GOVERNMENT OF TELANGANA
COMMERCIAL TAXES DEPARTMENT

DRAFT CIRCULAR No. 3/2026

1/9/2026

CCST's Ref. No. Peshi/CST Adj./01/2026 **Date: ~~-08-2026~~**

Sub: - TGST Act, 2017 – Adjudication proceedings under Chapter XV – Observance of principles of natural justice – Mandatory opportunity of personal hearing – Instructions – Issued – Reg.

Ref: - 1)Sections 73,74,74A, 75, 168 and 169 of the Telangana GST Act, 2017.
2)CCT's Advisory Note issued on Quasi-Judicial Accountability dated:08-12-2025.

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1. Background

a) Attention of all adjudicating authorities is invited to the chapter XV: Demands and Recovery. Instructions have already been issued from time to time that proceedings shall be taken up sufficiently in advance and progress recorded continuously so that statutory functions are not compressed into the closing days of limitation.

b) The objective is not merely completion within limitation. Timely adjudication must necessarily be accompanied by fair procedure, adequate opportunity to the taxpayer, application of mind and adherence to the principles of natural justice.

2. Personal hearing is a substantive statutory safeguard

a) Section 75(4) of the TGST Act, 2017 provides that an opportunity of hearing shall be granted: (i) where a request is received in writing from the person chargeable with tax or penalty; **or (ii)** where any adverse decision is contemplated against such person. The second limb of Section 75(4) assumes particular importance.

b) The opportunity of personal hearing contemplated under Section 75(4) shall be understood as a substantive safeguard forming part of the principles of natural justice. It shall not be treated as a mere procedural formality or as an empty ritual.

c) The safeguard embodied in Section 75(4) is a statutory expression of the principle of natural justice known as ***audi alteram partem.***

3. Date, time and venue of first personal hearing

a) The date, time and venue/mode of the first personal hearing shall be clearly indicated in the Show Cause Notice(DRC-01) itself.

b) Where the DRC-01 notice allows a specified period for filing written objections/reply, the date of personal hearing should ordinarily be fixed after expiry of the period allowed for submission of reply, thereby enabling the adjudicating authority to consider the written submissions at the hearing.

4. Hearing shall be an effective opportunity and not a mechanical exercise

a) The purpose of personal hearing is to enable the tax payer/his representative to explain the facts, respond to the allegations, clarify documentary evidence and make submissions on the legal issues involved.

b) Adjudicating authorities shall before the hearing:

- study the Show Cause Notice, relied-upon documents and reply, if already filed;
- identify the principal factual and legal issues requiring clarification;
- remain available on the date and time fixed for hearing;
- give reasonable opportunity to make submissions; and
- consider the submissions with an open mind before arriving at the decision.

<u>Personal hearing shall not be reduced to a ritual or a mere entry in the adjudication record.</u>

5. Availability of the adjudicating authority

a) Once a personal hearing is fixed, the adjudicating authority shall ensure his/her availability on the scheduled date and time.

b) Where, due to unavoidable circumstances, the adjudicating authority is unable to conduct the hearing, the taxpayer/authorised representative shall be informed sufficiently in advance and a fresh date shall be communicated without delay.

6. Proper planning, hearing diary and record of personal hearing

a) Every adjudicating authority shall maintain an appropriate Hearing Diary and record of proceedings of every personal hearing containing, inter alia:

- GSTIN and name of the taxpayer;
- reference number and date of SCN;
- tax period;
- date of service/communication of SCN;
- due date for filing reply;
- date and time of PH;
- mode/venue of PH;
- name of person/authorised representative appearing;
- status of written reply;
- principal submissions made during hearing;
- documents/additional submissions produced or proposed to be produced;

- adjournment, if any, and reason; and
- next date of hearing, wherever required;

b) The number of hearings fixed on a particular day shall be realistic and manageable, having regard to the complexity of cases and the time reasonably required for each hearing.

c) The proceedings shall be acknowledged/signed by the taxpayer or authorised representative present at the hearing.

d) The proceedings of the hearing shall be uploaded in the Back Office, so that the electronic record accurately reflects the adjudication proceedings.

