



Two Day National Conference
on GST

Dispute Resolution Mechanisms in GST with focus on reducing tax disputes

S K Rahman, IRS

Chief Commissioner, CGST & Customs, Thiruvananthapuram Zone



TAXATION



"Taxation should not be a painful process for the people. There should be leniency and caution while deciding the tax structure. Ideally, Governments should collect taxes like a honeybee, which sucks just the right amount of honey from the flower so that both can survive."

– Arthashastra



Understanding Tax Disputes

+ Tax Disputes

Disputes arising between the taxpayer and the tax administrator over a decision on the appraising of an examination report or any other similar decision on the basis of which the tax is calculated

↑ Tax Litigation

Tax Litigation is the process by which questions involving civil tax disputes or criminal tax matters are presented, reviewed, and decided in the appropriate venue..

⚙️ Types of Litigation

- 2023-24: 1.13 Lakhs – except 555 all are mismatch between GSTR-3B and GSTR-1 filing excess ITC claim. RCM.
- 2017-18 & 2018-19 : 33000 Discrepancy in returns and short payment of taxes





National Litigation Management Policy



 + CBIC

Circular No.
207/1/2024-GST dt
26-06-2024

↑ National Litigation Management Policy

- Substantive question of Law
- Huge revenue
- If Act or provisions of Act are set aside as ultra vires

Monetary Limits for Dept Appeals

- Supreme Court: Rs. 2 Crore
- High Courts: Rs. 1 Crore
- GSTAT: Rs. 20 Lakh





Party Appeals



🎯 Trade Litigation

- ✔ No monetary limits exist for appeals by trade at High Court and Supreme Court levels.

🏛️ GSTAT Admission

- ✔ Only tax disputes above Rs 2 lakhs are admitted as per CGST Act 2017.





Sec 73, 74, 74A & 75



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"The only thing worse than being blind is having sight but no vision."

Helen Keller (1880-1968)

SEC 73, 74, & 74A

Situation	Sec 73	Sec 74	Sec 74A applicable from 2024-25 onwards
Reason to issue SCN	Tax has not been paid. Tax has been short paid. Tax has been erroneously refunded. ITC wrongly availed or utilized. Both	Tax has not been paid. Tax has been short paid. Tax has been erroneously refunded. ITC wrongly availed or utilized.	BOTH
Intention behind such discrepancies	Discrepancies for any reason other than fraud or any wilful misstatement or suppression of facts	Discrepancies by reason of fraud or any wilful misstatement or suppression of facts	BOTH
Time Limit for issuance of SCN	3 months before expiry of time limit to pass an order	6 months before expiry of time limit to pass an order	42 Months from the due date for the annual return or date of erroneous refund
Time Limit for passing of order	3 years from the due date for filing of annual return for the year to which the amount relates.	5 years from the due date for filing of annual return for the year to which the amount relates.	12 Months From the date of issuance of the SCN. Extension Up to 6+6 additional months if authorized by the Commissioner.



Voluntary Tax Payment



Situation	Sec 73	Sec 74	Sec 74A applicable from 2024-25 onwards
Before service of notice 73(5)/74(5)	No penalty	15% of tax amount	15% of tax amount in non fraud cases and 100% penalty in fraud cases

A person can pay tax along with interest (15% of tax as penalty U/s 74) based on his own calculations (or the officer's calculations), before the notice/statement is issued and inform the officer in writing of the same. The officer will not issue any notice in this case. However, if the officer finds that there is short payment, they can issue a notice for the balance amount.



SUB SECTIONS 6 & 7 of SEC 73, 74

(6) The proper officer, on receipt of such information, shall not serve any notice under sub-section (1), in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder.

(7) Where the proper officer is of the opinion that the amount paid under sub-section (5) falls short of the amount actually payable, he shall proceed to issue the notice as provided for in sub-section (1) in respect of such amount which falls short of the amount actually payable.

SUB SECTIONS 6 & 7 of SEC 74A

(6) The proper officer shall, after considering the representation, if any, made by the person chargeable with tax, determine the amount of tax, interest and penalty due from such person and issue an order.

(7) The proper officer shall issue the order under sub-section (6) within twelve months from the date of issuance of notice specified in sub-section (2)



Penalty Structure and Opportunities to Avoid Disputes

Situation	Sec 73	Sec 74	Sec 74A (2024-25)
Before Notice	No penalty	15% penalty	15% or 100% penalty (fraud)
Within 30 Days of Notice	No penalty	25% penalty	25% penalty (fraud cases)
After Order	10% penalty or 10,000/-	50%-100% penalty	50%-100% penalty



Opportunities for Taxpayers to Settle Disputes

Before Investigation

Pay tax and interest with no penalty to avoid disputes.

After Show Cause Notice

Pay tax, interest, and 25% penalty within 30 days to avoid further action.

Before Notice After Audit

Pay tax with interest and 15% penalty if no suppression.

After Adjudication Order

Pay tax, interest, and penalty (10%-50%) within 30 days to settle.





Relaxation of Input Tax Credit Time Limits



🎯 Section 16(5)

- ✔ For invoices or debit notes from FY 2017-18 to 2020-21, a registered person may claim input tax credit in any GSTR-3B return filed up to November 30, 2021.



Sec 16(6) Return Filing After Revocation

- ✔ For returns filed after revocation, input tax credit on invoices or debit notes can be claimed up to the GSTR-3B filing date, if filed within 30 days of the revocation order, subject to conditions.



