



MAJESTY LEGAL
Advocates & Solicitors

INSERTION OF SECTION 74 A OF CGST ACT, 2017

The Finance (No. 2) Bill, 2024, as part of Budget 2024, introduces a significant amendment to the CGST Act, 2017, by adding a new Section 74A. This new section marks a major change in process of demand and recovery of GST. It modifies the time limit for issuing assessment notices to 42 months from the due date of the annual return for the financial year, applying uniformly to all taxpayers.

Currently, Sections 73 and 74 of the CGST Act, 2017, set out different time limits. Section 73 pertains to cases without fraud, willful misstatement, or suppression of facts, allowing a notice to be issued within three years from the due date of filing the annual return, with an order to be passed within one year from the notice date. Whereas, Section 74 addresses cases involving fraud, willful misstatement, or suppression of facts, permitting a notice to be issued within five years from the due date of filing the annual return, with an order to be passed within two years from the notice date.

The newly introduced Section 74A supersedes Sections 73 and 74 of the CGST Act, 2017, merging them to address the confusion they caused among taxpayers. This section aims to standardize the timeframe for issuing demand notices and orders, thereby eliminating discrepancies between different types of cases. Under Section 74A, proper officer may serve a statement containing details of tax discrepancies for periods not covered under the original notice but the Grounds for discrepancies in the statement must be the same as those in the original notice.

In summary, the introduction of Section 74A, along with other amendments aimed at enhancing clarity and compliance, demonstrates the government's ongoing efforts to refine and streamline the GST framework.

TEAM MAJESTY LEGAL¹

OFFICE : B-87, Alaknanda Apartment, G-1, Ganesh Marg/Moti Marg, Bapu Nagar, Jaipur, Rajasthan-302015.

https://maps.app.goo.gl/BsUvY9RWyvUt6JcB9?g_st=iw

CHAMBER : 204, E-Block, Rajasthan High Court, Jaipur.

MOBILE No. : 9785461395

E-MAIL : mahi@majestylegal.in

WEBSITE : www.majestylegal.in

¹ Majesty legal is a LAW FIRM established in 2013 by Ms. Mahi Yadav. Objective of this legal update is to provide insights on law, statutes and is personal in nature, not to be deemed as legal advice.