

F. No. CBIC-20010/67/2025-GST/994  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Indirect Taxes and Customs  
GST Policy Wing  
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Room No. 244-D  
North Block, New Delhi  
Dated: September 2025

To,  
**All Principal Chief Commissioners/ Chief Commissioners of CGST  
Zones**

Madam/Sir,

**Subject: Request for comments/inputs on the legality of bunching  
multiple financial years into a single demand notice under the GST Act.**

It has been noticed that a number of writ petitions have been filed before different Hon'ble High Courts across the country challenging the legality, constitutionality, and validity of issuance of a consolidated demand notice covering multiple financial years. The contention raised in such petitions is that sections 73 and 74 of the CGST Act, 2017 do not permit such issuance and that the same is contrary to the principles of natural justice. As this issue is recurring, the standard policy comments of the GST Policy Wing on the subject are enclosed at *Annexure A* for further necessary action.

2. This issues with the approval of Member(GST).

Encl: As above

Yours faithfully,

Digitally signed by  
Sakshi Garg

Date: 15-09-2025

21:37:36 Under Secretary to the Government of India

(Sakshi Garg)

**Copy to:** Director General, DGGI (S.N.U. (South)) in respect of letter dated 19.08.2025, of DGGI, Chennai Zonal Unit.

## Annexure A

This is with reference to various communications received from field formations seeking the Board's comments in relation to writ petitions filed before various courts across the country. It has been observed that the ground of challenge pertains to the legality of issuing composite Show Cause Notices (SCNs) covering multiple financial years, and whether such issuance is permissible under sections 73 and 74 of the CGST Act, 2017. Accordingly, a comprehensive list of such issues along with policy comments from this office is elaborated below: -

### 1. Composite SCNs for multiple financial years are legally permissible under sections 73/74 of the CGST Act, 2017-

1.1 The matter has been examined and, in this context, it is pertinent to refer section 73(l) & section 73(3) and section 74(l) & section 74(3) of the CGST Act, which are reproduced below –

#### (i) Section 73(l) of the CGST Act, 2017:

*"Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised for any reason, other than the reason of fraud or any wilful-misstatement or suppression of facts to evade tax, he shall serve notice on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised input tax credit, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty leviable under the provisions of this Act or the rules made thereunder"*

#### (ii) Section 73(3) of the CGST Act,2017 :

*"Where a notice has been issued for **any period** under sub-section (l), the proper officer may serve a statement, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized for such periods other than those covered under sub-section (1), on the person chargeable with tax. "*

#### (iii) Similarly, section 74(1) of the CGST Act,2017 :

*"Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilised by reason of fraud, or any wilful-misstatement or suppression of facts to evade tax he shall serve notice on the person chargeable with tax which has not been so paid or which has been so short*

*paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised input tax credit, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty equivalent to the tax specified in the notice."*

**(iv) Section 74(3) of the CGST Act,2017 :**

*"where a notice has been issued for any period under sub-section (1), the proper officer may serve a statement containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized for such periods other than those covered under sub-section (1), on the person chargeable with tax."*

1.2 A conjoint reading of Sections 73(1) and 73(3), as well as Sections 74(1) and 74(3) of the CGST Act, 2017, makes it evident that the statute does not prescribe any restriction regarding the period for which a demand notice may be issued. It is therefore implicit that the proper officer is duly empowered to issue a Show Cause Notice for any period, subject to the statutory framework and there is no express bar in the statute which supports the prayer made by the Petitioner before the Hon'ble Court.

1.3 It follows that the petitioner's objection to the issuance of a consolidated notice covering more than one financial year has no statutory foundation. On the contrary, issuance of a single notice, instead of multiple year-wise notices, promotes administrative efficiency, reduces duplication of proceedings, and is also beneficial to the taxpayer, who is required to appear only once for adjudication. Therefore, the contention of the Petitioner lacks merit and does not call for interference by this Hon'ble Court.

