



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

प्रणाली एवं आंकडा प्रबंधन अपर महानिदेशक कार्यालय बेंगलूरु

OFFICE OF THE ADDITIONAL DIRECTOR GENERAL OF

SYSTEMS AND DATA MANAGEMENT, BENGALURU

पी.बी.सं.5400, केंद्रीय राजस्व भवन 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.बे.

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DSR ADVISORY NO 01/2018 dated 26.10.2018

SUB: Release of module for preparation and uploading of digital summary of a demand order in GST (FORM GST DRC-07) and update liability register to enable taxpayer in payment of the tax/interest/penalty- Reg

Bangalore Zonal unit of Directorate of Systems and Data management is entrusted with task related to development of modules in the phase 2 of GST Systems. Dispute settlement and resolution(DSR), Investigation, Audit and E-way Bill related modules are being developed under the supervision of this unit. Dispute settlement and resolution covers entire spectrum of activities involving issue of show cause notices/statement of demands, adjudication, appeals, review, revision till recovery in the life cycle of dispute. As a part of the phase wise development of DSR modules, we are now ready for release of a module aimed at preparation and uploading of digital summary of a demand order in GST (FORM GST DRC-07) to enable taxpayer in payment of the tax/interest/penalty. Consequent to UAT, DRC 07 module is now available. All other modules are at different stages of development and we propose to bring them in phases.

2.Kind attention is invited to Sub-Rule (5) of Rule 142, of CGST Rules, which mandates uploading of the summary of the order issued under sub-section (9) of section 73 or sub-section (9) of section 74 or sub-section (3) of section 76 or section 125 or section 129 or section 130 of the CGST

Act,electronically in FORM GST DRC-07, specifying therein the amount of tax, interest and penalty payable by the person chargeable with tax.The facility of generation and uploading of FORM GST DRC-07 electronically has been provided and the departmental officers can henceforth make use ofthe same.This functionality allows tax officer to create a liability in Liability ledger part II (other than return related liability) and allows taxpayer to set off the liability using cash/credit ledger.An overview of the module is enumerated as under:

- a) FORM GST DRC-07(digital summary of the demand order) is an online functionality made available to the tax officer for issue in CBEC-GST portal consequent to the manual issue of Adjudication order as specified under above mentioned sections of the CGST Act, 2017. Modules on adjudication emanating from the stage of show cause notice till the stage of generation of demand order (order in original)is under development and will allow autogeneration of DRC-07 from Order in original.
- b) This module is released as a stop gap arrangement pending development of entire suite of DSR functions to ensure that all the demands against a tax payer, especially those related to manually issued orders, if any, and MOV-09/MOV-11 orders issued in respect of e-way bill issues are mapped in the liability ledger of the tax payer., Hence the module allows Range and Division officers to create a DRC-07 entry. A demand order under GST is essential before creation of DRC 07. Hence it is imperative that a copy of each and every demand order issued manually under GST Act(s) is given to the Range Officer. The module allows flexibility across AC/DC of Division/ Range Superintendent/Range Inspector to create DRC-07 and AC/DC of Division/ Range Superintendent to approve DRC-07.Copy of the Order-in-Original based on which, such DRC 07 is created shall be scanned and uploaded in the system for reference. To ensure accuracy in data entry, it is proposed to have two level authentication. DRC-07 can be viewed by all the jurisdictional officers.
- c) The data entry of fields which are essentialfor DRC-07 and Liability register part II have been made mandatory. However, it is advisable to enter all other fields also which will be useful in generation of MIS reports.
- d) A field **Financial Year** available in the functionalityand is not a part of DRC-07 form but is a mandatory field in GSTN API. The system automatically captures current financial year for the

purpose of this field. However, the functionality allows data entry for the period from JULY 2017 up to the month of Order date (i.e., demand can be raised for more than one financial year in a single DRC-07).

- e) If the Order contains both CGST and SGST or UTGST, Tax officer has to add a new demand row for each Act and applicable **Rate of Tax** has to be filled against each Act.
- f) The taxes under CGST, SGST or UTGST, IGST and CESS have to be entered separately by adding demand row for each Act, along with applicable **rate of Tax**. The system allows entry of IGST and CESS for interstate supply/SEZ supply, CGST, SGST, IGST and CESS for intrastate/SEZ supply and CGST, UTGST, IGST and CESS for intra-union territory supply.
- g) In Demand Details tab, **interest** portion should be calculated as on the Order issued date. And it is preferable to enter date of communication of the order as the Order issue date.
- h) As a DRC-07 creates a liability in the Liability ledger part II of a Tax payer, there no rectification process to amend the wrongly raised DRC-07. So it is requested to fill the mandatory fields with utmost care.
- i) One field out of HSN/SAC is mandatory, however both the fields can be entered for demands including goods and services.
- j) Officers are required to attach copy of demand order (not a mandatory field) along with every DRC-07. The process of attaching document from AIO is available in the user manual.
- k) Saved and not submitted applications will be available in the Draft DRC-07 menu item. All the Approved DRC-07 are listed separately and once Demand id is created from GSTN, the Approved DRC-07 list is amended incorporating demand id. There is an export to excel utility available for the Approved DRC-07 list.
- l) On submission of the DRC-07 to the GSTN through an API, a demand ID is generated with a creation of liability in the **Liability register part II (Other than returns related liability)**. This demand ID and associated liability created in the ledger will be visible to the tax payer as well as the tax officer consequent to the receipt of data from GSTN. This liability allows the tax payer to make payment of duty, interest and penalty utilising the balance in his electronic cash and credit ledger. This payment updates the Liability register part II and the same can be viewed by tax officer

m) It is to be noted that the system at present provides for liability ledger part II for registered taxpayers only. Personal Penalty is not part of notified DRC-07 form, and doesn't create a liability in the Liability ledger part II (as the personal penalty is not levied on a particular GSTIN. Separate action to be taken for recovery of personal penalties.

n) In cases where demand id is not generated even after lapse of 24 hours, it is advisable to check the Error DRC-07 tab in the task bar for errors. We have ensured that such cases will be minimal.

3. For clear understanding of the process of issue of FORM GST DRC-07. Detailed user manual for UAT purposes with screen shots of each stage of the module has been prepared and enclosed herewith. Policy wing is in the process of making few changes in DRC 07 form. All such changes in the form will be integrated in due course. As on date, this module is prepared within the scope of existing DRC-07 form.

Enclosures: User Manual

Baswaraj Nalegave
ADDITIONAL DIRECTOR GENERAL(SYSTEMS)
nalegave.b@gov.in

Copy to:

- (1) All the Principal Chief Commissioner/Chief Commissioner of Central Tax
- (2) All the Principal ADG/ADG DGGI
- (3) The Director General Systems & Data Management, New Delhi.
- (4) The Commissioner GST Policy Wing
- (5) All the Principal Commissioners/Commissioners of Central Tax.
- (6) All the ADG Systems
- (7) All the ACL Admin in GST System
- (8) All the SSOID registered in GST System mapped for this module.