7. Where taxpayer does not appear on the first scheduled date

a) Non-appearance on one scheduled date shall not automatically be assumed as proper service. The adjudicating authority shall first satisfy himself/herself regarding proper service/communication of the notice and hearing intimation.

b) Where the taxpayer does not appear on the first date and no adjournment request is received, the adjudicating authority shall, having regard to the facts and limitation available, ordinarily provide another reasonable opportunity and communicate the next date of hearing. The adjudication authority may give upto (3) three personal hearing opportunities.

c) However, repeated non-appearance despite proper communication and reasonable opportunities shall not prevent completion of proceedings in accordance with law.

8. Adjournments – Section 75(5)

a) Section 75(5) provides that where sufficient cause is shown, the proper officer may grant time and adjourn the hearing for reasons to be recorded in writing.

b) The proviso stipulates that adjournment shall not be granted more than three times to a person during the proceedings.

c) It is clarified that:

- three adjournments are the statutory maximum and shall not be construed as an automatic entitlement to three adjournments in every case;
- every request for adjournment shall be considered on its own merits;
- where sufficient cause exists, reasonable opportunity shall be provided, subject to statutory limitation;
- reasons for granting or refusing adjournment shall be recorded; and
- the facility of adjournment shall neither be denied mechanically nor permitted to be used for unnecessarily delaying adjudication.

9. Fixing the subsequent date immediately

a) Where, the taxpayer does not appear or an adjournment is granted or additional documents are required or additional submissions are permitted or the adjudicating authority considers a further hearing necessary, the next date of hearing should be fixed immediately.

b) Where the taxpayer/authorised representative is present, the next date may be communicated during the proceedings itself and appropriately recorded.

c) Where the taxpayer is absent, the next date shall be communicated through the prescribed/permissible mode.

10. Service/communication is foundational to an effective opportunity

a) An opportunity which has not been effectively communicated cannot serve the intended purpose of Section 75(4).

b) Before proceeding ex parte, the adjudicating authority shall therefore satisfy himself/herself from the record that the SCN and the relevant hearing communication have been duly served/communicated in accordance with Section 169 of the TGST Act, 2017 and the applicable Rules/procedure.

11. Time between conclusion of hearing and passing of order

a) As far as practicable, orders should be drafted and passed reasonably soon after conclusion of personal hearing while the facts, arguments and records remain fresh for consideration.

b) Cases in which hearing has concluded and all requisite information is available shall not be unnecessarily kept pending merely for disposal closer to the statutory deadline.

12. Role of supervisory officers

a) Commissioner (ST) (Adj.)/ Joint Commissioners shall periodically review:

- number of SCNs pending for issuance;
- number of SCNs issued;
- service status;
- replies received;
- cases pending for PH;
- PHs conducted;
- adjournments pending;
- cases where hearing concluded;
- orders under drafting; and
- orders issued.

b) Review shall focus not merely on numerical disposal but also on timeliness, procedural fairness and quality of adjudication. Cases approaching limitation shall be identified sufficiently in advance and monitored appropriately.

13. Institutional objective

a) The objective of these instructions is to develop a uniform adjudication culture in which, the taxpayer receives a real and reasonable opportunity to present his case; the adjudicating authority has adequate time to understand and decide the issues; and the Department completes proceedings well within statutory timelines through planning rather than last-minute action.

b) Personal hearing is an important component of fair adjudication and shall be treated accordingly.

c) At the same time, principles of natural justice cannot be permitted to become a means for indefinite postponement. Once proper notice, effective opportunity and reasonable accommodation contemplated by law have been afforded, proceedings shall be brought to their logical conclusion within the prescribed limitation.

14. Responsibility and compliance

a) These instructions are issued for ensuring uniformity, transparency, procedural fairness and effective implementation of the provisions of the TGST Act, 2017. All Tax Officers exercising adjudication functions and all supervisory officers shall scrupulously observe these instructions.

b) Any material deviation from these instructions, particularly concerning denial of opportunity of hearing, failure to maintain proper hearing record, avoidable last-minute proceedings, or non-observance of statutory requirements, shall be viewed seriously.

c) At the same time, nothing contained in these instructions shall be construed as directing an adjudicating authority to decide any case in a particular manner on merits. The adjudicating authority shall independently exercise the quasi-judicial powers vested in him/her under the Act, on the basis of facts, evidence and applicable law.

d) The instructions regulate procedure and compliance with statutory safeguards and do not interfere with the independent determination of tax liability on merits.

1/9/2026

Chief Commissioner of State Tax.

29.8.

To

All Commissioners (ST)/ Additional Commissioners / Joint Commissioners / Deputy Commissioners / Joint Commissioners/Assistant Commissioners / State Tax Officers concerned.

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