

Inconsistency in GST Adjudication: Structural Gaps, Judicial Concerns and Required Reforms

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Eight years after the introduction of the Goods and Services Tax, non-uniformity in adjudication procedures has emerged as one of the most significant contributors to avoidable litigation. One of the principal objectives of GST was the simplification of tax administration and improvement in India's 'ease of doing business' rankings. However, inconsistent procedural practices adopted by the tax administration have become a structural bottleneck, undermining these objectives and adversely impacting taxpayer confidence.

The statutory timelines for issuance of adjudication orders pursuant to SCNs issued under Section 73 for FY 2021–22 and Section 74 for FY 2018–19 recently expired on 31 December 2025. Experience from adjudications concluded near the limitation period reveals wide procedural divergence not only across States but even between Central and State tax authorities operating within the same jurisdiction.

In a large number of cases, adjudication orders appear to have been passed in undue haste to meet limitation deadlines, often without proper verification of records or compliance with the basic principles of natural justice. Such practices seriously impair the fairness, credibility, and sustainability of the adjudication process. The judiciary has consistently emphasized that statutory time limits cannot be invoked as a justification for bypassing procedural safeguards. Adjudication must reflect due application of mind and reasoned analysis of facts and law, rather than being reduced to a mechanical exercise aimed at meeting deadlines.

Against this backdrop, there is an urgent need for policy-level intervention to introduce uniform, transparent, and technology-enabled procedures governing pre-adjudication and adjudication proceedings across the country. In this article, efforts have

been made to compile common inconsistencies and the recommended solutions for the same.

Key areas of procedural non-uniformity in GST adjudication

A. Fragmented and Inconsistent Modes of Communication:

Section 169 of the CGST Act, 2017 allows the tax officers to communicate with taxpayers in different modes such as by tendering it directly to taxpayers, sending an email, uploading on the GST portal etc. The prescription of multiple modes of communication has led to inconsistency in the adoption of modes of communication by the tax officers. The table below depicts the different modes of communication adopted by both central and state tax departments (the majority of the time)

SI No	Nature of proceedings	Central Tax	State Tax
1	Summons	Registered Post/E-mail	E-mail
2	Audit Notice	Registered Post/E-mail	GST Portal/E-mail
3	Final Audit Report	E-mail	GST Portal/E-mail
4	ASMT-10	Registered Post	GST Portal/E-mail/Post
5	DRC-01A	E-mail	GST Portal/E-mail
6	SCN	E-mail/Registered Post	GST Portal/E-mail
7	Personal Hearing Intimation	E-mail/Registered Post	GST Portal/E-mail
8	Order	E-mail/Registered Post/GST Portal	GST Portal/E-mail

The above table is only indicative and not exhaustive. Further, there are many instances where the taxpayer received the Show Cause Notice through post, hearing intimation through E-mail, and order was uploaded to the GST portal. This shows that there is no consistency in modes of communication even in one set of proceedings.

Over the past 2 years, a large number of writ petitions have been filed before various High Courts regarding the serving of notices/orders in different modes. Due to unawareness or inconsistency in modes of serving the notices and orders, the taxpayers have failed to act upon the notices or orders and missed the deadlines for filing the appeals. The High Courts have time and again instructed the GST department to ensure proper serving of notices/orders instead of merely uploading them onto the GST portal.

Some of the Notable decisions include Bambino Agro Industries Ltd. Vs State of Uttar Pradesh [(2026) 38 Centax 81 – Allahabad High Court], Binod Traders Vs The Union of India [2025 (6) TMI 251 - Patna High Court], Armita India Shipping Pvt. Ltd. Vs State Of Maharashtra and Others [2025 (9) TMI 1335 - Bombay High Court], TVL. Sri Balaji Traders Vs The Deputy Commercial Tax Officer Chidambaram-I Cuddalore, Tamil Nadu [2025 (2) TMI 1171 - Madras High Court] and Sharp Tanks and Structural Private Limited Vs The Deputy Commissioner (GST Appeals) [2025 (9) TMI 1149 - Madras High Court].

Although judicial authorities have repeatedly emphasized the importance of effective communication, field formations continue to follow inconsistent modes of service. Ineffective communication vitiates fairness and procedural certainty, leading to avoidable litigation.

