



**THE INSTITUTE OF CHARTERED
ACCOUNTANTS OF INDIA**
(Set up by an Act of Parliament)

Suggestions on Practical Issues in GST



GST & Indirect Taxes Committee



INTRODUCTION

ICAI is a statutory body established by an Act of Parliament, viz. *The Chartered Accountants Act, 1949*, for regulating and developing the profession of Chartered Accountancy in the country. The ICAI is the largest professional body of Chartered Accountants in the world, with a strong tradition of service to the Indian economy in public interest.

The GST & Indirect Taxes Committee of the ICAI plays a vital role in supporting the Government's GST initiatives through policy advisory, capacity-building programmes and knowledge dissemination. The Committee extended unwavering support to the Government during the rollout of GST by providing inputs on GST law and procedures and by undertaking extensive awareness and training initiatives.

As GST marks eight years since its implementation, the Committee thought it fit to assess the practical challenges faced by taxpayers in key areas such as registration, refunds, input tax credit and tax demands. To obtain a comprehensive understanding of the ground-level challenges, suggestions were invited from members nationwide who are actively involved in guiding and supporting the taxpayers with GST compliance. These inputs were thoroughly reviewed and thoughtfully deliberated upon by the Committee.

The Committee is pleased to present its considered suggestions on addressing practical issues under GST. These recommendations are aimed at strengthening the effectiveness of the GST framework, enhancing ease of compliance, and alleviating several challenges presently encountered by taxpayers.



In case any further clarification or data is considered necessary, the Committee shall be pleased to furnish the same. The contact details are:

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SUGGESTIONS ON PRACTICAL ISSUES IN GST

A. Adjudication & Enforcement

1. Defined time for replying to intimation in Form DRC-01A

Issue

As per rule 142 of the CGST Rules, the proper officer may before service of notice under sections 73(1), 74(1) or 74A(1) communicate the details of tax, interest and penalty as ascertained by the said officer in Part A of Form GSTR-DRC-01A. However, there is no time limit defined for replying to the intimation communicated in **Form GSTR-DRC-01A** before service of notice. Practically, **officers give minimal time (1-2 days)** to reply to the intimation which causes hardship to the taxpayers.

Suggestion

Reasonable time of **at least 7 working days** be given to reply to the communication sent to the taxpayer.

Justification

Granting taxpayers adequate time to respond to notices is essential for natural justice, transparency, and effective GST compliance, enabling them to review allegations, prepare replies, and fostering credibility and cooperative compliance.

2. Instructions regarding virtual hearing to be followed in practice

Issue

CBIC (Judicial Cell) vide *Instruction F. No. 390/Misc/3/2019-JC*, dated 5th November, 2024, has made **virtual hearing mandatory for adjudication and appellate proceedings**, except when taxpayer insists for physical hearing. However, in **practical scenarios often the personal hearings through virtual conference** are often denied, even after the taxpayer requests for the same.

Suggestions

- (i) The CBIC may **reiterate this Instruction to all field formations** clearly directing that personal hearings requested by taxpayers **must** be granted through virtual mode unless a physical hearing is explicitly opted for.
- (ii) Additionally, any denial of a virtual hearing must be recorded with reasons in writing and communicated to the taxpayer.



Justification

Virtual hearings provide an efficient, transparent, and accessible platform for resolving disputes and proceedings. They reduce the need for physical travel, saving time and resources for both taxpayers and tax authorities, especially in cases involving inter-State jurisdictions or remote locations. It also ensures continuity of adjudication even during unforeseen disruptions such as public emergencies, natural calamities or pandemics. Additionally, they promote procedural convenience, allow for easier scheduling and can be recorded for transparency and future reference.

3. Effective service of notices and communications

Issue

Section 169 of the CGST Act provides six options for serving any decision, order, summons, notice or other communication. Taxpayers often **miss important notice, as they are only uploaded** on the portal **with no parallel communication through physical mail or real-time alerts**. This particularly affects small-scale traders, senior citizens, rural business operators, and other digitally marginalized segments who may not log into the portal regularly or may lack email access, **often resulting in *ex-parte* orders**.

