TAX BULLETIN

GST- ON BEAT, OFF-BEAT AND BACK BEAT



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Notices under GST Article 6: FORM GST DRC-13& 14

This is the sixth article in the series of Notices under GST. This article covers Form GST DRC-13 & DRC-14.

These two forms are linked to each other hence I'll be covering both in this very article. The proper officer may recover the tax amounts from the default taxpayer's debtors or any person who owns money to the defaulting taxpayer. This is normally used by the department as a last option to recover the tax dues from the deflated taxpayer. The proper officer has to do a proper due diligence before issuing such notice for recovery of the tax amounts.

To understand these forms, we'll have to go through their provisions:

Background and Legal Provision:

Rule 145(1) of CGST Rules 2017: DRC-13

As per 145(1) of the Rules, the proper officer may serve upon a person referred to in clause (c) of sub-section (1) of section 79 (hereafter referred to in this rule as "the third person"), a notice in Form GST- DRC 13 directing him to deposit the amount specified in the notice.

Rule 145(2) of CGST Rules 2017: DRC-14

As per 145(1) of the Rules, where the third person makes the payment of the amount specified in the notice issued under subrule (1), the proper officer shall issue a certificate in Form GST DRC-14 to the third person clearly indicating the details of the liability so discharged.

Section 79 of CGST Act 2017:

This section pertains to Recovery of Tax. Section 79



contemplates that if any amount payable by a person to the Government under any of the provisions of the Act and Rules made there under is not paid then the proper officer could recover the amount by one or more modes.

Form GST DRC-13:

- 1. This form is covered under section 79(1) (c) of the Act as "Notice to a third person".
- 2. As per rule 145(1) of the Rules for serving such notice to the third person as specified below.
- DRC-13 is another way of recovery of amount by realizing it from the debtors or any other person from whom money is due or may become due or who holds or may subsequently hold money for or on account of the defaulter.
- Form DRC-13:

- 4. Such person has been abbreviated as "the third person" in the Rules.
- 5. The proper officer can serve a notice to any third person as mentioned above directing him to pay the amount of his whole liability to the defaulter or to the extent of the liability of the defaulter to the Government, whichever is less.

Form GST DRC-14:

- 1. This form is covered under section 79 of the Act as *"Certificate of Payment to a Third Person".*
- 2. After getting notice in DRC 13 a person is bound to comply with that notice, and if he fails to make the payment, he deems to be the defaulter to the Government as per section 79 of the Act.

FORM GST DRC – 13	
To The	[See rule 145(1)] Notice to a third person under section 79(1) (c)
Particulars of defau	lter -
the provisions of	Date: Date: Date: Rs. <<>> on account of tax, cess, interest and penalty is payable under the < <sgst cgst="" igst="" utgst="">> Act by <<name of="" taxable<br=""><gstin>> who has failed to make payment of such amount; and/or</gstin></name></sgst>
It is observed that person from you; or	a sum of rupees is due or may become due to the said taxable
It is observed that y the said person.	you hold or are likely to hold a sum of rupees for or on account of
the money becomin	ected to pay a sum of rupees to the Government forthwith or upon ng due or being held in compliance of the provisions contained in clause (1) of section 79 of the Act.
section 79 of the Ac certificate from the	w payment made by you in compliance of this notice will be deemed under et to have been made under the authority of the said taxable person and the e government in FORM GST DRC - 14 will constitute a good and e of your liability to such person to the extent of the amount specified in
this notice, you will the Act to the exter	hat if you discharge any liability to the said taxable person after receipt of be personally liable to the State /Central Government under section 79 of at of the liability discharged, or to the extent of the liability of the taxable interest and penalty, whichever is less.
deemed to be a defa	case you fail to make payment in pursuance of this notice, you shall be aulter in respect of the amount specified in the notice and consequences of made thereunder shall follow.
Place: Date:	Signature Name Designation

TAX BULLETIN

Form DRC-14:

FORM GST DRC – 14 [See rule 145(2)]		
	Certificate of Payment to a Third Person	
	In response to the notice issued to you in FORM GST DRC-13 bearing reference nodated, you have discharged your liability by making a payment of Rs for the defaulter named below:	
	GSTIN – Name - Demand order no.: Date: Reference no. of recovery: Date: Period:	
	This certificate will constitute a good and sufficient discharge of your liability to above mentioned defaulter to the extent of the amount specified in the certificate.	
	Signature Name Designation Date:	

FAQs-

When can the proper officer serve a notice to any third person?

- As mentioned above the proper officer can direct the third parties to pay the amount of their whole liability to the defaulter (taxpayer) or
- To the extent of the liability of the defaulter (taxpayer) to the Government, whichever is less.

Can the taxpayer get an extension of time for the payment due?

 As per Sec 79 (c) (iv) the officer issuing a notice under sub-clause (i) may, at any time, extend the time for making any payment in pursuance of the notice.

What if a taxpayer fails to pay the demand as per DRC 13?

As per Sec 79 (c) (iii) in case the person to whom a notice under sub-clause (i) has been issued, fails to make the payment in pursuance thereof to the Government, he shall be deemed to be a defaulter in respect of the amount specified in the notice.

What if the taxpayer assures the officer that he/she has not received any money and have to get the notice revoked or amended?

• As per Sec 79 (c) (iv) the officer issuing a notice under sub-clause (i) may, at any time, amend or

revoke such notice or extend the time for making any payment in pursuance of the notice.

Rights of the Registered Person/Tax Payer:

• The taxpayer (defaulter) should comply with the proper officer's notice and should let their debtors i.e., their "third party" know about the said notice.

Duties of the Registered Person/Tax Payer:

- The taxpayer has to submit DRC-14 after getting a notice in DRC-13.
- If failed to comply with the notice, he/she will be considered as a defaulter; to avoid such a situation one should always comply and file it before the prescribed time limit.

Common Advice to all the Taxpayers:

- Taxpayers are always advised to keep track of the details posted on the GST portal as a good practice and timely response to the notice.
- If any irregularity or error is found, the taxpayer should, if possible, attempt to correct the same in the latest return.
- Taxpayers should also reconcile all returns with each other, such as the turnover recorded in GSTR 1 with GSTR 3B and the generated e-way bills.
- Also, ITC reconciliation with GSTR 2A or GSTR 2B was used in GSTR 3B.