instead of the higher penalty as provided in section 74A(5)(ii) or 74A(9). This requires deep factual analysis and strong legal reasoning.
- **Strengthened Incentive for Early Resolution:** The extended 60-day window for reduced penalties provides a more practical and attractive opportunity

for taxpayers to settle demands voluntarily. For cases genuinely free of mens rea, paying the tax and interest within this period can lead to a complete waiver of penalty. CAs should actively counsel clients on conducting thorough internal reviews upon receiving an SCN and evaluating the cost-benefit of early resolution versus prolonged litigation, especially considering the interest accumulation and the potential for a higher penalty.

- **Imperative for Robust Documentation and Compliance Preparedness:** In this new environment, where the initial SCN is “procedurally unified,” impeccable record-keeping and proactive compliance become even more critical. Every transaction, every ITC claim, and every return filing must be meticulously documented and verifiable. CAs should guide clients on implementing strong internal audit mechanisms, periodic GST checks, and maintaining comprehensive digital records, as the ability to swiftly provide evidence will be key in minimizing demands and navigating the penalty assessment.
- **Navigating the Dual Operational Regime:** For the next few years, CAs will need to operate under a dual legal framework. SCNs related to tax periods up to FY 2023-24 will continue to be governed by the provisions of sections 73 and 74. Simultaneously, demands pertaining to FY 2024-25 onwards will fall under section 74A. This requires careful date-tracking for each SCN and a precise understanding of the applicable procedural nuances and penalty structures, avoiding conflation of the two regimes.
- **Enhanced Role in Departmental Audits:** Knowing that under section 74A, SCN can be issued “for any reason,” CAs involved in representing clients during Departmental audits (under section 65) or special audits (under section 66) must be particularly diligent. Responses to audit observations should be framed with an acute awareness of their potential to form the basis of a subsequent SCN, strengthening the client’s position from the very outset.

5. Strategies for Effective Representation and Litigation Mitigation

In light of section 74A, CAs must evolve their strategies to provide comprehensive and effective client representation:

- **Pre-emptive Compliance & Internal Audits:** The best defence is a strong offense. CAs should encourage regular, in-depth internal GST audits for their clients. This includes reviewing ITC claims, output tax liabilities, classifications, valuations, and adherence to procedural compliances. Identifying and rectifying discrepancies proactively, and addressing them through voluntary payments (DRC-03), can significantly mitigate future SCNs.
- **Detailed SCN Analysis:** Upon receipt of an SCN under section 74A, a thorough initial analysis is paramount. Given that the SCN will propose a specific penalty amount [which inherently reflects the Department’s underlying assessment of intent

as per section 74A(5)] a CA must carefully discern this implicit or explicit allegation to prepare a robust factual and legal defense, including arguments against the attributed ‘mens.

- **Robust Factual and Legal Submissions:** Replies to SCNs must be precise, well-reasoned, and backed by irrefutable evidence. Every claim of the Department should be addressed with supporting documents, legal precedents, and a clear explanation.
- **Strategic Arguments on Mens Rea:** Even though section 74A unifies the SCN, the penalty remains linked to intent. CAs must be prepared to argue convincingly against any imputation of fraud, wilful misstatement, or suppression of facts. This involves demonstrating bona fide errors, reliance on professional advice, or transparent disclosures, even if inadvertently incorrect.
- **Negotiation and Settlement Considerations:** The expanded 60-day window for reduced penalties presents an opportunity for negotiation. CAs should advise clients on a cost-benefit analysis, weighing the potential penalty relief against the costs and uncertainties of prolonged litigation.
- **Appellate Strategies:** In case of an adverse order, the appellate strategy must be well-defined. The grounds of appeal should address both the merits of the demand and the findings on mens rea for penalty purposes.
- **Continuous Learning and Knowledge Dissemination:** The GST law is a living document. CAs must stay abreast of all new amendments, circulars, notifications, and judicial pronouncements. Sharing this knowledge with clients through regular advisories and workshops will be crucial for maintaining compliance and mitigating risks.