**2. Composite SCNs for multiple financial years do not hit the limitation period provided under sections 73/74 of the CGST Act, 2017-**

2.1 It is submitted that section 73(10) and section 74(10) of the CGST Act, 2017 specifically provides the time limit of three years and five years, respectively, for issuance of order, calculated from the due date for filing the annual return for the financial year to which the tax dues pertain. The issuance of consolidated notices or orders is firmly grounded in the legal provisions, as the limitation period is clearly prescribed for each financial year. The consolidation of proceedings does not operate to extend or alter the limitation period prescribed for each individual year. Each financial year is treated as a separate and distinct period for the purposes of limitation even in such cases and the notices/orders are being issued within the prescribed limitation time frame applicable to every specific year included in the consolidated notices/orders. The issuance of a consolidated notice or order as a procedural mechanism must not be misconstrued as indirectly extending the limitation period prescribed statutorily for acting in relation to any given financial year. A consolidated instrument does not override the independent

statutory timeline set for each financial year as the limitation period is reckoned separately and strictly adhered to in respect of every year and thus, each year stands on its own footing for the purpose of calculating limitation.

2.2 As an illustration, if a consolidated notice is to be issued for FY 2017-18 and 2018-19, the following statutorily prescribed timelines have to be adhered to:

Financial Year	Due date for filing the annual Return	Notice due date (within 3 months from the date of order)	Order due date (within 3 years from the date of annual return)	Notice due date (within 6 months from the date of order)	Order due date (within 5 years from the date of the annual return)
		Section 73		Section 74	
2017-18	05.02.2020	30.09.2023	31.12.2023	04.08.2024	04.02.2025
2018-19	31.12.2020	30.01.2024	30.04.2024	30.06.2025	30.12.2025

In this case, the consolidated notice under section 73, for FY 2017-18 and 2018-19, would be issued by 30.09.2023, and the order would be issued by 31.12.2023. It is not that the limitation period is clubbed or carried over from that which is prescribed for the latter years, by virtue of the issuance of a consolidated notice.

2.3 Thus, it may be seen that, regardless of consolidation, the limitation period for each financial year remains unaffected and is taken into account independently so that the issuance of the notice or order meets the limitation criteria individually for each year concerned. Consolidation serves only as a procedural mechanism and does not dilute or override the temporal restrictions imposed by law on the issuance of notices/orders. Hence, clubbing of several financial years in one show cause notice does not compromise the overall timelines given in section 73(10) and section 74(10) of the CGST Act, 2017 and does not result in an indirect extension of the limitation period, contrary to some judicial interpretations. Instead, a single notice/order covering multiple years is bounded by the limitation for each financial year individually, by issuing an order/SCN within the prescribed time limit.

2.4 Besides, issuance of separate SCNs for each financial year on identical facts, based on the same set of relied upon documents and investigation under the relevant provisions of the CGST Act, 2017, would serve no meaningful purpose. On the contrary, consolidation of such SCNs covering multiple financial years is advantageous even to the taxpayer, as it requires appearance only once for presenting submissions in defence at the stage of adjudication. This approach not only prevents duplication of proceedings but also ensures judicial economy by saving valuable time and effort of both the taxpayer and the adjudicating authority.

### 3. Misinterpretation of “tax period” and “any period” under sections 73(3) and section 74(3) of the CGST Act, 2017-

3.1 The Act mandates the issuance of show cause notice under section 73(1) or section 74(1), as applicable, where any tax has not been paid or short paid or

erroneously refunded or where input tax credit has been wrongly availed or utilised. Further the phrase “**financial year**” is used in section 73(10) and section 74(10) of the CGST Act which prescribes time limit to issue order under the respective provisions. The limitation period under section 73(10) / 74(10) applies individually to each period covered.