B. Invocation of Section 74:

Both Central and State tax authorities are currently adopting divergent methodologies invoking Section 74, resulting in a lack of uniformity in enforcement. Notably, Section 74 is at times employed as a mechanism to circumvent the statutory limitation period prescribed under Section 73, even in the absence of substantive evidence indicating fraud, willful misstatement, or suppression of facts. Judicial precedents have consistently affirmed that the limitation framework under Section 73 cannot be overridden through routine or mechanical resort to Section 74, as the two provisions operate within distinct statutory domains and require satisfaction of different legal thresholds. Furthermore, significant inconsistencies persist in the application of Section 74 across various reconciliation issues, such as mismatches between Forms 2A and 3B, GSTR-1 and 3B, and GSTR-9 and 3B, which underscores the need for standardized interpretative and procedural guidance.

Some of the notable decisions include HCL Infotech Ltd Vs Commissioner, Commercial Tax And Another [2024 (9) TMI 1644 – Allahabad High Court], Safecon Lifescience Private Limited Vs Additional Commissioner Grade 2 And Another [2025 (9) TMI 919 - Allahabad High Court], Balaji Electrical & Hardwares Vs The State Tax Officer (ST),

Deputy Commissioner (ST) [2024 (2) TMI 998 - Madras High Court], Raghuvansh Agro Farms Ltd. Vs State of U.P. and 2 others [2025 (12) TMI 1236 - Allahabad High Court], and Ajnara Realtech Limited Vs State Of Uttar Pradesh And 3 Others – [2025 (3) TMI 1029 - Allahabad High Court]

C. Conducting of personal hearings and providing the personal hearing record:

Personal hearings are a critical component of the adjudication process and serve as an essential safeguard for ensuring principles of natural justice. However, numerous instances have been observed where taxpayers duly attend scheduled hearings before the authorities but are not provided with any formal acknowledgement or record of their appearance. In certain cases, adjudication orders incorrectly record that no one appeared for the hearing despite the taxpayer's attendance.

There also appears to be considerable inconsistency between Central and State tax administrations in maintaining and issuing records of personal hearings. Further, some State tax authorities have been scheduling three hearings primarily to demonstrate procedural compliance rather than to facilitate meaningful adjudication. In certain situations, multiple hearing dates are fixed within a span of one or two days, seemingly to satisfy formal requirements, which imposes unnecessary hardship on taxpayers.

Some of the notable decisions include Kapadia Brothers Vs Commissioner of Central Excise, Surat-I [2004 (167) E.L.T. 349 (Tri. - Mumbai)], and Aggarwal Laminates Pvt. Ltd. Vs Deputy Commr. of Cus. (Import), New Delhi [2022 (379) E.L.T. 194 (Del.)]

D. Consideration of replies and evidence submitted by taxpayers:

In a significant number of cases, there appears to be inadequate consideration of taxpayers' submissions by both Central and State tax authorities during adjudication. Orders are often issued that merely reproduce the taxpayer's written reply without any substantive analysis or application of mind to the arguments and evidence presented. Such orders frequently lack reasoned findings or clear adjudicatory conclusions. It is well-established in law that non-speaking orders—those issued without proper reasoning—are unsustainable. Nevertheless, supporting documents and evidentiary

materials furnished by taxpayers are, in many instances, not meaningfully examined or addressed.

There is also a growing perception that, in certain cases, demands are confirmed in a routine manner, potentially to avoid departmental review or to align with revenue expectations, rather than as a result of an objective and reasoned adjudicatory process.

Some of the notable decisions include Aviral Technology Solutions and Telecom Pvt Ltd Vs Union of India & Ors. [2025 (5) TMI 243 - Delhi High Court], Lakshmi Road And Infra, Rep. Vs The Deputy State Tax Officer-2, Dharmapuri [2025 (7) TMI 1763 - Madras High Court] and Samsung India Electronics Private Limited Vs Union Of India & Ors. [2024 (2) TMI 1207 - Delhi High Court]

E. Initiation of recovery proceedings:

There appears to be no uniformly followed or structured mechanism adopted by either State or Central tax authorities in certain cases. Instances have been reported where recovery notices are issued directly to bankers without prior intimation to the taxpayer regarding the existence of any outstanding demand. In such situations, taxpayers often become aware of the adjudication order only upon initiation of recovery proceedings.

It is difficult to reconcile scenarios in which an order is presumed to have been communicated via email or the GST portal, while the recovery notice is dispatched through physical post in a manner that ensures delivery. Such inconsistencies in modes of communication suggest procedural gaps and raise concerns regarding the effective service of orders. Collectively, these practices place an additional compliance burden on taxpayers, arising not from statutory requirements but from administrative inconsistencies in departmental communication processes.