Suggestions

- (i) **Section 169 be amended to make dual service (electronic and physical) of notices/orders etc. compulsory unless the taxpayer has opted for digital-only service.** For physical service, speed post may be made compulsory and for digital service, SMS, E-Mail and uploading on the portal be made mandatory. The tax officer may choose to use any other mode given in section 169 for service of notice etc. after serving the notices/orders etc. in the above ways.
- (ii) A **pop-up on the GST portal and prominent dashboard visibility** with color-coded status indicators (e.g., unread, pending, closed) be made available on GST portal to ensure immediate and accessible communication mechanism.
- (iii) Notices may be uploaded on the **dedicated “Notices”** section on the GST portal and the classification under “Additional Notices” or other unrelated headings be avoided.

Justification

An effective notice delivery system under GST ensures timely communication, upholds natural justice, and forms the foundation of fair adjudication. Failure to serve notices effectively breaches statutory requirements, violates the taxpayer’s



right to be heard, and risks orders being struck down by courts. Judicial precedents under GST and earlier tax laws have repeatedly quashed orders where service was deficient or adequate hearing was denied.

4. Physical document demands in GST personal hearings

Issue

Despite the entire GST ecosystem being designed as a digital and paperless system, many officers, particularly of state tax, continue to insist on the physical submission of documents during personal hearings (PH). Even though all filings—returns, challans, invoices, appeals, and replies—are uploaded and available on the portal, taxpayers are often asked to bring printed copies of these documents during hearings before adjudicating authorities.

Suggestion

CBIC may appropriately instruct central tax officers and guide the state tax officers as under:

- (a) Insistence on physical copies of documents already available on the GST portal be avoided.
- (b) Personal hearings may be conducted based on the digital records submitted by taxpayers through the portal, with officers accessing relevant documents directly from the system.
- (c) Only in exceptional cases, where a document is not traceable online, the officer may specifically request a physical copy with recorded reasons.

Justification

A uniform directive to rely solely on digital records, allowing physical submissions only in exceptional cases, will cut compliance costs, enhance convenience, and strengthen digital governance under GST.

5. Integrated Case Tracker

Issue

Currently, for a single matter or proceeding, **different system-generated case IDs are assigned at various stages**—for instance, a scrutiny notice under ASMT-10 may have one ID, a corresponding demand issued under DRC-01 may have another and the final adjudication or appellate order may be linked to yet another unique identifier. This fragmented system architecture hampers the ability of taxpayers and even departmental officers to track the full life cycle of a proceeding.

Moreover, the **portal currently lacks a draft-saving feature** for key forms and submissions, such as ASMT-11 (reply to scrutiny notice) and APL-01 (appeal



form). If the session time goes out, the browser crashes or the internet connection fails, the user is forced to restart the filing process, leading to time loss and frustration.

Further, there is **absence of version control and document submission history**. In cases where multiple correspondences are exchanged, it becomes difficult to establish which version of the reply or supporting documents was acted upon, leading to confusion or disputes during adjudication or appeal. There is **no clear thread as visible on the portal**.

Suggestions

- (i) To address these inefficiencies, it is suggested that GSTN may implement a structured **“Case Life cycle Management Module”**, which consolidates all stages of a matter—right from notice issuance to final order and appeal—under a single, persistent Case ID. The module may have the following features:
 - a) Each case file **may include a version-controlled document repository**, showing the **complete history of submissions and correspondence**—such as replies submitted, officer queries, clarifications uploaded and hearing dates.
 - b) This **repository may be made accessible to both taxpayers and department officials**, with **time-stamped entries and user identifiers, ensuring a robust procedural trail** and giving users a **chronological snapshot of the case progression**, from notice to final disposal. This feature would assist in compliance tracking and also improve workflow efficiency within the department.
 - c) The Case ID may be automatically assigned when the first notice/intimation is generated and be retained throughout the process, including any associated audit memos, show cause notices, orders, and appellate proceedings. **All future notices or replies related to the same subject matter may be automatically mapped to this parent case ID.**
- (ii) In addition, the GST portal may include **“Save Draft”** functionality for all major forms and submissions, including ASMT-11, DRC replies and APL-01. This feature may autosave content at regular intervals and store the user’s progress in a secure backend cache, enabling recovery in the event of a session timeout or technical disruption.

Justification

These enhancements will improve user experience, reduce errors and missed deadlines, and streamline compliance. A unified, user-friendly interface will aid



taxpayers and officers alike, cut redundant correspondence, resolve technical issues, and provide clear case histories essential for fair appellate adjudication.