3.2 It is submitted that sections 74(3) and 74(4) use the language “**for any period**” and “**for such periods**”, respectively and similar language is used in section 73 of the CGST Act. Under sections 73(4) and 74(4), the Act provides that if such a notice has already been issued for certain periods and demand arises for new periods on the same grounds, a statement suffices for the additional periods serving as a deemed notice. Therefore, it would be incorrect to say that each period necessarily requires a fresh SCN in every case. The law deems the statement as a valid notice, fulfilling the principles of due process. Thus, it can be said that consolidated or clubbed SCNs covering multiple tax periods on identical grounds are not only permissible but envisaged by the statute itself to avoid multiplicity of proceedings.

Further, based on the language used in the said provisions, it can be inferred that a notice can be issued for a period which could be more than one financial year and that the proper officer is expressly empowered to issue SCNs for “any period” as he deems fit within the four corners of law and there is no express bar in the statute which supports the prayer made by the Petitioner before the Hon’ble Court. Moreover, each tax period covered in the SCN is subject to its own limitation period as prescribed under sections 73(10) and 74(10).

3.3 The same view has been affirmed by the Hon’ble High Court of Delhi in the case of **Ambika Traders v. Additional Commissioner, Adjudication, DGGSTI [W.P.(C) 4853/2025 dated July 29, 2025]**, wherein it has been held that a consolidated SCN for multiple financial years is permissible under the CGST Act, 2017. Relevant extracts of the said judgement are reproduced below-

“Consolidated SCN for Multiple Financial Years

43. Insofar as the issue of consolidated notice for various financial years is concerned, a perusal of section 74 of the CGST Act would itself show that at least insofar as fraudulently availed or utilized ITC is concerned, the language used in section 74(3) of the CGST Act and section 74(4) of the CGST Act is “for any period” and “for such periods” respectively. This contemplates that a notice can be issued for a period which could be more than one financial year. Similar is the language even in section 73 of the CGST Act. The relevant provisions read as under:

**“73. Determination of tax [pertaining to the period up to Financial Year 2023-24] not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason other than fraud or any wilful-misstatement or suppression of facts.—**

XXXX

(3) Where a notice has been issued for any period under sub-section (1),

the proper officer may serve a statement, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised **for such periods** other than those covered under sub-section (1), on the person chargeable with tax.

(4) The service of such statement shall be deemed to be service of notice on such person under sub-section (1), subject to the condition that the grounds relied upon for such tax periods other than those covered under sub-section (1) are the same as are mentioned in the earlier notice.

XXXX

**74. Determination of tax [pertaining to the period up to Financial Year 2023-24] not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised by reason of fraud or any wilful misstatement or suppression of facts.—**

XXXX

(3) Where a notice has been issued **for any period** under sub-section (1), the proper officer may serve a statement, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised **for such periods** other than those covered under sub-section (1), on the person chargeable with tax.

(4) The service of statement under sub-section (3) shall be deemed to be service of notice under sub-section (1) of section 73, subject to the condition that the grounds relied upon in the said statement, except the ground of fraud, or any wilful-misstatement or suppression of facts to evade tax, for periods other than those covered under sub-section (1) are the same as are mentioned in the earlier notice."

44. Some of the other provisions of the CGST Act, which are relevant, include Section 2(106) of the CGST Act, which defines "tax period" as under:

"2.[...] (106) "tax period" means the period for which the return is required to be furnished.

45. Thus, sections 74(3), 74(4), 73(3) and 73(4) of the CGST Act use the term "**for any period**" and "**for such periods**". This would be in contrast with the language used in sections 73(10) and 74(10) of the CGST Act where the term "**financial year**" is used. The said provisions read as under:

"73.[...] (10) The proper officer shall issue the order under sub-section (9) within three years from the due date for furnishing of annual return for the **financial year** to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within three years from the date of erroneous refund"

"74.[...] (10) The proper officer shall issue the order under sub-section (9) within a period of five years from the due date for furnishing of annual

return for the **financial year** to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within five years from the date of erroneous refund.”

