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**Circular No. 6/ 2024**

**Subject: Non-issuance of notices in case of voluntary compliance under  
Sections 73 and 74 of the KSGST Act, 2017 - Reg.**

In exercise of the powers conferred under Section 168 of the KSGST Act, 2017, the following instructions are issued to bring uniformity in the matter of issuing notices while proceeding under Section 73 and Section 74 of the KSGST Act, 2017.

1. Taxpayers have the option to voluntarily comply with their tax obligations before any formal notice is issued. If a taxpayer, upon his own ascertainment or based on the proper officer's ascertainment, discovers that they have any additional tax liability, they can choose to pay such tax dues along with the applicable interest under section 50 of the KSGST Act, 2017. *Additionally, they are liable to pay a reduced penalty amounting to **fifteen percent of the unpaid tax** when the payment is made under Section 74(5) of the KSGST Act, 2017.*
2. The relevant provisions of Section 73 and 74, *ibid* are as below:
  - i. "**Section 73(5):** *The person chargeable with tax may, before service of notice under sub-section (1) or, as the case may be, the statement under sub-section (3), pay the amount of tax along with interest payable thereon under section 50 on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment.*
  - ii. **Section 73(6):** *The proper officer, on receipt of such information, shall not serve any notice under sub-section (1) or, as the case may be, the statement under sub-section (3), in respect of the tax so paid or*

*any penalty payable under the provisions of this Act or the rules made thereunder.*

- iii. **Section 73(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.*
- iv. **Section 74(5):** *The person chargeable with tax may, before service of notice under sub-section (1), pay the amount of tax along with interest payable under section 50 and a penalty equivalent to fifteen per cent. of such tax on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment.*
- v. **Section 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.*
- vi. **Section 74(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.”*

### **3. Detailed Breakup of Payments :**

- i. In case of own ascertainment, it is crucial for the person chargeable with tax to provide a detailed breakup of the amounts paid, including the tax, interest, and penalty. In the case of taxes that are not paid or short paid, the persons chargeable with tax may inform the manner of computation of such tax dues under the respective heads of IGST, CGST, KSGST and Compensation Cess and the tax period it is attributable to, as per their ascertainment.
- ii. In case of wrong availment or wrong utilization of Input Tax Credit, the persons chargeable with tax may inform the details of such Input Tax Credit wrongly availed or utilized under the respective heads of IGST, CGST, KSGST and Compensation Cess, and the tax periods in

which such wrong availment or utilization occurred, as per their ascertainment.

- iii. Similarly, in case of an erroneous refund, the persons chargeable with tax may inform the details of such erroneous refund received including the tax period to which such refund pertains.
  - iv. The above submissions can be made by the person chargeable with tax in the FORM GST DRC-03 itself through the common portal.
4. While the person chargeable with tax can provide the necessary information through the FORM GST DRC-03, if such details are not available in the FORM GST DRC-03, the proper officer can request the same from the persons chargeable with tax through a letter. This will enable the proper officer to accurately calculate and verify the correctness of the tax amount, interest and penalty payments towards such taxes that are not paid or short paid or Input Tax Credit wrongly availed or utilized or of erroneous refunds. Failure to provide this detailed breakup will result in the proper officer not being able to ascertain the nature and quantum of payment and may lead to discrepancies and issuance of Show Cause Notice.
5. **Issue of Notice in cases of voluntary payment :** The proper officer on receipt of the written communication/ information in FORM GST DRC-03 of payment as specified in Para 3 (*supra*), shall not issue any notice for the tax amount already paid with interest; or with interest and penalty as applicable in view of the provisions contained in sub-section (6) of Section 73, and sub-section (6) of Section 74 of the KSGST Act, 2017, respectively.
6. **Issue of Notice in cases of shortfall in voluntary payment :** In cases where it appears to the proper officer that the amount of tax paid with interest as per Section 73(5) of the KSGST Act, 2017 or the amount of tax paid with interest and applicable penalty as per Section 74(5) of the KSGST Act, 2017 by the person chargeable with tax falls short of the amount actually payable, the proper officer shall issue notice only for the amount which falls short of the actual amount payable.

*For example, assume that a Person A has a tax liability of Rs 300 and is required to pay a penalty of Rs 45 and an interest of Rs 30 under Section 74(5):*

*Case 1: if A pays Rs 100 towards his tax liability along with penalty of Rs 15 and interest of Rs 10 (which covers the complete interest liability of this*

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*Rs 100), then SCN shall be issued only for the remaining Rs 200 along with applicable penalty (on Rs 200) and interest.*

*Case 2: if A pays Rs 100 towards his tax liability but does not pay any amount towards penalty and/or interest, then SCN shall be issued for the entire tax amount of Rs 300 along with applicable penalty (on Rs 300) and interest.*

7. Further, in all cases falling under Section 73 of the KGST Act, 2017, the provisions of sub-section (11) shall be adhered to wherever applicable.

**ABRAHAM RENN S IRS  
Commissioner**

To  
All Concerned