6. Conclusion: The Path Forward in GST Enforcement

The introduction of Section 74A represents a pivotal moment in GST enforcement in India. It reflects a legislative intent to simplify the initial demand process by unifying the SCN issuance, irrespective of alleged intent, while simultaneously ensuring that accountability for mens rea is maintained through varying penalty structures. This shift is expected to streamline Departmental procedures and potentially accelerate the resolution of disputes.

For Chartered Accountants, this change underscores their critical role as advisors and representatives. The focus is now firmly on proactive compliance, impeccable documentation, and the ability to present clear, factual, and legally sound arguments that not only challenge the merits of a demand but also meticulously dismantle any allegations of fraudulent intent for penalty mitigation. Embracing these changes and adapting strategies will enable CAs to continue providing invaluable service to businesses, fostering a more transparent, predictable, and efficient GST ecosystem in the new era of demand and recovery.

Contributed by CA. Jishnu M Sarma

GST UPDATES

1. Clarification regarding non-quoting of DIN on GST portal Communications bearing RFN

CBIC had earlier mandated generation and quoting of DIN on all communications including emails sent to taxpayers and other concerned persons by any office of CBIC for transparency and accountability vide *Circulars No. 122/41/2019-GST & 128/47/2019-GST*. However, all documents and summaries issued via the GST common portal already carry a Reference Number (RFN), which can be verified online. As per section 169(1)(d) of the CGST Act, 2017, serving documents via the common portal is a valid communication. Further, *Instruction No. 4/2023- GST* also emphasizes electronic service of notices and orders via the portal. Since RFN is electronically generated and verifiable, quoting a separate DIN becomes redundant for such communications. Hence, it has been clarified that DIN is not required for communications generated and served through the GST portal bearing a valid RFN. Such communications are legally valid. Therefore, previous instructions mandating quoting of DIN stand modified to this extent.

Circular No. 249/06/2025-GST dated 09.06.2025

2. Reviewing authority, Revisional Authority and Appellate Authority in respect of orders passed by Common Adjudicating Authority (CAA) for show cause notices issued by DGGI

Circular No. 250/07/2025-GST dated 24.06.2025 issued by the CBIC addresses the topic of identifying the appropriate authorities for review, revision, and appeal against Orders-in-Original (O-I-Os) passed by Common Adjudicating Authorities (CAAs), specifically for show cause notices issued by the Directorate General of GST Intelligence (DGGI). Although *Notification No. 02/2017 dt. 19.06.2017 (as amended)* read with *Circular No. 239/33/2024-GST dt. 04.12.2024* designated certain officers as CAAs, the procedures for subsequent legal recourse—such as review, revision, and appeals—were not specified.

Upon consultation with the Union Ministry of Law and Justice, it was clarified that sections 107 and 108 of the CGST Act, 2017, provide for the appeal and revision of such orders. Similarly, the Reviewing Authority also has the power under the said section to review adjudication orders passed by a CAA who is posted under the said reviewing authority.

In order to ensure uniformity in procedure for review, revision, and appeal against the Orders-in-Original (O-I-Os) adjudicated by Common Adjudicating Authorities, the following has been clarified:

- a) **Review under Section 107 of the CGST Act, 2017** - The Principal Commissioner or Commissioner of Central Tax under whom the Common Adjudicating Authority

(Additional/Joint Commissioner) is posted shall be the reviewing authority in respect of such O-I-Os.