Some of the notable decisions include Iron Cementics India Pvt. Ltd. Vs Assistant Commissioner Central Tax, GST and Central Excise, Rourkela [2025 (2) TMI 995 - Orissa High Court], Kaushlendra Kumar Vs State Of Bihar & Ors. [2025 (5) TMI 384 - Patna High Court], Kesoram Industries Ltd Vs Commr. of Central Tax, Hyderabad [2023 (9) TMI 1179 - Telangana High Court], Unique Marine Vs Assistant Commissioner [2024 (6)

TMI 281 - Madras High Court], Mahadeo Construction Co. Vs Union Of India [2020 (4) TMI 666 - Jharkhand High Court]

F. Parallel proceedings:

Parallel proceedings under GST have emerged as a significant area of concern, particularly where multiple authorities initiate simultaneous or overlapping actions on the same issue for the same tax period. In several instances, taxpayers are subjected to parallel inquiries, audits, or adjudication processes by different jurisdictional authorities without clear coordination or jurisdictional clarity. It is a settled principle of tax administration that proceedings on identical subject matter should not be pursued concurrently by different authorities, as this may result in conflicting findings and undermine procedural fairness. The absence of a streamlined mechanism to prevent or resolve such overlapping actions highlights the need for clearer administrative protocols and inter-departmental coordination to ensure consistency, efficiency, and adherence to principles of natural justice.

Some of the notable decisions include Armour Security (India) Ltd. Vs Commissioner, CGST, Delhi East [2025 (8) TMI 991 - Supreme Court] Sun Automation Limited Vs Sales Tax Officer Class II/Avato & Ors. [2025 (5) TMI 915 - Delhi High Court], Fortune Healthcare Services Vs Assistant Commissioner Of Commercial Taxes, Mangaluru [2025 (3) TMI 1309 - Karnataka High Court], Sri Subhash Agarwalla Vs The State Of Assam [2024 (3) TMI 387 - Gauhati High Court], Tansam Engineering and Construction Company Vs Commissioner, CGST and Central Excise, Rourkela [2025 (10) TMI 1116 - Orissa High Court].

Recommendations for a Uniform Adjudication Framework

The predominance of procedural litigation under GST clearly demonstrates that systemic reform at the adjudication stage is imperative. **The following measures merit urgent consideration and require the issuance of a Master Circular for adjudication:**

SI No	Issues	Recommendation
1	Fragmented and Inconsistent Modes of	Establishing a Unified Communication Framework across all the central and state tax officers. Where no

	Communication	response is received through one mode, alternate modes should be mandatorily used. Mere uploading of notices/orders in GST portal without effective communication needs to be avoided.
2	Invocation of Section 74	Portal-based validation requiring recorded satisfaction and mandatory senior-level approval before issuance of Section 74 SCNs should be introduced
3	Conducting personal hearings and providing the personal hearing record:	Ensuring meaningful personal hearing by making it interactive and outcome-oriented rather than treating hearing as a mere formality. Mandatory serving of hearing records to be implemented. Hearing records acknowledged by the taxpayer should be annexed to the order.
4	Consideration of replies and evidence submitted by taxpayers:	Adjudicating authorities must deal with each submission and evidence placed on record and provide cogent reasons for acceptance or rejection. Reasoned orders promote transparency and informed appellate review.
5	Initiation of recovery proceedings	Standard procedure to be followed by the officers to ensure the serving of adjudication orders instead of merely initiating the recovery after considerable period of time. Further, recovery cannot be done only in the month of March to fulfill the revenue deficit.
6	Parallel proceedings:	Inter-departmental coordination through GST portal shall be established to avoid duplication of proceedings.

Conclusion:

GST has matured into a critical pillar of India's fiscal architecture, where procedural credibility is as important as revenue mobilisation. Adjudication cannot be reduced to a limitation-driven or recovery-oriented exercise. Persisting with fragmented practices will only exacerbate litigation, erode taxpayer trust, and weaken the legitimacy of GST administration.

A harmonized, transparent, and technology-enabled adjudication framework, supported by binding pan-India instructions, is therefore the only sustainable way forward. It is incumbent upon the GST Council, CBIC, and State tax administrations to collectively recalibrate the adjudication framework and ensure that GST truly functions as a unified tax regime in both letter and spirit.

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