

TAX FLASH NEWS

28 March 2022

Standard Operating Procedure for scrutiny of GST returns for FY 2017-18 and 2018-19 issued by CBIC

Central Board of Indirect Taxes and Customs (CBIC) has issued an Instruction specifying Standard Operating Procedure (SOP) for scrutiny of returns and related particulars furnished by the registered person for the FY 2017-18 and 2018-19. This is an interim measure till the time a 'Scrutiny Module' for online scrutiny of returns is made available on the CBIC-GST application.

Gist of CBIC Instruction

A. Selection of returns for scrutiny

Based on specific risk parameters, Directorate General of Analytics and Risk Management (DGARM) will select the GSTINs registered with central tax authorities and communicate the same to the field formations for further action.

B. Proper Officer for scrutiny

Superintendent of Central Tax in-charge of the jurisdictional range of the selected taxpayer is the proper officer for scrutiny.

C. Scrutiny schedule

Proper officer with the approval of the divisional Assistant/Deputy Commissioner will finalize a scrutiny schedule. These shall be reported to the Directorate General of Goods and Services Tax (DGGST) by the all the concerned CGST Zone.

D. Process of scrutiny

- Data/details available through various sources like DGARM, ADVAIT, GSTN, E-Way Bill Portal, etc and information available with proper officer in the form of various returns and statements furnished by the registered person shall be relied upon.
- Indicative list of parameters to be verified has been prescribed. The list includes verification of tax liability declared in Form GSTR-3B vis-à-vis Form GSTR-1 and e-way bills; inward supplies liable to reverse charge; claim of ITC; ineligible/inadmissible ITC; reversal of ITC; interest and late fees payable and paid.
- Proper officer shall issue a single compiled notice for a particular financial year to the registered person seeking an explanation on the discrepancies noticed.
- Proper officer shall conclude the proceedings if the registered person accepts the discrepancies and pays the amount due.
- Proper officer may proceed to determine the tax and other dues under section 73 or section 74 of the CGST Act when :
 - no satisfactory explanation is furnished by registered person within the prescribed timelines, or
 - after accepting the discrepancies, registered person fails to pay the tax, interest and any other amount arising from such discrepancies.

¹ Instruction No. 02/2022-GST dated 22 March 2022, CBIC, Ministry of Finance

- If the matter needs to be pursued further through audit or investigation, the concerned proper officer may refer the matter to the jurisdictional Principal Commissioner/Commissioner through the divisional Assistant/Deputy Commissioner for a decision in this regard.

E. Timelines for scrutiny

Timelines for completion of different events in the scrutiny process have been prescribed.

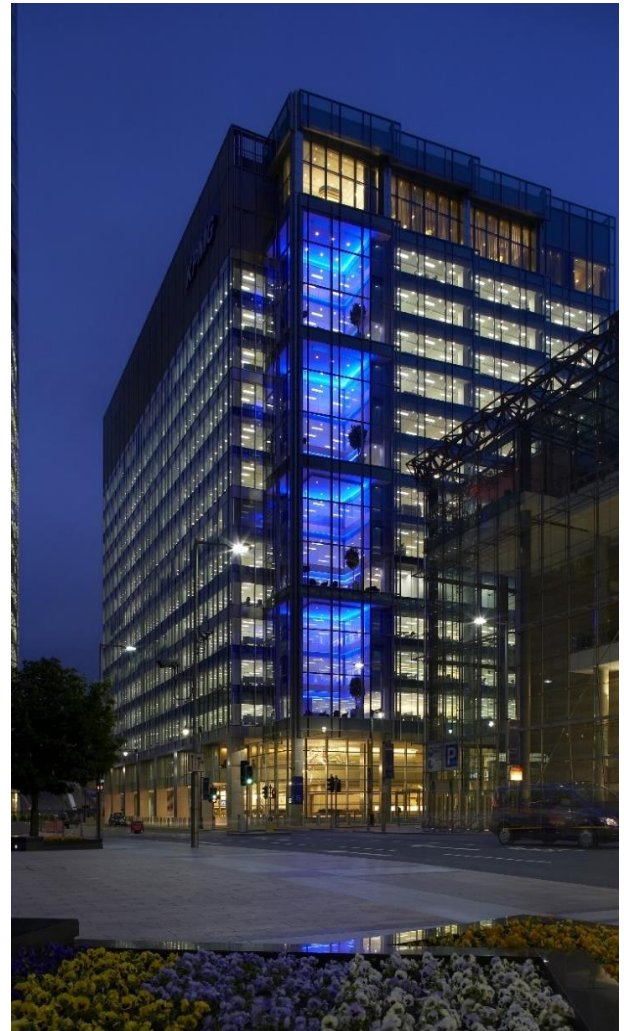
F. Reporting and monitoring

Scrutiny Register is to be maintained by proper officer in respect of the GSTINs allotted for scrutiny. Progress of scrutiny as per the scrutiny schedule shall be monitored by the jurisdictional Principal Commissioner/ Commissioner on monthly basis.

Our comments

On similar subject matter, Maharashtra State authorities have issued an Internal Circular² providing clarification and approach to be followed in return scrutiny on account of bonafide errors committed by taxpayers in their compliances. While both the CBIC Instruction and Internal Circular are a welcome step, uniform guidelines by the Central and all the State Government authorities will help organisations which have got multiple GST registrations across various States in India.

It is also important that tax authorities follow this in appropriate manner and have an approach to close the proceedings wherever proper details are available and not create unnecessary litigations.



² Internal Circular No. 02A of 2022 dated 25 February 2022, Office of Commissioner of State Tax, Maharashtra

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