- b) **Revisional Power under Section 108 of the CGST Act, 2017** - The Principal Commissioner or Commissioner of Central Tax under whom the Common Adjudicating Authority (Additional/ Joint Commissioner) is posted shall be the revisional authority in respect of such O-I-Os.
- c) **Appeal Procedure under Section 107 of the CGST Act, 2017:** Appeals against the order of Common Adjudicating Authority (Additional/Joint Commissioner) shall lie before the Commissioner (Appeals) corresponding to the territorial jurisdiction of the Principal Commissioner or the Commissioner of Central Tax, under whom the said Common Adjudicating Authority (Additional/ Joint Commissioner) is posted, as specified in Table III of *Notification No. 02/2017-Central tax dated 19.06.2017*
- d) **Department's Representation in Appeals:** The Principal Commissioner or Commissioner of Central Tax of such Commissionerate under whom the Common Adjudicating Authority (Additional/Joint Commissioner) is posted shall represent the Department in appeal proceedings against the O-I-Os passed by such Common Adjudicating Authority (Additional/ Joint Commissioner) and accordingly may appoint any officer subordinate to him to be the designated officer for filing departmental appeals.
- e) The reviewing or revisional authority for such orders may seek comments on the O-I-O from the concerned DGGI formation before proceeding to decide on the order passed by the CAA.

GSTN ADVISORIES

1. Non-editable of auto-populated liability in GSTR-3B

GST Portal provides a pre-filled GSTR-3B, where the tax liability gets auto-populated based on the outward supplies declared in GSTR-1/ GSTR-1A/ IFF. As of now, taxpayers can edit such auto populated values in form GSTR-3B itself. GSTR-1A provides the taxpayer with a facility to amend their incorrectly declared outward supplies in GSTR-1/IFF, allowing them an opportunity to correct their liabilities before filing their GSTR-3B in the same return period.

In view of the same, from July,2025 tax period for which FORM GSTR-3B will be furnished in August,2025 such auto populated liability will become non editable. Thus, taxpayers will be allowed to amend their auto populated liability by making amendments through form GSTR-1A which can be filed for the same tax period before filing of GSTR-3B.

2. Barring of GST Return on expiry of three years

As per the Finance Act, 2023 dt. 31.03.2023, implemented w.e.f. 01.10.2023 vide *Notification No. 28/2023 – CT dt. 31.07.2023*, the taxpayers shall not be allowed file their GST returns after the expiry of a period of three years from the due date of furnishing the said return under section 37 (outward supply), section 39 (payment of liability), section 44 (annual return) and section 52 (tax collected at source). These sections cover GSTR-1, GSTR-3B, GSTR-4, GSTR-5, GSTR-5A, GSTR-6, GSTR 7, GSTR-8 and GSTR 9.

Hence, above mentioned returns will be barred for filing after expiry of three years. The said restriction will be implemented on the GST portal from July 2025 tax period. Which means any return for which due date was three years back or more and hasn't been filed till July Tax period will be barred from Filing.

Illustration - The latest GST returns that will be barred from filing w.e.f. 01.08.2025 are detailed in the table below:

GST Forms	Barred Period (w.e.f. 01.08.2025)
GSTR-1/IFF	June-2022
GSTR-1Q	April-June 2022
GSTR-3B/M	June-2022
GSTR-3BQ	April-June 2022
GSTR-4	FY 2021-22
GSTR-5	June-2022
GSTR-6	June-2022
GSTR-7	June-2022
GSTR-8	June-2022
GSTR-9/9C	FY 2020-21

The taxpayers are advised to reconcile their records and file their GST Returns as soon as possible if not filed till now.

3. System Validation for Filing of Refund Applications on GST Portal for QRMP Taxpayers

In the month of May 2025, a system-level validation was deployed on the GST Portal to ensure adherence to the provisions outlined in Para 6 of *Circular No. 125/44/2019-GST dt. 18.11.2019*. As per the said circular:

"Any refund claim for a tax period may be filed only after furnishing all the returns in FORM GSTR-1 and FORM GSTR-3B which were due to be furnished on or before the date on which the refund application is being filed. However, in case of a claim for refund filed by a composition taxpayer, a non-resident taxable person, or an Input Service Distributor (ISD), furnishing of returns in FORM GSTR-1 and FORM GSTR-3B is not required. Instead, the applicant should have furnished returns in FORM GSTR-4 (along with FORM GST CMP-08), FORM GSTR-5 or FORM GSTR-6, as the case may be, which were due to be furnished on or before the date on which the refund application is being filed."