GST 2024 AMNESTY SCHEME

November 1, 2024



REMINDER

UNDER GST AMNESTY SCHEME (SECTION 128A)

Pay all your tax dues by **March 31st 2025** to qualify for a waiver on penalty & interest for the financial years **2017-18 to 2019-20**.

Benefits :

- Submit your waiver application by June 30, 2025, to take advantage of the amnesty scheme.
- Avail this one-time relief to settle past dues and avoid further penalties. Ensure timely compliance to benefit from the scheme.



31st March

Factors to Consider Before Filing Appeals

Strength of Case

Legal validity and likelihood to withstand judicial scrutiny.

Case Law and Precedents

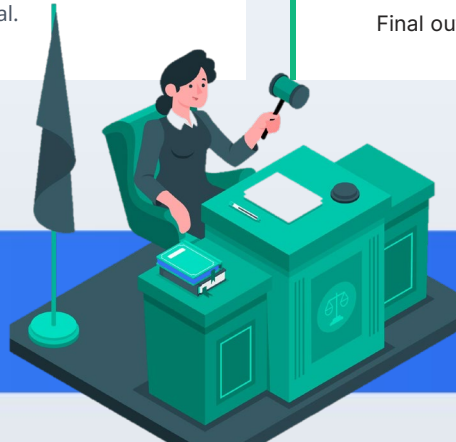
Pay tax, interest, and 25% penalty within 30 days to avoid further action.

Lawyer's Arguments

Effectiveness of legal representation in court or tribunal.

Judge's Decision

Final outcome depends on judicial interpretation beyond appellant control.





APPEALS

Appeal level	Orders passed by....	Appeal to ———	Sections of Act
1st	Adjudicating Authority	First Appellate Authority	107
2nd	First Appellate Authority	Appellate Tribunal	109,110
3rd	Appellate Tribunal	High Court	111-116
4th	High Court	Supreme Court	117-118



Pre Deposit

Section 107 and 112 of the CGST Act, 2017



AMOUNT

Minimum 10%
(with a maximum of Rs. 20 crores CGST
and Rs. 20 crores SGST.)

APPEAL BEFORE Hon'ble HC & SC

Balance full amount

Refund

If appeal is not filed
May take some time





GSTAT – A New Chapter in Dispute Resolution

GST Appellate Tribunal (GSTAT) is being operationalised to resolve indirect tax disputes under the GST regime.

Will serve as a specialized forum for appeals against departmental orders under GST.

Expected to commence from 1st July 2025.

Inspired by the legacy of CESTAT, which combined legal and technical expertise in indirect tax litigation.

GSTAT – A New Chapter in Dispute Resolution



CESTAT Legacy – Foundations for GSTAT



**Established in 1982,
CESTAT has decades of
experience in indirect tax
appeals.**

Known for:
Judicial consistency
Bench professionalism
Technical precision

**GSTAT can draw from
CESTAT's strengths while
modernizing procedures.**

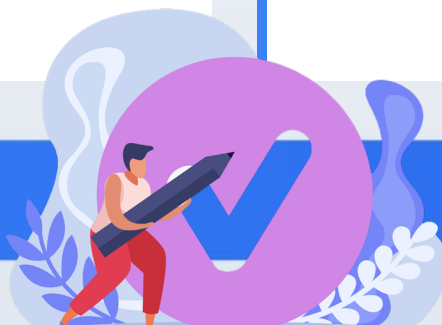
Best Practices for Professionals Before GSTAT

Prepare thoroughly: Clear appeal drafting, complete documentation, timely condonation if delayed.

Use a written synopsis: Facts, legal grounds, case laws, anticipated rebuttals.

Maintain organized case records: Details of SCNs, orders, hearings.

Advocate with clarity and respect: Focus on facts, avoid combative behavior.





Experiences from CESTAT - Valuable Lessons for GSTAT

Prioritise being an officer of the court before being an advocate for the client. Upholding fairness enhances long-term credibility.

In multi-issue cases, concede non-defendable issues and focus resources on stronger points.

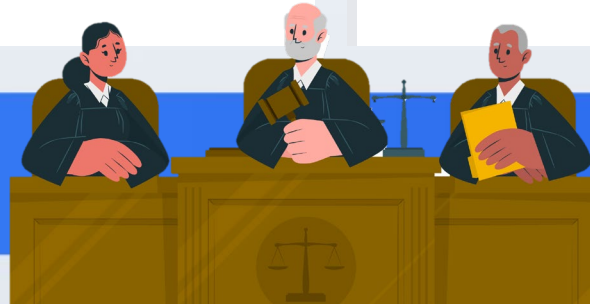
Never question the authority or jurisdiction of the Bench or engage in combative conduct.

Use written submissions and synopsis effectively - structure them to read like a well-told narrative. Eliminate inconsistencies.

Scrutinise the impugned order line by line to identify whether findings align with the show cause notice or if there's jurisdictional overreach.

Prepare counter-narratives to opposing arguments supported by evidence, facts, and legal reasoning.

Structure arguments logically - justify your position first, reinforce it with evidence, and conclude with case laws.





"...in this world,
nothing can be said to
be certain except
death and taxes."

— ” —

BENJAMIN FRANKLIN

A nation is made, when taxes are paid

Thank You

for your attention and support



GST DAY 1st July 2025 SIMPLYFYING TAXES –EMPOWERING CITIZENS

GST Pakhwada 16th June to 30th June 20205



S K Rahman, IRS

Chief Commissioner,
Central Tax, Central Excise & Customs,
Thiruvananthapuram Zone
Central Board of Indirect Taxes and Customs