

How to Handle GST Litigations?

Here we are to help you!

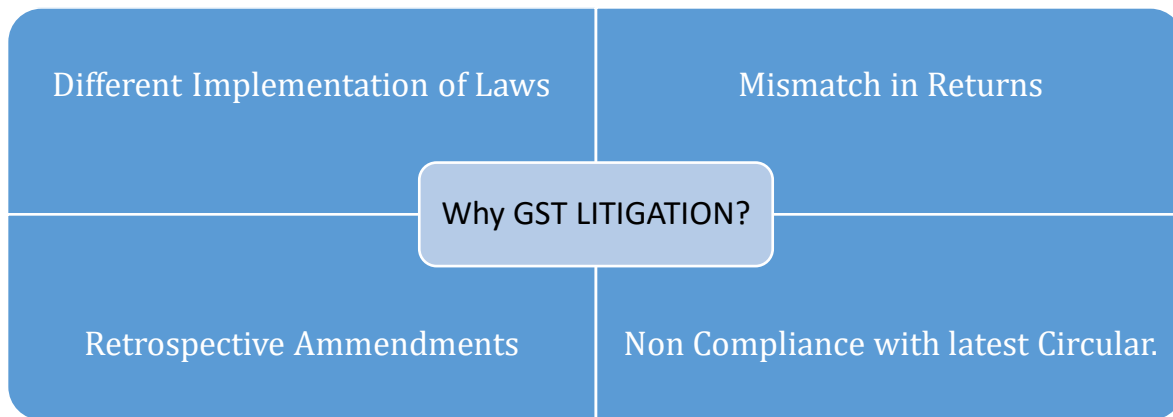


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Reasons for GST Litigation

GST litigation often happens because the tax rules can be complex and are constantly changing. Disagreements can arise from different interpretations of the law, mismatches in returns, or not following the latest circulars from tax authorities. Retrospective changes to the GST law can also create confusion, especially if taxpayers are unaware of them. To avoid costly disputes, it's important to stay updated and ensure compliance with all the requirements.



Different Implementations of Law: The GST Act's complex provisions can be interpreted in multiple ways, causing confusion and disagreements over tax applicability. This often leads to disputes between taxpayers and tax authorities.

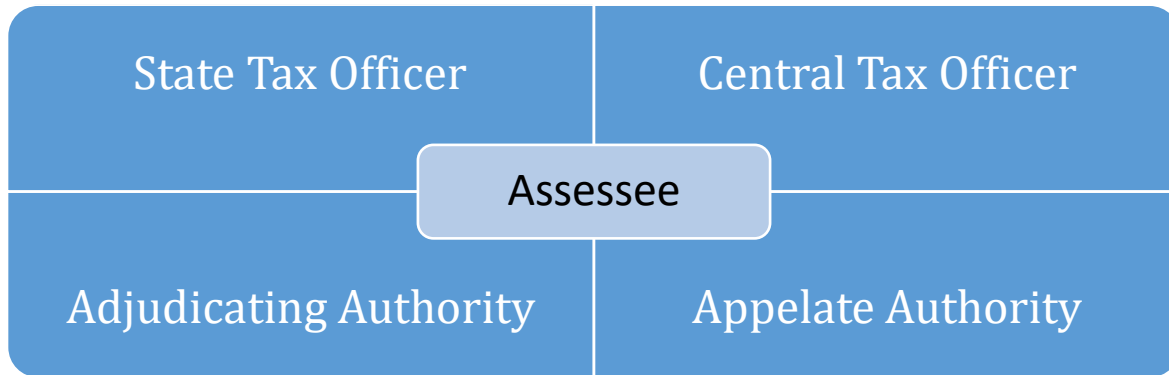
Mismatch in Returns: A common issue arises when there is a mismatch between the GSTR-2B (auto-generated input tax credit statement) and GSTR-3B (summary return). Discrepancies between the two can result in disallowed credits, triggering notices, penalties, and litigation if not resolved promptly.

Noncompliance with latest circular: Failure to comply with the latest circulars issued by the CBIC can result in tax discrepancies and non-compliance penalties. These circulars often clarify or update GST provisions, and missing these updates can lead to costly litigation.

Retrospective Amendments: Retrospective amendments to the GST Act can lead to disputes as taxpayers may not be aware of changes and may have taken incorrect positions in past returns.

Key Players in GST Litigation.

GST litigation involves various stakeholders, each playing a crucial role in resolving disputes and ensuring compliance with the law. Let's look at the key players in the GST litigation process:



Assessee : The assessee is the taxpayer involved in the dispute, whether an individual or a business entity. They are responsible for filing returns, paying taxes, and presenting evidence when disputes arise

State Tax Officer: The State Tax Officer enforces GST laws related to intra-state transactions and is responsible for ensuring compliance at the state level. They can issue notices, conduct investigations, and impose penalties for violations.

Central Tax Officer: The Central Tax Officer oversees the enforcement of the central aspects of GST, including inter-state transactions and the collection of CGST. Similar to the State Tax Officer, they handle issues related to cross-border transactions and inter-state supplier

Adjudicating Authority: The Central Tax Officer oversees the enforcement of the central aspects of GST, including inter-state transactions and the collection of CGST. Similar to the State Tax Officer, they handle issues related to cross-border transactions and inter-state supplier.