Accordingly, the GST system was updated to allow refund applications only if the taxpayer had filed all relevant returns that were due up to the date of filing the refund application. Post implementation of the above validation, it was observed that taxpayers registered under the Quarterly Return Monthly Payment (QRMP) scheme encountered issues while attempting to file refund applications. Specifically, the system was not recognizing invoices furnished using the Invoice Furnishing Facility (IFF) for the first two months of the quarter (M1 and M2), resulting in the inability to proceed with refund filing. Additionally, in cases where GSTR-1 for the previous quarter had already been filed, the system was erroneously prompting taxpayers to file returns for M1 and M2 of the current quarter too. Taxpayers were facing this issue when the refund application was being submitted during the period between the two quarters.

Taxpayers under the QRMP scheme can now file refund applications for the invoices for which GSTR-3B has been already filed. Invoices furnished through IFF for which GSTR-3B is yet to be filed in coming return period should not be included in the refund application.

All taxpayers are advised to ensure that relevant returns are filed prior to filing a refund application, as per the legal provisions and existing system validations.

In case of any discrepancies or system-related queries, taxpayers may reach out to the GST Helpdesk (<https://selfservice.gstsystem.in>).

4. Introduction of Enhanced Inter-operable Services Between E-Way Bill Portals

NIC has launched the new E-Way Bill 2.0 portal (<https://ewaybill2.gst.gov.in>) on 1st July 2025, featuring enhanced inter-operable E-Way Bill functionalities. The portal is being introduced to provide enhanced inter-operability between the existing E-Way Bill 1.0 Portal (<https://ewaybillgst.gov.in>) and the new portal.

i. Objective

The new E-Way Bill 2.0 portal has been developed in response to taxpayers' demands for continuity in services during exigencies. It enables cross-portal access to critical E-Way Bill functionalities, ensuring seamless operations for taxpayers and transporters.

ii. New Inter-Operable Services

The following additional services will be available on the E-Way Bill 2.0 portal for E-Way Bills generated on either portal (E-Way Bill 1.0 or E-Way Bill 2.0):

- Generation of E-Way Bill based on Part-A details entered by the supplier
- Generation of consolidated E-Way Bills
- Extension of validity of E-Way Bills
- Update of transporter details
- Retrieval of consolidated E-Way Bills

These services are in addition to the currently available cross-functional services:

- a) Generation of E-Way Bills
- b) Updating of vehicle details
- c) Printing of E-Way Bills

iii. System Integration and Synchronisation

- a) Both portals will operate on a real-time synchronised architecture wherein E-Way Bill data will be mirrored across both systems within seconds
- b) In the event of a technical issue or downtime on the E-Way Bill 1.0 portal, taxpayers may perform all necessary operations (e.g., updating Part-B) on the E-Way Bill 2.0 portal and carry the E-Way Bill slip generated therefrom.
- c) This dual-system approach is designed to eliminate dependency on a single portal and ensure business continuity.

iv. Availability via API

All the above services will also be made available to taxpayers and logistics operators through APIs, in addition to the web portal interface. These APIs are currently hosted on the sandbox environment for testing and integration purposes.

v. Key Benefits

Eventually, the data from both E-Way Bill 1 and E-Way Bill 2 portals shall be seamlessly merged and integrated, thereby eliminating dependency on the E-Way Bill 1 system during exigencies. The E-Way Bill 2 portal is designed to synchronise E-Way Bill details with the main portal within a few seconds.

Criss-cross operations between the two portals are fully enabled — updates made to E-Way Bills generated on the E-Way Bill 1 portal can be carried out on the E-Way Bill 2 portal, and vice versa. In the event of non-availability of the main portal due to technical reasons, Part-B details of E-Way Bills generated on the E-Way Bill 1 portal can be updated through the E-Way Bill 2 portal, and both versions of the E-Way Bill slip may be carried accordingly.

Taxpayers and logistics operators are encouraged to familiarise themselves with the new functionalities and integrate API services where applicable.