6. **Concerns in levying personal penalties under section 122(3) of the CGST Act, 2017**

Issue

Section 122(3) of the CGST Act, 2017 provides for **imposition of personal penalties on directors, partners, managers or officers** of a company or firm for their direct involvement in fraudulent activities, suppression of facts or willful misstatements.

The **nature of this penalty is distinct and personal**, it is not meant to be imposed **jointly with or substituted by the company's liability under section 122(1)**. Each person must be individually assessed, and the penalty must be levied through a separate reasoned adjudication order. However, in practice, this distinction is often overlooked.

The Authorities concerned, in several instances issue notices to individuals under section 122(3), but at the time of passing the final order, the penalty is not adjudicated separately, instead it is bundled as an annexure or addendum within the order issued to the company. Since the individual is not issued a separate order specifically addressed to him, it becomes practically difficult for him to independently challenge the order.

Further, **the GSTN portal** does not support **the issuance or uploading of orders against unregistered person**. As a result, individuals who are personally penalized have no access to their orders via the portal and are **unable to file an appeal under section 107** of the CGST Act, 2017, as the portal requires an order to be linked to a valid GSTIN. In effect, directors or officers find themselves subject to financial penalties without being afforded the statutory right of appeal, violating the principles of natural justice.

Suggestions

- (i) **A Unregistered Person (URP) login system be created for unregistered individuals similar to a Registered Person Login ID**, for the limited purpose of issuing notices, uploading orders, and enabling replies or appeals.
- (ii) **The tax officers may issue and upload separate DRC-07 against such unregistered individuals on their URP dashboard** to ensure that the order is distinctly addressable, traceable, and accessible to the person concerned.



Justification

Establishing of a mechanism to adjudicate and appeal penalties against unregistered persons would ensure natural justice, improve compliance, enhance transparency and ensure consistency.

7. Instructions to follow prescribed procedure for interception of conveyance, detention, release and confiscation of goods/ conveyance

Issue

Despite the issuance of *Circular No. 41/15/2018-GST dated 13-04-2018 (amended further vide Circular No. 49/23/2018-GST dated 21-06-2018 and Circular No. 88/07/2019-GST dated 01-02-2019) read with Circular No. 64/38/2018-GST dated 14-09-2018*, which prescribes the procedure for interception of conveyance for inspection of goods in movement, and detention, release and confiscation of such goods and conveyance, and about further modification of such procedures in lieu of minor discrepancies in the detail mentioned in e-way bill, such procedures are **not consistently adhered to in practical situations.**

Suggestion

The CBIC may reiterate these Circulars to all field formations, clearly directing that prescribed procedure for interception of conveyance for inspection of goods in movement, and detention, release and confiscation of such goods and conveyance, must be followed.

Justification

The reiteration of such Circulars from CBIC to the officers will ensure uniformity in enforcement, uphold due process, enhance predictability, and support a business-friendly GST regime.

B. Input Tax Credit

8. Operational enhancement of ITC distribution mechanism

Issue

Under rule 39 of the CGST Rules, 2017, the distribution of input tax credit (ITC) through an input service distributor (ISD) is done based on the turnover of recipients during the "relevant period."

The rule defines the "relevant period" as:

- (a) The financial year preceding the year during which credit is to be distributed; or



- (b) If turnover is not available for all or some of the units in the preceding financial year, the last quarter for which turnover details of all recipients are available, prior to the month during which credit is distributed.

However, when a taxpayer obtains a new GST registration under the same PAN or a new GST registration under the same PAN (e.g., for a new business location or unit), there is:

- No turnover in the preceding financial year (in case of new registrations)/no turnover of all recipients in the preceding financial year (as one location or unit is new); and
- No turnover in the last quarter preceding the month of credit distribution, because the registration(s) are new.

In such cases, the taxpayer cannot fulfill the turnover-based distribution condition as prescribed, leading to practical difficulty in distributing ISD credit. No fallback mechanism exists in such scenario in the Rules.

Suggestion

Rule 39 be amended to provide an additional basis for credit distribution when neither preceding financial year turnover nor last quarter turnover is available. The following clause may be inserted after clause (b) in Explanation (i) to rule 39-

"(c) if some or all recipients of credit do not have any turnover in their States or Union territories in the last quarter previous to the month during which the credit is to be distributed, the month during which credit is to be distributed."

Thus, in absence of turnover for preceding financial year and last quarter, the current month's turnover be allowed as the basis for distribution.

