



भारतसरकार | GOVERNMENT OF INDIA | वित्तमंत्रालय | MINISTRY OF FINANCE | राजस्वविभाग | DEPARTMENT OF REVENUE

प्रणाली एवं आंकडा प्रबंधन अपर-महानिदेशक का कार्यालयबेंगलूरु
OFFICE OF THE ADDITIONAL DIRECTOR GENERAL OF
SYSTEMS AND DATA MANAGEMENT, BENGALURU
पी.बी.सं.5400, केंद्रीयराजस्वभवन क्वीन्समार्ग बेंगलूरु – 560 001.
P.B. No 5400, Central Revenue Building, Queen's Road, Bengaluru – 560 001.

मि.सं. IV/16/04/2017-18 प्र.नि.बें.

C.No. IV/16/04/2017-18 ADG SYS BLR

Dated: 01.11.2019

DSR ADVISORY NO 01/2019

SUB: Release of module for preparation and uploading of digital summary of show cause notice (FORM GST DRC-01), Verification of FORM GST DRC-03, Issue of FORM GST DRC-04/05, intimation of Personal hearing with DRC-01 and FORM GST DRC-06- Reg

(This advisory is meant for the field formations to understand the functionalities being released)

The Bangalore Zonal unit of Directorate of Systems and Data management is entrusted with task related to the development of modules of Dispute settlement and resolution (DSR), Investigation, Audit, Mobility and E-way Bill related modules. DSR module covers the entire spectrum of activities involving the issue of show cause notices/statement of demands, adjudication, appeals, review, revision till recovery in the life cycle of a dispute. Adjudication is one of the modules encompassed in the comprehensive Dispute Settlement and Resolution(DSR) module and it is under different stages of development. As a first step, DRC-07 module for manual upload of orders issued was rolled out in October 2018. The following modules are now ready and available on AIO.

- (i) Creation and uploading of digital summary of SCN (DRC 01) which is issued manually along with Intimation of personal hearing
 - (ii) View and re-assign intimation of Payment (DRC 03) made by the taxpayer Voluntarily or Made against SCN.
 - (iii) Verification of Voluntary payment (DRC 03)
 - (iv) Acknowledgement of Payment made Voluntarily post verification by the issue of DRC-04
 - (v) Intimation of Conclusion of Proceedings initiated by the issue of SCN through DRC-05
 - (vi) Reply to the Show cause notice (DRC 06)
2. The CGST Act, Rules made there under and Circulars issued on the captioned subject will have precedence over the workflow built in the system. You are advised to read the document named relevant legal provisions applicable to the

module (**Annexure A**) carefully. The module has been built upon the availability of API's from GSTN, hence some of the recent amendments to the *law, rules and procedures may not be available in the module built. However, any deviation observed in the system design*, discrepancies, difficulties, suggestions either on the user interface or on the workflow designed in the module along with deviations from applicable law/rules/notifications/circulars may be brought to the notice of the Directorate of System and Data Management, C.R Building, Queens Road, Bengaluru, 560001 (email: adgblr.admin@gov.in).

3. FORM GST DRC-03 is a digital intimation of payment made by the taxpayer voluntarily or made against show cause notice (SCN)/statement. As per Section 73(7) and Sec 74(7), the tax officer is expected to verify the payment received from the taxpayer and if the amount paid falls short of the amount actually payable, they shall proceed to issue the notice in respect of such amount which falls short of the amount actually payable. Accordingly, verification of DRC 03 payment is built in this module. FORM, DRC-01 is a digital summary of the show cause notice issued to the taxpayer. The taxpayer can make a payment against the DRC 01 on the common portal using DRC 03. Verification of Interest paid in such DRC 03 is built in the system. The functionalities made available in this module are listed below:

- 3.1. Processing of voluntary payments made by the taxpayer through DRC-03 before the issue of any notice

- a) The DRC-03 is displayed on the dashboard of Jurisdictional Range Officer, who in turn verifies himself or re-assigns to the proper officer depending upon monetary limit since the verification of DRC-03 falls in the ambit of adjudication. The Jurisdictional Range Office should carefully check and verify the details available in the documents received with the DRC 03 and re-assign to the proper officer any number of times associated with adjudication, Audit Commissionerate, Anti-Evasion Wing of Commissionerate or DGGI, as applicable. The Officer to whom DRC-03 is re-assigned can either do the verification of the form himself or he can delegate it to his Inspector.
- b) The verification process of DRC 03 involves answering logical queries in the system leading to either acceptance of payment or issue of SCN. In case, payments are made voluntarily and the validation tests are cleared, the proper officer can issue DRC-04 (Acknowledgement of acceptance of payments made voluntarily). In case, deficiencies if any, are found the tax officer is expected to seek clarification offline, from the taxpayer in this regard. The records of such offline communication have to be uploaded to the system.
- c) During the process of verification, a series of questions/checklist appears on the screen of the user. The subsequent questions change on the basis of the validations. Further, if it has been established by the officer that there is a fraud/willful misstatement/ suppression from the taxpayer and still, the payment(DRC-03) is received from the taxpayer is in respect of Section 73, then the revised section gets changed to 74 and doesn't allow issue of DRC-04. Further, the revised liability as calculated by the tax officer is allowed to be captured in the system.

