

**F. No. CBIC- 20006/04/2022-GST  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board Indirect Taxes & Customs  
GST Policy Wing**

New Delhi, dated 26<sup>th</sup> May, 2023

To,

All the Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners  
/Commissioners of Central Tax

All the Principal Directors General/ Directors General of Central Tax

Madam/Sir,

**Subject: Standard Operating Procedure for Scrutiny of Returns for FY 2019-20  
onwards– reg.**

Attention is invited to the Instruction No. 02/2022-GST dated 22<sup>nd</sup> March, 2022, wherein a Standard Operating Procedure (SOP) was provided for scrutiny of returns under section 61 of Central Goods and Services Tax Act, 2017 (hereinafter referred to as “the CGST Act) read with rule 99 of Central Goods and Service Tax Rules, 2017 (hereinafter referred to as “the CGST Rules”) for FY 2017-18 and 2018-19. It was mentioned in the said instruction that the said SOP was issued as an interim measure till the time a Scrutiny Module for online scrutiny of returns is made available on the ACES-GST application.

**1.2** In this regard, it is to inform that DG Systems has developed functionality “Scrutiny of Returns”, containing the online workflow for scrutiny of returns in the CBIC ACES-GST application. Advisory No. 22/2023- Returns dated 16.05.2023 has also been issued by DG Systems in this regard, along with a User Manual providing for the detailed workflow of the said functionality. The GSTINs selected for scrutiny for the Financial Year 2019-20 have also been made available on the scrutiny dashboard of the proper officers on ACES-GST application.

**1.3** The functionality provides for the detailed workflow for communication of discrepancies noticed, in relation to the details furnished in the returns, by the proper officer in **FORM GST ASMT-10** to the registered person, receipt of reply from the registered person in **FORM GST ASMT-11**, issuance of order in **FORM GST ASMT-12** or taking further action for issuance of

show cause notice under Section 73 or 74 of CGST Act, 2017 or for referring the matter for Audit or investigation, as the case may be.

2. In view of this, the SOP for scrutiny of returns provided in the Instruction No. 02/2022-GST dated 22<sup>nd</sup> March 2022 stands modified to the following extent in respect of scrutiny of returns for financial years 2019-20 onwards:

**3. Selection of returns for scrutiny and communication of the same to the field formations:**

**3.1** Selection of returns for scrutiny will be done by the Directorate General of Analytics and Risk Management (DGARM) based on various risk parameters identified by them. DGARM will select the GSTINs registered with the Central Tax authorities, whose returns are to be scrutinized for a financial year, based on identified risk parameters. The details of GSTINs selected for scrutiny for a financial year will be made available by DGARM through DG Systems on the scrutiny dashboard of the concerned proper officer of Central Tax on ACES-GST application.

**3.2** The details of the risk parameters, in respect of which risk has been identified for a particular GSTIN, and the amount of tax/ discrepancy involved in respect of the concerned risk parameters (i.e. likely revenue implication), will also be shown on the scrutiny dashboard of the proper officer for their convenience. It is re-emphasized that as the data made available on the dashboard has been generated at a particular point of time for calculation of risk parameters, this data may undergo change at the time of scrutiny of returns, due to subsequent compliances carried out by the taxpayer or by the suppliers of the taxpayer. The proper officer shall, therefore, rely upon the latest available data.

**4. Scrutiny Schedule:**

**4.1** Once the details of GSTINs selected for scrutiny for a financial year are made available on the scrutiny dashboard of the concerned proper officer of Central Tax on ACES-GST application, the proper officer, with the approval of the divisional Assistant/ Deputy Commissioner, shall finalize a scrutiny schedule in the format specified in **Annexure A of Instruction 02/2022- GST dated 22<sup>nd</sup> March 2022**. Such scrutiny schedule will specify month-wise schedule for scrutiny in respect of all the GSTINs selected for scrutiny. While preparing the scrutiny schedule, the scrutiny of the GSTINs, which appear to be riskier based on the likely higher revenue implication indicated on the dashboard, may be prioritized. The Principal Commissioner/ Commissioner of the concerned Commissionerate will monitor and ensure that the schedule identified in Scrutiny Schedule is adhered to by the officers under his jurisdiction.

**4.2** The proper officer shall conduct scrutiny of returns pertaining to minimum of **4 GSTINs** per month. Scrutiny of returns of one GSTIN shall mean scrutiny of all returns pertaining to a financial year for which the said GSTIN has been selected for scrutiny.

## **5. Process of scrutiny by the Proper Officer:**

**5.1** The Proper Officer shall scrutinize the returns and related particulars furnished by the registered persons to verify the correctness of the returns. Information available with the proper officer on the system in the form of various returns and statements furnished by the registered person and the data/ details made available through various sources like DGARM, ADVAIT, GSTN, E-Way Bill Portal etc. may be relied upon for this purpose.