Justification

Allowing use of the current month's turnover for ISD credit distribution ensures practical compliance, aligns with rule 39's objective of fair credit allocation, and helps prevent disputes and non-compliance.

9. Enhancement of Form GSTR-2B functionality

Issue 1: Removal of Rate Column in Form GSTR-2B

The removal of the tax rate column from Form GSTR-2B has impacted the reconciliation process for taxpayers. The rate-wise breakup is essential to verify the correctness of tax charged on inward supplies and to cross-check with purchase records.



Issue 2: Non-Availability of Quarterly view of Form GSTR-2B

For taxpayers filing returns on a monthly basis, Form GSTR-2B is available only in a monthly format without an option to view a consolidated report for a selected quarter. In practice, many businesses prefer to carry out quarterly ITC reconciliations for internal reporting, audit, and financial closure purposes. The absence of a system-generated quarterly view necessitates manual collation of monthly Form GSTR-2B data, increasing risk of errors.

Suggestions

- (i) To enhance the utility of Form GSTR-2B and streamline ITC reconciliation, it is recommended that the GSTN portal reintroduce the tax rate column in Form GSTR-2B.
- (ii) Additionally, the GSTN portal may restore the quarterly consolidated functionality of Form GSTR-2B for all filers, as provided in earlier versions. The removal of this feature has forced businesses to manually compile monthly data, increasing the risk of oversight and inefficiency.

Justification

Reinstating the tax rate column in Form GSTR-2B is vital for validating computations and confirming ITC claims. It would reduce manual work. Similarly, restoring an automated quarterly summary would speed reconciliation, and aid financial planning, especially for businesses undergoing periodic audits.

10. Restoration of reversed ITC after withdrawal of GST cancellation application

Issue

Taxpayers are required to reverse the available ITC when applying for GST registration cancellation. However, if they later withdraw the cancellation application and continue their business, the reversed ITC is not auto-restored in the electronic credit ledger, despite the GSTIN being reactivated. This results in financial loss to taxpayers and leads to unjust enrichment of the Government, as rightful ITC remains uncredited.

Suggestions

- (i) CBIC may issue a circular prescribing the procedure to be followed in such cases, including timelines and documentation, to ensure seamless re-credit of ITC to the taxpayer's electronic credit ledger upon restoration of the GSTIN.
- (ii) A system-driven mechanism may be developed on the GST portal to automatically reinstate the ITC balance reversed at the time of filing the



cancellation application, once the application is withdrawn and registration is restored.

- (iii) A dedicated form—similar to Form PMT-03—could be introduced to facilitate the restoration of such ITC.

Justification

An automated portal solution and dedicated form will institutionalize the process, ensuring fairness, transparency, and ease of reconciliation for both taxpayers and authorities.

C. Registration

11. Jurisdiction selection on GST portal

Issue

While applying for registration, the **process of jurisdiction selection** on the GST portal presents a significant challenge for taxpayers. The current system lacks clear guidance and transparency, which often results in taxpayers inadvertently selecting incorrect jurisdictions during registration.

Suggestion

The system be enhanced with clearer guidelines and **automatic suggestions based on business location be made available on the portal** during the registration process.

Justification

Implementing these improvements would streamline the registration process, minimize delays and ensure correct jurisdiction assignments from the outset.

12. Amendment in GST registration through multiple applications

Issue

The current restriction on submitting a second application for GST registration amendment before the approval of the first amendment creates unnecessary delays in the amendment process.

Suggestion

The system be updated to **allow multiple amendment applications** to be submitted simultaneously or in quick succession.



Justification

Implementing this change would ensure that businesses can make timely corrections to their registration details, thereby reducing operational disruptions and minimizing compliance risks. The system could incorporate safeguards to ensure that the amendments are properly reviewed before final approval, while still allowing for greater flexibility and efficiency in handling multiple requests.

13. Pre-submission preview and post-submission correction window in GST registration interface

Issue

The GST registration process currently lacks a “preview” functionality, preventing applicants from reviewing the full application—along with uploaded documents—before final submission. Given the volume of data entry and document uploads involved, this omission increases the risk of inadvertent errors, such as incorrect details or wrong file attachments. These errors often result in rejections or notices, causing unnecessary delays in obtaining registration.