The Legislature is thus, conscious of the fact that insofar as wrongfully availed ITC is concerned, the notice can relate to a period and need not to be for a specific financial year.

46. The nature of ITC is such that fraudulent utilization and availment of the same cannot be established on most occasions without connecting transactions over different financial years. The purchase could be shown in one financial year and the supply may be shown in the next financial year. It is only when either are found to be fabricated or the firms are found to be fake that the maze of transactions can be analysed and established as being fraudulent or bogus.

47. A solitary availment or utilization of ITC in one financial year may actually not be capable of by itself establishing the pattern of fraudulent availment or utilization. It is only when the series of transactions are analysed, investigated, and enquired into, and a consistent pattern is established, that the fraudulent availment and utilization of ITC may be revealed. The language in the abovementioned provisions i.e., the word **'period'** or **'periods'** as against **'financial year'** or **'assessment year'** are therefore, significant.

.....  
.....

54. .... The transactions are between the years 2017 to 2021. A consolidated notice is, therefore, not merely permissible but, in fact, required in such cases in order to establish the illegal modality adopted by such businesses and entities. The language of the provision itself does not prevent issuance of SCN or order for multiple years in a consolidated manner.

55. Even in the order which has been impugned before this Court, the details of the amounts for each year are set out clearly in the content of the order itself and is, therefore, clearly decipherable. Thus, it cannot be held that the issuance of consolidated notice or order violates the language of the provisions. Especially, in the case of fraudulent availment of ITC or utilization of ITC such consolidated notice and order would not just be permissible but may, in fact, be required to show the wilful misstatement or suppression or the fraudulent availment/utilization.....”

In the judgment, the Hon'ble Court upheld the validity of consolidated show cause notices issued for multiple years in cases where substantial fraudulent Input Tax Credit (ITC) claims are detected. The court specifically recognised that when a large-scale fraud involving multiple financial years is alleged, a consolidated SCN is not only permissible but actually necessary to expose the illegal modus operandi

adopted by taxpayers dealing with fake suppliers and bogus invoices. Further, it was noted that legislative provisions under sections 73 and 74 of the CGST Act do not prohibit issuing SCNs covering multiple years. The use of "financial year" in limitation provisions [sections 73(10) and 74(10)] shows legislative awareness of periods, but does not restrict combined proceedings to individual notices per year.

3.4 In this regard it is also submitted that the definition of the "tax period" provided under section 2(106) of the CGST Act, 2017, relates it to the period for which the return is required to be furnished, it is submitted that the period is defined in context of filing of return and not in respect of issuance of demand notice. However, in respect of the issuance of a demand notice, it is pertinent to note that the matter may involve one or multiple issues, which may be spread across and connected to multiple financial years, especially in the case of fraud. Therefore, issuance of a consolidated show cause notice is necessitated to establish the modus adopted by such businesses and entities. Issuance of the show cause notice, financial year-wise wise may not be feasible and defeat the purpose of the investigation.

#### **4. Judgements in cases related to M/s Titan Company Ltd and M/s Tharayil Medicals decisions are distinguishable/ not binding pan-India.**

4.1 It is submitted that the judgments of Hon'ble High Courts in *M/s. Titan Company Ltd. v. Joint Commissioner of GST & Central Excise* and *M/s. Tharayil Medicals v. Union of India* were delivered by individual High Courts of Madras and Kerala respectively and are binding only within their territorial jurisdiction under Article 226 and 227 of the Constitution of India. These rulings do not have pan-India applicability and do not constitute binding precedents for authorities functioning in other States or Union Territories. Hon'ble Supreme Court in ***Collector v. Dunlop India Ltd. (1985)*** and ***State of Punjab v. Bhag Singh (2004)*** has clarified that decisions of one High Court are not binding on another, and administrative authorities are not obliged to apply such decisions uniformly across jurisdictions, unless affirmed by the Supreme Court.

