Circular No.07/2026 – TNGST
(R1/14532334/2026)

Office of the Commissioner of Commercial Taxes,
Nandanam,
Chennai-600 035.
Date : 25.06.2026

CIRCULAR

Sub: GST – Return Scrutiny under Section 61 of the TNGST Act, 2017 and adjudication proceedings – Prior approval for suo motu scrutiny notices and ex parte orders – Instructions issued – regarding

Ref: Commissioner of Commercial Taxes, Circular No.8 / 2024 dated 29.08.2024.

Detailed guidelines were issued to the Proper Officers for adjudication in the Assessment Circles, in the Circular cited, to make adjudication process more transparent, reduce the litigations and realize revenue.

2. In this direction, system generated scrutiny notices based on risk parameters have been made available to the Proper Officers to ensure uniformity and monitoring of the return scrutiny process. Instructions have also been issued to all Proper Officers to process the system-generated scrutiny notices by following the provisions of the GST Acts and Rules and training has been imparted for adherence to quality standards in the adjudication process.

3. The scrutiny notices generated by the IT wing of the department and made available are detailed below:

Phase	Assessment Year	Number of Notices	Date of Generation
Phase-I	2022-23	10,438	19.02.2026
Phase-I	2023-24	11,478	19.02.2026
Phase-II	2022-23	17,048	04.05.2026
Phase-II	2023-24	16,206	11.05.2026

4. While reviewing the progress in adjudication of these cases, it is noticed that, Proper Officers are initiating scrutiny proceedings on their own even in cases where no substantial discrepancy exists and further not prioritising the system generated notices. Further, ex parte orders are passed by Proper Officers without exhausting all reasonable means of communication with the taxpayers resulting in litigations. Such unwarranted scrutiny proceedings cause hardship to taxpayers and adversely affects the Department's image.

5. Hence, the following instructions are issued for strict adherence by Proper Officers of Assessment Circles:

Prior approval of suo motu scrutiny notices:

a) Suo motu scrutiny notices shall not ordinarily be issued by Proper Officers. However, scrutiny notices may be issued by the Proper Officer, based on prior approval in the following circumstances:

(i) Issue-based defects involving substantial revenue implications which are not covered under the system-generated scrutiny notices.

(ii) Cases detected through intelligence inputs, investigation, audit observations or specific information received from third-parties.

(iii) Cases involving fraudulent availment of ITC, fake invoices, bogus registrations, suppression of taxable turnover or similar fraudulent activities.

(iv) Significant discrepancies noticed between returns, financial statements, e-way bill data, TDS/TCS data or any other authenticated third-party data.

(v) Any defects identified through MIS reports, BIFA, GST Prime, etc.

b) Before issuing any such suo motu scrutiny notice to a taxpayer, the Proper Officer shall:
(i) record the reasons in writing; and
(ii) obtain prior approval from the Deputy Commissioner/Joint Commissioner as per the monetary limits (total revenue involved under all Acts for a financial year) prescribed below:

Designation	KTCC & Coimbatore Divisions	Other Divisions
Deputy Commissioner	Rs. 50 lakhs and above	Rs. 25 lakhs and above
Joint Commissioner	Rs. 1 crore and above	Rs. 50 lakhs and above

Prior approval of ex parte orders:

c) Wherever, a Show Cause Notice in Form DRC-01 has been issued and no reply is received within specified time limit of 30 days, the Proper Officer shall ensure that the taxpayer has been contacted over phone / e-mail and informed of the proceedings.

d) Further, where the taxpayer has failed to respond to the personal hearing, the Proper Officer shall ensure that the Form DRC-01 has been sent through Speed Post to the principal place of business as well as to the residential address of the Authorised signatory and the same has been documented in the case records.

e) After exhausting the above steps and before passing an ex parte order in Form DRC-07, the Proper Officer shall:

(i) Record the reasons in writing; and

(ii) Obtain prior approval from the Deputy Commissioner/Joint Commissioner as per the monetary limits (total revenue involved under all Acts for a financial year) prescribed below:

Designation	KTCC & Coimbatore Divisions	Other Divisions
Deputy Commissioner	Rs. 50 lakhs and above	Rs. 25 lakhs and above
Joint Commissioner	Rs. 1 crore and above	Rs. 50 lakhs and above

f) The spectacular cases so identified by the officers during return scrutiny and having wider ramifications across the State, shall be presented during the monthly review meetings to facilitate dissemination of best practices, knowledge sharing and uniform application of the provisions of the law among the officers.

6. All Territorial Joint Commissioners and Territorial Deputy Commissioners shall monitor the proper officers with the compliance to above instructions.

Sd/- S.Nagarajan
Commissioner of State Tax

To

1. All the Territorial Joint Commissioners (ST)
2. The Joint Commissioner (ST), Large Taxpayers Unit, Chennai
3. All the Territorial Deputy Commissioners in the State
4. All the Proper Officers in the Assessment Circles of the State

Copy to:

1. All the Additional Commissioners, O/o the Commissioner of Commercial Taxes, Chennai.
2. The Director, Commercial Taxes Staff Training Institute, Chennai-6.
3. The Additional Commissioner (Systems), Chennai-35, (to upload in the intranet website of the Department)
4. All the Joint Commissioners, Deputy Commissioners and Assistant Commissioners in the O/o the Commissioner of Commercial Taxes, Chennai.
5. All the Joint Commissioners (ST), Intelligence in the State.
6. All the Deputy Commissioners (Intelligence) in the State.
7. Stock file / Spare – 2

//Forwarded by Order//

B. Gom... 25/06/2026
Assistant Commissioner(RCM)

25/6/2026