**5.2** As mentioned in Para 3.2 above, for the convenience of proper officers, details of the risk parameters involving risk/ discrepancies in respect of the GSTIN, along with the amount of tax/ discrepancy involved in respect of the concerned risk parameters (i.e. likely revenue implication), will be made available in the scrutiny dashboard of the proper officer. Besides, DGARM will also make available to the field formations the details of all the risk parameters taken into consideration by them for the selection of GSTINs for scrutiny of returns for the particular financial year. In addition to these parameters, proper officer may also consider any other relevant parameter, as he may deem fit, for the purpose of scrutiny.

**5.3** It may be noted that at this stage, the proper officer is expected to rely upon the information available with him on records. As far as possible, scrutiny of return should have minimal interface between the proper officer and the registered person and, there should normally not be any need for seeking documents/ records from the registered persons before issuance of **FORM GST ASMT-10**.

**5.4** The proper officer shall issue a notice to the registered person in **FORM GST ASMT-10** through the scrutiny functionality on ACES-GST application, informing him of the discrepancies noticed and seeking his explanation thereto. There may be cases where the registered person may already have made additional payment of tax, cess, interest, etc. after filing of the returns for the relevant tax period, through **FORM DRC-03**. The payments thus made through **FORM DRC-03** may also be taken into consideration while communicating discrepancies to the taxpayer in **FORM GST ASMT-10**. The notice in **FORM GST ASMT-10**, issued by the proper officer through scrutiny functionality on ACES-GST application, shall be communicated by the system to the concerned registered person on the common portal and therefore, there will be no need for sending any manual communication of notice in **FORM GST ASMT-10** by the proper officer to the registered person separately. While issuing such notice, the proper officer may, as far as possible, quantify the amount of tax, interest and any other amount payable in relation to such discrepancies. It may also be ensured that the discrepancies so communicated should, as far as possible, be specific in nature and not vague or general. In this regard, the user manual issued by DG Systems may be referred to regarding the detailed procedure for issuance of **FORM GST ASMT-10** on scrutiny functionality on ACES-GST application. The proper officer shall mention the parameter-wise details of the discrepancies noticed by him in **FORM GST ASMT-10** and shall also upload the worksheets and supporting document(s)/ annexures, if any.

**5.5** For each GSTIN identified for scrutiny, the proper officer is required to scrutinize all the returns pertaining to the corresponding Financial Year under consideration and a single compiled notice in **FORM GST ASMT-10** may be issued to the registered person for that financial year.

**5.6** On receipt of such notice in **FORM GST ASMT-10** on common portal, the registered person may accept the discrepancy mentioned in the said notice, and pay the tax, interest and any other amount arising from such discrepancy and inform the same or may furnish an explanation for the discrepancy in **FORM GST ASMT-11**, through the common portal, to the proper officer within the time period prescribed under rule 99 of CGST Rules.

**5.7** The reply furnished by the registered person in **FORM GST ASMT-11** on the common portal shall be made available to the concerned proper officer in the scrutiny dashboard on ACES-GST application. Where the explanation furnished by the registered person or the information submitted in respect of acceptance of discrepancy and payment of dues is found to be acceptable by the proper officer, he shall conclude the proceedings by informing the registered person in **FORM GST ASMT-12** through the scrutiny functionality on ACES-GST application.

**5.8** In case no satisfactory explanation is furnished by the registered person in **FORM GST ASMT-11** within a period of thirty days of being informed by the proper officer or such further period as may be permitted by him or where the registered person, after accepting the discrepancies, fails to pay the tax, interest and any other amount arising from such discrepancies, the proper officer, may proceed to determine the tax and other dues under section 73 or section 74 of CGST Act. Needless to mention, for proceedings under section 73 or section 74 of CGST Act, monetary limits as specified in **Circular No. 31/05/2018-GST dated 9th February 2018** shall be adhered to. The user manual issued by DG Systems may be referred to for the procedure for initiating proceedings under section 73 or 74 of the CGST Act on the scrutiny functionality on ACES-GST application.

**5.9** However, if the proper officer is of the opinion that the matter needs to be pursued further through audit or investigation to determine the correct liability of the said registered person, then he may take the approval of the jurisdictional Principal Commissioner / Commissioner through the divisional Assistant/ Deputy Commissioner, through e-file or other suitable mode, for referring the matter to the Audit Commissionerate or anti-evasion wing of the Commissionerate, as the case may be. The copy of the said approval needs to be uploaded while referring the matter to the concerned formation through the scrutiny functionality, as per the procedure detailed in the user manual issued by DG Systems.