Suggestion

The GST portal be modified to incorporate the following two-stage improvement mechanism:

- (a) **Pre-Submission Stage - Introduction of a “Preview” Tab:** A “Preview” functionality may be integrated into the GST registration module to allow applicants to review the complete application—along with all uploaded documents—prior to final submission and generation of the Application Reference Number (ARN). This feature would help users identify and correct any typographical errors, data entry mistakes, or incorrect document uploads before submission, thereby reducing the incidence of rejections and notices.
- (b) **Post-Submission Stage - Error Rectification Window:** A 24-hour rectification window may be provided from the time of ARN generation, during which applicants can make limited edits or corrections to the submitted Form GST REG-01. This buffer period would serve as a safeguard against unintentional errors and allow applicants to address minor mistakes without waiting for a rejection or notice from the tax authorities.

Justification

A preview feature would allow applicants to verify details and documents before final submission, while a limited 24-hour correction window post-ARN



generation would enable timely rectification of minor mistakes without awaiting formal notices. These measures would reduce administrative burden, improve registration accuracy, and enhance the overall user experience—particularly benefiting startups, MSMEs, and new applicants.

14. Speaking order for registration cancellation

Issue

Cancellation of GST registration without specific, case-based reasons violates the principle of natural justice. Despite provisions under section 29 of the CGST Act, 2017 read with rule 22 of the CGST Rules, 2017 mandating a show cause notice (Form GST REG-17), many orders are issued with generic grounds such as "non-compliance," often without prior intimation. These actions—largely driven by automated processes—result in disruption of business activities, inaccessibility to invoice generation, denial of ITC, and compel taxpayers to seek costly legal remedies.

Suggestions

- (i) CBIC may issue a circular directing that registration cancellation orders must be issued after proper hearing and clearly cite specific reasons for the cancellation.
- (ii) Additionally, real-time alerts may be sent to the taxpayer's registered email and mobile number.
- (iii) Cancellation approvals may require vetting by senior officers—not below the rank of Assistant Commissioner.

Justification

A reasoned and transparent cancellation process is critical to uphold taxpayer rights and maintain legal compliance. Specific orders will provide clarity, reduce unnecessary appeals, and prevent avoidable disruptions to business continuity. Alert mechanisms and visibility into procedural safeguards will facilitate timely response.

15. GST compliance during business reorganization: Non-migration of proceedings

Issue

A significant procedural difficulty arises in cases of merger or demerger when the old GST registration is cancelled, but the proceedings associated such as notices, demands, or appeals—continue to remain tagged under the old GSTIN. Even though the law provides for the transfer of liabilities in such reorganizations, the GST portal does not provide a mechanism for transferring ongoing matters to the new GSTIN. This disconnect poses serious challenges.



The successor entity, which is legally obligated to handle the affairs of the predecessor, is unable to view, respond to, or track these pending matters. **As a result, there are several instances of missed replies, unattended hearings and ex-parte orders** being passed—not due to taxpayer negligence, but because of system limitations.

The issue becomes more critical in high-stake or time-sensitive proceedings where failure to act promptly can result in loss of appeal rights or recovery proceedings without due process.

Suggestions

- (i) The **GSTN portal may incorporate a functionality that automatically retrieves all pending items**—including notices issued under sections 61 (scrutiny), 65 (audit), 73 and 74 (demand and adjudication), and 122 (penalty), along with any ongoing appellate matters—and assigns them to the login environment of the new GSTIN. This reassignment must include any orders that are pending implementation, reply, or payment action.
- (ii) This functionality may be activated upon submission of legally recognized documentation, such as **Form GST ITC-02** (used for transferring unutilized input tax credit) or a certified order of merger or demerger (approved by a competent court, tribunal, or regulatory authority).
- (iii) A dedicated section may be created **within the new GSTIN's dashboard titled "Legacy Proceedings" or "Transferred Proceedings"**, where all migrated items may be categorized chronologically and by type (e.g., ASMT-10, DRC-01, Audit Memo, Appeal ID).

Justification

A seamless transition of pending proceedings to the new GSTIN is essential for legal continuity and natural justice.

16. Concerns in GST registration via SPICe+/AGILE-Pro-S integration on MCA portal

Issue

During the process of company incorporation through the SPICe+ form on the MCA portal, there is an option to apply for GST registration through AGILE-Pro-S form. However, even after the successful submission and incorporation of the company, the TRN for the GST application is not getting generated, and no confirmation or status update is available either on the GST portal or on MCA portal causing delays in proceeding with GST registration and business operations.



