



Press Information Bureau

Ministry of Information and Broadcasting, Government of India



Economy

Frequently Asked Questions (FAQs) on reforms related to litigation management

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S. No.	Question	Answer
Minimum threshold for issuance of show cause notices under sections 73, 74 & 74A of the CGST Act, 2017		
1.	If the amount of tax is exactly ₹10,000, will the minimum threshold for issuance of a show-cause notice be satisfied?	Yes. The minimum threshold shall be considered to have been met where the relevant amount of tax, including the applicable cess covered by the Explanation, is ₹10,000 or more. Accordingly, where the amount of tax is exactly ₹ 10,000 a show cause notice may be issued.
2.	How is the minimum threshold of ₹10,000 to be determined under sections 73, 74 or 74A of the CGST Act, 2017, where the demand involves more than one tax head, such as CGST, SGST/UTGST, IGST and cess?	The minimum threshold of ₹10,000 shall be determined with reference to the aggregate amount of tax involved under CGST, SGST/UTGST, IGST and cess, as applicable. It is not necessary for the amount under each individual tax head to independently meet the threshold of ₹10,000.

3.	Will interest, late fee or penalty be taken into account for determining the minimum threshold of ₹10,000 under sections 73, 74 or 74A of the CGST Act, 2017?	No. The minimum threshold of ₹10,000 shall be determined with reference to the amount of tax including the applicable cess. Interest, late fee and penalty shall not be included for determining whether the threshold is met.
4.	Will the minimum threshold of ₹10,000 for issuance of demand notices, apply in cases involving input tax credit wrongly availed or utilised?	Yes. The amount of tax relating to input tax credit wrongly availed or utilised, shall be taken into account for determining whether the minimum threshold of ₹10,000 is met. Where such amounts arise under more than one tax head, the relevant amounts shall be aggregated for this purpose.

**Deeming of penalty payment as charge and rationalization of penalty, in case of
voluntary payment under the CGST Act, 2017**

1.	Does substitution of the term “penalty” with “charge” under the CGST Act, change the amount payable by the taxpayer under the voluntary payment provisions?	No. The substitution of the term “penalty” with “charge” shall not alter the quantum of the amount payable. The amount payable shall remain the same as prescribed under the relevant provisions of the CGST Act.
2.	Will the amount referred to as “charge” (substitution of the term “penalty”) under the CGST Act, be payable in addition to the tax and interest?	Yes. To avail the benefit of conclusion of proceedings, the noticee shall be required to pay the tax along with applicable interest and the prescribed reduced amount of penalty within the specified timeline. Upon such payment, the amount presently referred to as “penalty” under the relevant provision shall be referred to as “charge” under the amended provision.

3.	Under which head the amount payable as "charge" should be deposited?	The amount payable as "charge" shall be deposited under the head "Others", in accordance with the prescribed payment mechanism.
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