## **6. Timelines for scrutiny of returns:**

**6.1** Scrutiny of returns is to be conducted in a time bound manner, so that the cases may be taken to their logical conclusion and that too expeditiously. In this regard, the following timelines may be observed by all concerned:

<b>S. no.</b>	<b>Process/Event</b>	<b>Timeline/ Frequency</b>
(i)	Communication of GSTINs selected for scrutiny by DGARM on ACES GST Application for a financial year	From time to time.
(ii)	Finalization of scrutiny schedule with the approval of the concerned Assistant/Deputy Commissioner	Within seven working days of receipt of the details of the concerned GSTINs on ACES-GST application
(iii)	Issuance of notice by the proper officer for intimating discrepancies in <b>FORM GST ASMT-10</b> , where required	Within the month, as mentioned in scrutiny schedule for scrutiny for the said GSTIN.
(iv)	Reply by the registered person in <b>FORM GST ASMT-11</b>	Within a period of thirty days of being informed by the proper officer in <b>FORM GST ASMT-10</b> or such further period as may be permitted by the proper officer
(v)	Issuance of order in <b>FORM GST ASMT-12</b> for acceptance of reply furnished by the registered person, where applicable	Within thirty days from receipt of reply from the registered person in <b>FORM GST ASMT-11</b>
(vi)	Initiation of appropriate action for determination of the tax and other dues under section 73 or section 74, in cases where no reply is furnished by the registered person	Within a period of fifteen days after completion of the period of thirty days of issuance of notice in <b>FORM GST ASMT-10</b> or such further period as permitted by the proper officer
(vii)	Initiation of appropriate action for determination of the tax and other dues under section 73 or section 74, in cases where reply is furnished by the registered person, but the same is not found acceptable by the proper officer	Within thirty days from receipt of reply from the registered person in <b>FORM GST ASMT-11</b>
(viii)	Reference, if any, to the Audit Commissionerate or the anti-evasion wing of the Commissionerate for action, under section 65 or section 66 or section 67, as the case may be.	Within thirty days from receipt of reply from the registered person in <b>FORM GST ASMT-11</b> or within a period of forty-five days of issuance of <b>FORM GST ASMT-10</b> , in case no explanation is furnished by the registered person.

**6.2** It may also be ensured that the requisite actions must be initiated well ahead of the time limits as specified in section 73 or section 74 of the CGST Act, as the case may be, in respect of a return identified for scrutiny for a financial year.

## **7. Reporting and Monitoring:**

**7.1** The details of action taken by the proper officer in respect of GSTINs allocated to him for scrutiny will be available in the form of two MIS reports in the scrutiny dashboard on the ACES-GST application. MIS report '**Monthly Scrutiny Progress Report**' (in the format specified in **Annexure-D of Instruction No.02/2022 dated 22.03.2022**) displays summary information of the status of scrutiny of returns for the selected month of a financial year for the selected formation. Besides, the GSTIN-wise details of action taken in respect of scrutiny of returns in respect of allotted GSTINs is made available in the MIS report '**Scrutiny Register**' (in the format specified in **Annexure-C of Instruction No.02/2022 dated 22.03.2022**) on the scrutiny dashboard.

**7.2** In view of this, the requirement of compiling and sending the Monthly Scrutiny Progress Report by the CGST zones to DGGST is hereby dispensed with for the Financial Year 2019-20 onwards. However, the CGST zones will continue to send Monthly Scrutiny Progress Reports to DGGST in respect of the Financial Years 2017-18 and FY 2018-19 till the completion of scrutiny of returns for these financial years, as per the timelines mentioned in Instruction No. 02/2022- GST dated 22<sup>nd</sup> March, 2022.

**7.3** It is also added that the progress of the scrutiny exercise as per the scrutiny schedule shall be monitored by the jurisdictional Principal Commissioner/ Commissioner on regular basis.

**8.** It is clarified that since the scrutiny functionality has been provided on ACES-GST application only for the Financial Year 2019-20 onwards, the procedure specified in **Instruction No. 02/2022 dated 22.03.2022** shall continue to be followed for the scrutiny of returns for the financial years 2017-18 and 2018-19.

**9.** The online scrutiny functionality on ACES-GST application will further boost the efforts of the department to leverage technology and risk-based tools to encourage self-compliance and to conduct scrutiny of returns with minimal interaction with the registered person. All Principal Chief Commissioners (PCCs)/ Chief Commissioners (CCs) of CGST Zones are requested to closely monitor timely scrutiny of returns of the selected GSTINs within their jurisdictions.

**10.** Difficulties, if any, in implementation of these instructions may be informed to the Board (gst-cbec@gov.in).

Sanjay Mangal  
Principal Commissioner (GST)