5. Handling of Inadvertently Rejected records on IMS

Ques 1: How can a recipient avail ITC of wrongly rejected invoices/ debit notes/ECO-documents in IMS as corresponding GSTR-3B of same tax period was also filed by recipient?

Ans: In such cases recipient can request to the corresponding supplier to report the same record (without any change) in same return period's GSTR-1A or respective amendment table of subsequent GSTR-1/IFF.

Thus, recipient can avail the ITC basis on amended record by accepting such record on IMS and recomputing GSTR-2B on IMS. Here the recipient will get ITC of complete amended value as original record was rejected by the recipient.

However, recipient will be able to take ITC for the again furnished document by the supplier, as stated above, only in the GSTR-2B of the concerned tax-period.

Ques 2: If any original record is rejected by the recipient and supplier furnishes the same record in GSTR-1A of same tax period or in the amendment table of GSTR-1/IFF of subsequent period, till the specified time limit, then what impact it will have on supplier's liability?

Ans: In case supplier had furnished an original record in GSTR-1/IFF but the same record was rejected wrongly by the recipient in IMS. In such cases, supplier on noticing the same in the supplier's view of IMS dashboard or on request of recipient, may furnish the same record again (without any change) in GSTR-1A of same tax period or in the amendment table of GSTR-1/IFF in any subsequent period, till the specified time limit, then the liability of supplier will not increase. As amendment table take delta value only. Thus, in present case of same values, differential liability increase will be zero.

Ques 3: As a recipient taxpayer, how to reverse ITC of wrongly rejected credit note in IMS as the corresponding GSTR-3B has already been filed?

Ans: In such cases recipient can request the concerned supplier to furnish the same credit note without any change in the same return period's GSTR-1A or in amendment table of subsequent period's GSTR-1/IFF. Now recipient can reverse the availed ITC based on the amended credit note by accepting the credit note on IMS. Hence, the recipient's ITC will get reduced with complete amended value, as soon as the recipient recomputes GSTR-2B on IMS. The reduced value is same as that of the value of original credit note as in this case the complete original credit note was rejected by the recipient.

Ques 4: If any original credit note was rejected by the recipient and supplier furnishes the same credit note in GSTR-1A of same tax period or in the amendment table of GSTR-1/IFF of any future tax-period, till the specified time limit, then what impact it will have on supplier's liability?

Ans: At first instant the supplier's liability will be added back in the open GSTR-3B return, because of original credit note rejection by the recipient. However, as the supplier furnishes the same credit note in GSTR-1A of same tax period or in amendment table of GSTR-1/IFF in any subsequent period, supplier's liability for this amendment will get reduced again corresponding to the value of amended credit note (which in this case is same as original). Thus, net effect on liability of supplier will be only once.

GST Compliance Schedule

GST Compliances for the month of July, 2025

Forms	Compliance Particulars	Due Dates
GSTR 7	Return to be furnished by the registered persons who are required to deduct tax at source.	10.08.2025
GSTR 8	Return to be furnished by the registered electronic commerce operators who are required to collect tax at source on the net value of taxable supplies made through it.	10.08.2025
GSTR 1	Statement of outward supplies by the taxpayers having an aggregate turnover of more than ₹ 5 crore or the taxpayers who have opted for monthly return filing.	11.08.2025
GSTR-1A	Amendment to GSTR-1 filed for the month of July, 2025.	
IFF	Statement of outward supplies by the taxpayers having an aggregate turnover up to ₹ 5 crore and who have opted for the QRMP scheme.	13.08.2025
GSTR 5	Return to be furnished by the non-resident taxable persons containing details of outward supplies and inward supplies.	13.08.2025
GSTR 6	Return to be furnished by every Input Service Distributor (ISD) containing details of the input tax credit received and its distribution.	13.08.2025
GSTR 3B	Return to be furnished by all the taxpayers other than who have opted for QRMP scheme comprising consolidated summary of outward and inward supplies.	20.08.2025
GSTR 5A	Return to be furnished by Online Information and Data base Access or Retrieval (OIDAR) services provider for providing services from a place outside India to non-taxable online recipient (as defined in Integrated Goods and Services Tax Act, 2017) and to registered persons in India and details of supplies of online money gaming by a person outside India to a person in India.	20.08.2025
PMT-06	Payment of GST for a taxpayer with aggregate turnover up to ₹ 5 crores during the previous year and who has opted for quarterly filing of return under QRMP scheme.	25.08.2025