4.2 Further, it is also observed that in several judicial pronouncements i.e. *Rio Care India Pvt. Ltd. v. Assistant Commissioner CGST & C.Ex. & Ors, XL Interiors v. Deputy Commissioner (Intelligence)*, and *Ambika Traders v. Additional Commissioner, Adjudication, DGGSTI [W.P.(C) 4853/2025, dated July 29, 2025]*, Hon'ble High Courts have upheld the legality of issuing consolidated Show Cause Notices covering multiple financial years, provided that the statutory time limits applicable to each year are individually respected.

4.3 Hence, the judgments in Titan and Tharayil Medicals, being distinguishable on facts and lacking pan-India binding authority, cannot form the sole basis for setting aside proceedings otherwise validly initiated under sections 73 or 74 of the CGST Act. The prevailing legal position is that, while each financial year must be assessed within its respective limitation period, the consolidation of notices for administrative efficiency is not inherently violative of the Act, so long as such limitation is not breached.



**5. The SCNs which are bunched for multiple years and the break-up of the tax for each financial year is made available to the taxpayer, is in congruence with AIR 1966 SC 1350 (State of Jammu and Kashmir and others vs Caltex (India) Ltd)-**

5.1 The order passed by the Hon'ble Supreme Court in case of the State of Jammu & Kashmir covered a composite period from January 1955 to May 1959. The Sales Tax Laws Validation Act, 1956, validated the levy of sales tax on inter-state sales only up to 6 September 1955, whereas any sale made after this date remained constitutionally exempt from state taxation under Article 286(2) of the Constitution, as Parliament had not yet authorised states to tax inter-state sales beyond the validated period.

5.2 The Hon'ble High Court, in dealing with this issue, chose to quash the entire assessment, reasoning that it was a single, composite order covering both valid and invalid periods, and therefore could not be sustained in part. However, the Hon'ble Supreme Court took a different view and held that even if an assessment order covers a continuous or composite period, it is permissible to segregate the portion that is legally valid from the portion that is not. The Court clarified that the mere fact that the assessing officer passed a single composite order does not preclude the courts from upholding the valid portion and striking down only the invalid part. Specifically, the Court observed:

***"The High Court was not justified in striking down the entire assessment merely because the assessment order was a composite one. The period covered could be bifurcated and the tax lawfully due for the valid period could be upheld."***

In doing so, the Hon'ble Supreme Court found the Hon'ble High Court's interpretation to be **too rigid and legally unsound**. It emphasized that **tax laws are dynamic**, and that **validation statutes** may apply only to **specific periods**, thereby requiring a **pragmatic and segmented approach** to assessment orders that span both valid and invalid timeframes.

5.3 The Hon'ble Supreme Court held that ***"Where a single assessment covers multiple periods, some of which are constitutionally valid and others not, the valid portion can be upheld and enforced independently"....."where an assessment encompasses different assessment years, each assessment year could be easily split up and dissected and the items can be separated and taxed for different periods"***. Hon'ble court supported its reasoning by referring to earlier decisions such as ***State of Bombay v. United Motors (India) Ltd., AIR 1953 SC 252*** and ***Bengal Immunity Co. v. State of Bihar, AIR 1955 SC 661***, where it was affirmed that **partial validation or taxation for specific periods is constitutionally permissible**, even if another portion of the same assessment stands invalidated.

5.4 In practical terms, this ruling means that **tax authorities** are permitted to issue **composite assessments**, but they must be prepared to **defend only those parts** that are **legally sustainable**. On the other hand, **assesseees can challenge invalid periods**, but they **cannot seek to invalidate the entire demand solely**

because it was issued as a single order. **Courts**, in such cases, are expected to adopt a **segmented and reasoned approach**, distinguishing between valid and invalid periods of assessment.

