

TAX INFO

Dated:27/09/2021

Latest update on GST Law: Information regarding **Issuance of Show Cause Notice** based on the **Instruction dated 22.09.2021.**

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Issuance of SCN in Time Bound Manner

CBIC desires that Show Cause Notices (SCNs) to be issued in a time bound manner. Till date only few SCNs have been issued in cases of GST evasion & fraudulent ITC availment for the year 2017-18, 2018-19 & 2019-20. Therefore, guidelines for the timely issuance of SCNs have been issued.

Section 73 and 74 of GST Act, 2017 deals with Show Cause Notices.

Section 73 applies to the following cases when for any reason other than fraud:

- Tax is unpaid/short paid or,
- Refund is wrongly made or,
- The input tax credit has been wrongly availed/utilised

The maximum time limit for the order of payment is **3 years** from the due date for filing of annual return for the year to which the amount relates.

Section 74 applies to cases of tax evasion involving:

- Fraud
- Wilful misstatement
- Suppression of facts

which results in:

- Unpaid/short paid tax or,
- Wrong refunds or,
- Wrongly availed/utilised input tax credit

The maximum time limit is **5 years** from the due date for filing of annual return for the year to which the amount relates.

Period up to which Show Cause Notice can be issued

S. No.	Period	Last Date to file Annual Return	Last date to issue SCN	
			Section 73	Section 74
1	2017-18	05.02.2020	05.02.2023	05.02.2025
2	2018-19	31.12.2020	31.12.2023	31.12.2025
3	2019-20	31.03.2021	31.03.2024	31.03.2026

Board considered that the time period to file Annual Return for all the above three periods is already over and the time limit to issue SCN has already started. If the SCN are issued on the last dates, it would leave a little time for the Adjudicating Authorities to pass orders.

Board wants Principal Director General/Director General(s)/Principal Chief Commissioner(s)/Chief Commissioner(s) within their jurisdiction to determine pending investigation cases/other cases that warrant issuance of show cause notices and take measures to ensure completion of the investigation(s) and issuance of SCNs well timed. The respective Pr. Chief Commissioners/Chief Commissioners may devise an action plan to ensure that no case remains open for more than a year.

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