Suggestions

- (i) CBIC may issue a circular detailing the procedure for tax officers handling such integrated applications.
- (ii) Comprehensive training may be provided to officers of both the MCA and GST departments to align their operational understanding and improve coordination.
- (iii) Technical integration between the MCA and the GSTN systems be also enhanced to minimize delays and data mismatches.
- (iv) Fixed timelines may be prescribed for each stage of the integrated registration process to ensure timely approvals.

Justification

A standardized procedure, better system integration, and fixed timelines are essential to ensure that the intended ease of doing business through the single-window mechanism is actually realized. Clear coordination between MCA and GSTN, along with status-tracking features, will enhance transparency, accountability, and operational efficiency.

17. Online cancellation of TDS registration

Issue

Taxpayers holding TDS registration under GST are unable to apply for its cancellation through the GST portal, as no such option exists online.

As per Rule 12(3) of the CGST Rules, 2017, a person registered as a tax deductor under a section 51 of the CGST Act who is no longer liable to deduct TDS is required to submit a written request for cancellation to the proper officer. Upon satisfaction, the officer may cancel the registration and issue Form GST REG-08. However, in practice, taxpayers face significant challenges in cancelling TDS registrations as manual applications submitted to jurisdictional officers remain unprocessed.

Suggestions

- (i) An online facility for cancellation of TDS registration, similar to the cancellation of regular GST registration, be enabled on the GST portal.
- (ii) To support the above facilitation measure, rule 12(3) of the CGST Rules, 2017 be suitably amended to explicitly provide for submission of cancellation applications through the common portal, thereby aligning the rule with the intended procedural reform.



Justification

Manual submission of cancellation requests for TDS registrations is ineffective, as such requests are often not acted upon due to system limitations on the officer's portal. As a result, deductors – despite no longer being liable under Section 51 – remain active on the GST system and continue to face compliance obligations.

D. Refund

18. Faceless and time-bound refund framework

Issue

Section 54 of the CGST Act, 2017 mandates that refund claims be processed within 60 days of receiving a complete application, with a provisional refund of 90% to be sanctioned within 7 days for export-related claims upon officer satisfaction. However, in practice, provisional refunds are often not issued, and many refund claims – particularly those relating to zero-rated exports and inverted duty structure (IDS) – experience significant delays beyond the prescribed timelines. Procedural bottlenecks such as multiple document verifications, offline validations, and manual interventions reduce transparency and consistency, resulting in blocked working capital, disrupted cash flows, and impaired international competitiveness for exporters and MSMEs. Additionally, the issuance of deficiency memos beyond the 15-day period adds to uncertainty and delays.

Suggestions

- (i) A robust, system-driven refund processing framework be implemented with provisional refunds being automatically sanctioned within 7 days in low-risk cases through back-end automation. The balance be refunded within the statutory 60-day period, leveraging AI-based scrutiny for faster and more accurate validation.
- (ii) An automated mechanism to compute and credit interest under section 56 for delays beyond 60 days be integrated into the portal, ensuring timely payments without requiring separate taxpayer applications.
- (iii) The entire refund process be made faceless, minimizing manual intervention to enhance transparency and reduce compliance burdens.

Justification

A system-driven, faceless refund mechanism with automation and AI-based risk profiling would streamline processing, ensure statutory timelines, and minimize



discretion. Auto calculating and crediting interest under section 56 for delayed refunds would safeguard taxpayer rights without extra compliance.

19. Refund mechanism of advance deposits against rejected registration application of casual taxable person and non-resident taxable person

Issue

Under GST, both casual taxable persons (CTP) and non-resident taxable persons (NRTP) registration requires advance deposit of estimated tax. However, when the registration application is rejected, there is no clear refund mechanism on the GST portal for the deposited amount. The current system lacks any prescribed process or dedicated functionality for claiming refunds in such cases, leaving taxpayers' funds blocked without service delivery. This creates financial hardship and procedural uncertainty.

Suggestion

A new refund category titled "Refund of excess deposit against rejected casual registration or non-resident taxable person" be introduced, enabling taxpayers to claim the advance tax paid where registration was denied.

Justification

Introducing a transparent, automated refund pathway will prevent undue financial burden, reduce procedural deadlocks, and enhance taxpayer trust. Such reform aligns with the intent of section 54 and supports ease of doing business by ensuring timely return of unutilized deposits.