Invitation to write articles on GST

Chartered Accountants and other experts, with academic passion and flair for writing are invited to share their expertise on GST through ICAI-GST Newsletter. The article may be on any topic related to GST Law. While submitting the articles, please keep the following aspects in mind:

- 1) Article should be of 2000-2500 words.
- 2) An executive summary of about 100 words may accompany the article.
- 3) It should be original and not published/should not have been sent for publishing anywhere else.
- 4) Copyright of the selected article shall vest with the ICAI.

Please send editable soft copy of the article at gst@icai.in.



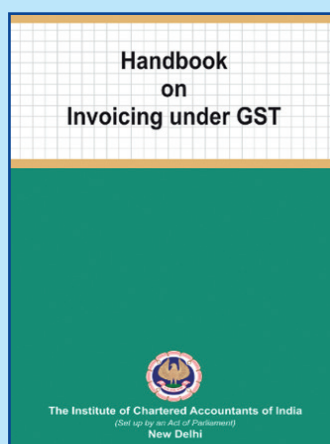
PUBLICATIONS



Release of publication **“Practical Guide to GST Disputes”** and Revised Edition of **“Handbook on Invoicing under GST”** by Hon’ble Vice President of ICAI, CA. Prasanna Kumar D in the 103rd meeting of the GST & Indirect Taxes Committee in the presence of CA. Rajendra Kumar P, Chairman, GST & IDTC and CA. Umesh Sharma, Vice Chairman, GST & IDTC and other Council members.

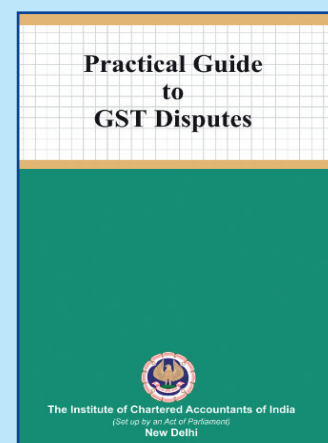
Practical Guide to GST Disputes

The publication “Practical Guide to GST Disputes” is designed to equip professionals with in-depth knowledge and practical guidance on handling GST demands, investigations, and appeals—including aspects such as litigation strategy, drafting and pleadings, principles of evidence, revisionary proceedings, ethics in representation, and common challenges faced during adjudication and appellate proceedings. With a focus on practical insights and Tribunal representation, the publication empowers Chartered Accountants to confidently advise and represent clients across all stages of GST dispute resolution.



Handbook on Invoicing under GST

This publication aims to provide a clear and informative guide on GST invoicing, helping businesses and professionals ensure compliance while optimizing their financial processes. It consolidates all provisions related to Invoicing in one place. The law stated in the publication is updated with the relevant amendments up to 31st May, 2025. It covers various aspects such as the contents of tax invoices, time limits for issuance, special cases like revised and credit/debit notes, and electronic invoicing requirements.