Appellate Authority: The Appellate Authority hears appeals against the orders of the Adjudicating Authority, reviewing whether the decision was in accordance with the law. They have the power to confirm, modify, or annul the initial ruling, offering a higher level of review.

Types of Notices Under GST and How to Respond

Under the Goods and Services Tax (GST) regime, taxpayers may receive various notices from the tax authorities for non-compliance, discrepancies, or other issues related to their GST returns and registration. Each notice has a specific purpose and response requirement, with a set time limit for the taxpayer to act upon. Below are some of the common types of GST notices, along with their descriptions, how to respond, and the time limits for compliance.

Notice Type	Description	How to Respond	Time Limit
GSTR-3A	Notice for non-filing of returns. It includes details of the tax due and applicable interest and penalties.	File the pending returns and pay the due tax, interest, and penalties.	15 days from the date of notice issuance.
ASMT-10	Scrutiny notice is issued when discrepancies are found in the returns filed by the taxpayer	Provide explanations or correct the errors in the return	30 days from the date of notice issuance.
ADT-01	Notice for audit when the tax authorities decide to audit the taxpayer's records	Cooperate with the audit process and provide the requested documents and information.	As specified in the notice.
DRC-01	Show cause notice sent when there are grounds to believe that registration should be canceled	Provide reasons and supporting documents explaining why the registration should not be canceled	7 days from the date of notice issuance.
REG-17	Show cause notice sent when there are grounds to believe that registration should be canceled.	Provide reasons and supporting documents explaining why the registration should not be canceled.	7 days from the date of notice issuance.
CMP-05	Notice for discrepancies in GST returns issued to composition taxpayers.	Provide explanations or correct the errors in the returns.	15 days from the date of notice issuance.

Proven Ways for Managing Litigation.

GST litigation involves various stakeholders, each playing a crucial role in resolving disputes and ensuring compliance with the law. Let's look at the key players in the GST litigation process:



Familiarity with Gst Law: Since its introduction, the GST law has undergone significant changes. Moreover, with each GST Council meeting, new amendments are frequently proposed, introduced, and implemented. Given the constant evolution of the law, it is nearly impossible for an individual—let alone a professional—to be fully conversant with every aspect of GST.

However, it is crucial to stay updated on the parts of the law that directly impact one's business or service, such as filing GST returns, claiming input tax credit, or generating e-way bills. For complex matters, it is always advisable to consult with a professional to ensure compliance and efficient handling of GST-related issue

Brief Examination of Show Cause Notice: When receiving a show cause notice, it is crucial not to assume its correctness merely because it has been issued by the department. A thorough examination should be conducted by focusing on specific key aspects. First, ensure that the Document Identification Number (DIN) is mentioned, if applicable, as it validates the authenticity of the notice.

Next, identify the legal provision under which the notice has been issued and determine if it is relevant to the specific matter at hand. It is also important to verify the applicability of the provision in the given context. Additionally, check the period covered by the notice to ensure it aligns with the limitation period for such actions. Lastly, carefully scrutinize the facts and figures presented in the notice to confirm their accuracy. This careful review will help in understanding the notice fully and crafting an appropriate response.

To Carry out Initial Homework before drafting reply: After verifying all the details, the next step is to assess the situation. First, form an opinion on whether the issue in the notice is legally valid. If the issue is valid, comply with the requirements as directed in the show cause notice. However, if the issue is not acceptable, review the relevant legal provisions and gather the necessary documents to draft a defense reply.

Representing the Matter During the Personal Hearing: After the submission of the defense reply, the same will be analyzed by the respective departmental officer. Thereafter, prior to issuance of an order, it is mandatory for the officer to provide an opportunity of being heard to the assessee. As and when the personal hearing is held, attend the same with confidence and keep all the documents handy.

Utilizing our readily available Expertise: At Prakash Kochar Consultancy, we leverage our deep expertise in GST law to guide businesses through the complexities of compliance and resolve any GST-related challenges effectively. With the frequent amendments and evolving provisions of GST, it can be overwhelming for businesses to stay updated and manage their compliance. Our

team ensures that clients are well-informed about the aspects of GST that directly impact their business, such as filing returns, claiming input tax credit, and managing e-way bills. In the event of a show cause notice, we thoroughly examine the details, assess the legal validity of the issue, and prepare a robust defense strategy. We ensure that all necessary documents are in place, provisions are reviewed, and replies are drafted with precision. Moreover, we provide expert representation during personal hearings, ensuring our clients' interests are well-communicated and defended. With **Prakash Kochar Consultancy**, clients can be confident that they will receive professional, reliable support to navigate the complexities of GST and maintain compliance at all times.

Conclusion: -

In conclusion, managing GST litigation is like solving a puzzle – it might seem tricky at first, but with the right pieces, it all falls into place. As the saying goes, **“The best way out is always through.”** **With the right knowledge** and support, you can navigate the complexities and emerge stronger on the other side.