20. Refund to SEZ

Issue

The GST law is currently silent on the **refund of ITC received by a special economic zone (SEZ) unit from an input service distributor (ISD)**. With the implementation of mandatory ISD mechanism effective from 01.04.2025, ISD is required to distribute available ITC to all units, including SEZ units. However, **SEZ units often do not have output GST liability**, leaving accumulated ITC unutilized.

Judicial pronouncements such as in *Britannia Industries Ltd. v. Union of India, 2022*, have upheld the eligibility of SEZ units to claim refunds of unutilized ITC, including that received through ISD. The Hon'ble Delhi High Court in this case directed that the refund cannot be denied merely because the ITC was distributed via ISD.



Suggestion

A clarification/instruction be issued confirming that **SEZ units are entitled to claim refunds of ITC received through ISD**, especially in view of judicial precedents.

Justification

This would eliminate ambiguity and ensure uniform application of the law by field officers.

E. Returns

21. Previous month display in return dashboard

Issue

When users log in to the GST portal during a particular month—for example, March—they are directed to the Return Dashboard which defaults to the current month. However, during most of the current month, taxpayers are typically filing returns for the previous month such as Form GSTR-1 and Form GSTR-3B.

For example, during the month of April, the dashboard currently displays April by default, whereas taxpayers are generally filing returns for March. This results in an unnecessary step of manually switching to the previous month each time.

Suggestion

The GST portal's Return Dashboard default be set to the previous month instead of the current month.

Justification

By defaulting to the previous month, the portal will better align with user behaviour, minimizing the steps required to navigate to the correct return period.

22. Generation of advance EVC for return filing

Issue

Many taxpayers prefer to authenticate return filings using EVC (Electronic Verification Code) instead of DSC. However, the EVC can only be generated at the time of submission, often resulting in delays—especially when the authorized signatory is not immediately available to share the OTP. This becomes even more problematic during peak hours close to due dates, as the portal often faces heavy traffic, resulting in slow processing, delays in page loading or even temporary crashes.



Suggestion

The GST portal may allow advance generation of EVC, much like the functionality available on the Income Tax Portal.

Justification

Allowing EVC to be generated in advance would enable timely authentication, reduce last-minute stress, ensure smoother submissions and improve the reliability and user-friendliness of the portal.

23. Separate line for taxable and exempt supplies in Form CMP-08

Issue

Form CMP-08 is a statement to declare the details or summary of self-assessed tax payable for a given quarter by a composition supplier. It also acts as a challan for making payment of tax. As per rule 7 of the CGST Rules, 2017, suppliers other than manufacturers and restaurant service supplier, **are required to pay tax @ 1%** of the taxable turnover in the State or Union Territory.

However, **Form CMP-08 does not segregate between taxable and exempt supply.** Hence, composition suppliers other than manufacturers and restaurant service supplier who have both taxable and exempt turnover are not able to report correct tax liability.

Suggestion

A separate line item be inserted in Form CMP-08 for segregating taxable and exempt supply for the suppliers other than manufacturers and restaurant service supplier.

Justification

This will allow composition suppliers other than manufacturers and restaurant service supplier who have both taxable and exempt turnover to report correct tax liability.

F. E-Way Bill

24. E-Way Bill to Include 'Ultimate Recipient' in "Bill to - Ship to" transactions

Issue

In "Bill to - Ship to" transactions under GST, the e-way bill system does not provide a dedicated field to capture the GSTIN and name of the actual place of delivery (i.e., the 'Dispatch To' party), which often differs from the 'Ship To' or 'Consignee' details. This structural limitation leads to compliance ambiguity, especially in multi-party supply chains. Despite this, some state authorities like



Tamil Nadu have issued circulars or internal instructions penalizing transporters and dealers for not including these additional details, even though the portal does not support such disclosures explicitly.

This disconnect between system design and field-level enforcement creates unnecessary litigation and penal exposure for otherwise compliant businesses. It also violates the principle that procedural deficiencies not backed by law may not attract punitive action.

Suggestion

E-way bill system ne enhanced by adding optional fields for 'Ultimate Recipient GSTIN & Name' to accurately capture the details in "Bill to - Ship to" transactions. This will align the system with real-world supply chain practices and eliminate ambiguity.

Justification

Enhancing the e-way bill system to include these optional fields will accurately reflect complex supply chain realities and reduce ambiguity.



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

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