5.5 In view of the above it may be said that the principle, that a consolidated proceeding can be disaggregated by period for independent treatment, finds support, and this principle is equally applicable under the CGST Act, 2017, wherein composite proceedings, such as SCNs covering multiple years can be dissected period-wise, enabling separate treatment for the purpose of limitation, adjudication, or availing of statutory benefits like the GST Amnesty Scheme. Hence the case where the SCN clearly delineates the tax liability for each financial year, the taxpayer is fully informed of the demand and not prejudiced. The limitation period and the ability to respond to, contest to, or settle the **liability** on a year-wise basis remains intact, thereby satisfying the principles of natural justice.

## **6. Impact of composite SCNs for multiple financial years on other benefits provided under the CGST Act, 2017 i.e. Amnesty Scheme under section 128A of the CGST Act, Compounding of offences under section 138 of the CGST Act, 2017 etc.-**

6.1 The taxpayer will not lose the benefit of amnesty merely because the show cause notice (SCN) covers multiple financial years, and this has been expressly clarified in relation to the recently introduced amnesty scheme under section 128A of the CGST Act, 2017. This scheme was introduced in year 2024 for waiver of interest and penalty for the taxpayer who received the demand notices under section 73 of the CGST Act i.r.o. FY 2017-18, 2018-19, 2019-20. In this regard a circular No. 248/05/2025-GST, dated 27.03.2025 was issued and as per the clarificatory position outlined in para 4.2.1 of the said circular, a taxpayer does not forfeit eligibility under the GST Amnesty Scheme solely on the ground that the SCN, statement, or order includes periods both covered and not covered under section 128A. The Rule 164(4) and the proviso to Rule 164(7) explicitly allow the taxpayer to make payment only for the portion pertaining to the eligible years (i.e., FY 2017-18 to 2019-20) and to file the appropriate application in FORM SPL-01 or SPL-02. Simultaneously, the taxpayer may continue to contest the portion of the demand relating to ineligible periods through the normal appellate process. Therefore, the bundling of multiple years in a single SCN does not result in disqualification from the scheme, provided the conditions under section 128A are satisfied for the eligible years. Hence the allegation made in subject writ petition is liable to be set aside on being factually incorrect.

6.2 Further it is also observed that the consolidation/bunching of multiple financial years into single SCN does not adversely affect the taxpayer's right to seek compounding of offences under section 138 of the CGST Act. Under section 138(2), the compounding amount is calculated as a percentage of tax involved, with the Minimum amount being not less than twenty-five per cent of the tax involved and the maximum amount not being more than one hundred per cent of the tax involved. When SCNs are consolidated, the total tax amount involved across all periods would be considered for calculating the compounding amount within the prescribed percentage limits. Said consolidation does not alter the taxpayer's right to compound offences, who can still prefer this remedy subject to

the restrictions mentioned in section 138(1) of CGST Act, 2017, including the limitation that persons who have been allowed to compound their offences once in respect of offences specified in clauses (a) to (f), (h), (i) and (l) of section 132(1) cannot seek the benefit of compounding again. Furthermore, the monetary calculation under section 138(2) of the CGST Act remains proportionate to the tax involved, and compounding is permitted only after payment of the underlying tax, interest, and penalty as required under the third proviso to section 138(1) of the CGST Act.

## **7. Validity of Proceedings under Section 160 of the CGST Act:**

7.1 Section 160(1) of the CGST Act explicitly provides that no assessment, re-assessment, adjudication, notice, summons, or related proceeding shall be deemed invalid merely due to any mistake, defect or omission, provided they are in substance and effect in conformity with the objectives and requirements of the Act. In the present matter, even if it is assumed *arguendo* that the consolidation of multiple years in one SCN constitutes an alleged irregularity, the same does not render the proceedings void under Section 160. The proceedings are substantively valid as they are undertaken within the four corners of the CGST Act, within the prescribed limitation period and in furtherance of the legislative intent of protecting government revenue. Further, Section 160(2) underscores that once a notice has been acted upon by the taxpayer, such notice cannot subsequently be contested on hyper-technical grounds relating to service or form.