- d) If the proper officer is of the opinion that the amount paid voluntarily falls short of the amount actually payable, he shall proceed to issue the show cause notice manually and then upload DRC-01 online, in respect of such amount which falls short of the amount actually payable.

3.2. Uploading DRC 01 and processing of payments made by the taxpayer consequent to issue of SCN / DRC-01

- a) FORM GST DRC-01(digital summary of show cause notice) is an online functionality made available to the tax officer to share the details with the taxpayer on the common portal, consequent to the manual issue of show cause notice as specified under Section 73, 74 and 76 of the CGST Act, 2017. It allows uploading of show cause notice along with relevant worksheets and relied upon documents as PDF document.
- b) Proper officers for adjudication depending upon monetary limit is enumerated in Circular no. 3/3/2017 dated 05.07.2017 and Circular no. 31/05/2018 dated 09.02.2018. These proper officers have been given credentials to verify and approve the form. The proper officer can be a Superintendent, AC/DC or JC/ADC depending on monetary limits. Once DRC 01 is uploaded, the taxpayer can pay online through the cash/credit ledger and then file DRC 03.
- c) This module provides for entering the SCNs already issued manually. In such a case, the tax officer shall click on the "Create DRC-01 manually" menu item. In the "Manual DRC-01 form", the officer shall enter all the fields manually. In case, the API fails (CBIC-GST will retry to send the API 3 times) to send DRC-01 form to the taxpayer due to connectivity issues or any other error, then an Error DRC-01 is created in the task list and the officer can re-send the form after clearing the errors.
- d) The above-uploaded information in CBIC-GST system is transmitted to the taxpayer through the GSTN portal using Application Programming Interfaces(APIs). Since the available API allows data only in respect of show cause notice under Section 73, 74 and 76, the present module is confined to show cause notices issued under the said sections.
- e) In response to DRC-01/show cause notice, the taxpayer can either pay the tax along with interest and penalty as applicable using form DRC-03 for the closure of the issue or send a reply to the tax officer using Form DRC-06, in case they decide to contest the Show Cause Notice.
- f) Similar to the case of voluntary payments, DRC-03 is displayed on the dashboard of Jurisdictional Range Officer, who in turn will either verify the payment himself or reassigns to the proper officer associated with adjudication, Audit Commissionerate, Anti-Evasion Wing of Commissionerate or DGGI based on the details available in the documents received with the DRC 03. Reassignment is possible multiple times. The Officer to whom DRC-03 is re-assigned can either do the verification of the form himself or he can delegate it to his Inspector.
- g) The verification process of DRC 03 made against an SCN, involves verification of interest paid. If validations are cleared, DRC-05 shall be issued for the conclusion of proceedings. For the issue of DRC-05, the entire payment has to be made once within 30 days from the date of issue of show cause notice. Partial payments are not allowed on the common portal.

- h) Since the verification of DRC-03 falls in the ambit of adjudication, the verification process is to be approved by the proper officer for adjudication depending upon monetary limit enumerated in Circular no. 3/3/2017 dated 05.07.2017 and Circular no. 31/05/2018 dated 09.02.2018.
- i) Once DRC-05 is issued, the officer will not have the option to issue one more order-in-original or DRC-07. DRC-05 is construed as the closure of proceedings and hence proper officer has to maintain the time limit of three years / five years as per Section 73/74 respectively.

- 3.3. Receipt of reply to a show cause notice DRC 06: Once show cause notice is issued, the taxpayer has time to submit reply on the common portal using DRC-06 form. The reply to the SCN will be available in the dashboard of the proper officer for adjudication as per the monetary limits. Though the SCN is issued in vertical of Audit/investigation, the reply will be directed to the executive formation for adjudication. The DRC-06 will have a hyperlink to the SCN and the Liability Register of the Tax Payer. The Tax Payer has the option to request a personal hearing. The process of fixing the PH and record the recording along with adjudication process will be available in the next release of this module.
4. DSR related functionalities which are currently being developed in adjudication are dispute related tax calculator, online SCN, online OIO, statement (DRC 02), rectification orders DRC-08, personal hearing, Callbook management and denovo adjudication. These functionalities will be taken up shortly.

Enclosures: As above



R. SRIRAM

ADDITIONAL DIRECTOR GENERAL (SYSTEMS)

Copy to:

- (1) The Principal Director General Systems & Data Management, New Delhi for information.
- (2) DG-Systems, New Delhi
- (3) DG-Systems, Chennai