The soft copies of the publications can be downloaded from the website of GST & Indirect Taxes Committee at <https://idtc.icai.org/publications.php>

The hard copy can be purchased via CDS Portal from the following link <https://cds.icai.org/#/>

QUIZ

- Mr. P is having 5 places of business out of which the principal place of business is in Bombay. Can he maintain books only at the principal place of business?**
 - Yes
 - No
 - It doesn't make any difference
 - None of the above
- An appeal to the High Court can be filed under the CGST Act, 2017 in the following cases:**
 - By a person aggrieved against the order passed by the State Benches of the Appellate Tribunal for matter involving substantial question of law.
 - By a person aggrieved against the order passed by the Principal Bench of the Appellate Tribunal for matter involving substantial question of law.
 - By a person aggrieved against the order passed by the State Benches or Principal Bench of the Appellate Tribunal for matter involving substantial question of law.
 - By a person aggrieved against the order passed by the State Benches or Principal Bench of the Appellate Tribunal for matter involving substantial question of fact and law.
- M/s ABC Ltd. filed an application for refund of tax amounting to ₹ 10,00,000/- on 1st Oct, 2023 and the refund was granted on 25th Dec, 2023. Compute the amount of interest, if payable to M/s. ABC Ltd. as per the provisions of section 56 of the CGST Act, 2017.**
 - ₹ 4,110/-
 - ₹ 13,973/-
 - ₹ 9,863/-
 - Nil
- The transporter/owner of goods is required to pay the penalty to release the detained/seized goods/conveyance within _____.**
 - 7 days from the receipt of copy of order.
 - 15 days from the receipt of copy of order.
 - There is no such limit.
 - They will only be released on the Court order.
- The registration requirements for the supplier of Online Information and Database Access or Retrieval (OIDAR) services located in a non-taxable territory supplying services to non-taxable online recipient are as follows -**
 - single registration under simplified registration scheme as notified by the Government.
 - multiple registration
 - not liable to registration up to the threshold limit
 - exempt from registration
- It is mandatory to generate e-way bill in case of inter-State movement of goods by the principal to the job-worker. This statement is -**
 - correct, irrespective of the value of consignment e-way bill is required.
 - incorrect, it is mandatory if the value of consignment exceeds ₹ 20,000/-
 - incorrect, it is mandatory if the value of consignment exceeds ₹ 50,000/-
 - incorrect, it is mandatory if the value of consignment exceeds ₹ 1,00,000/-
- The time limit to issue a notice under section 74A is -**
 - thirty months from the due date of furnishing of annual return.
 - forty-two months from the due date of furnishing of annual return.
 - three years from the due date of furnishing of annual return.
 - five years from the due date of furnishing of annual return.
- MNO Ltd., a person registered in composition scheme, operating in 4 different states has filed the withdrawal intimation in one State. Will this intimation be applicable to all the places of business?**
 - Yes, it will be applicable.
 - No, it will not be applicable.
 - Yes, but with the prior approval of the Central Government.
 - No, but with the prior permission of respective State Government.
- Which class of person is required to file monthly details of outward supplies of goods or services or both in Form GSTR-1?**
 - Non-taxable online recipient.
 - Person required to deduct tax at source.
 - Person who has opted to pay tax under composition scheme.
 - None of the above
- Mr. A makes supply of services amounting to ₹ 15,00,000/- (including inter-state supplies of services). He has not taken registration under GST. Specify the amount of penalty, if any leviable on Mr. A.**
 - Nil
 - ₹ 10,000/-
 - ₹ 10,000/- or tax evaded whichever is higher
 - ₹ 25,000/-

The names of first five members who were the top scorers in the last Quiz are as under:

Name	Membership No.
CA. Zeeshan Ahmed	466638
CA. Mahesh Parmar	548177
CA. Shivam Bansal	439639
CA. Aditya Dhanuka	305212
CA. Basetti Venkata Amarnadh	277193

Please provide reply of the above MCQs in the link given below. **Top five scorers will be awarded hard copy of the publication 'GST Act(s) and Rule(s)- Bare Law' & their names will be published in the next edition of the Newsletter.**
Link to reply: - <https://forms.gle/QxcoV3Yk5DNN3NL18>



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GST Acts



GST Rules



Notifications including the amended notifications



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GST STATUTES



Minutes of GST Council meetings



GSTN Advisories



GST Press releases



Other useful links



Instructions/ Guidelines

Your suggestions on the website are welcome at gst@icai.in

GST and Indirect Taxes Committee
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