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Instruction No.10/2025- Kerala SGST

Sub:- *State GST Department - Ease of Doing Business initiative - Implementation of Faceless Adjudication in a phased manner - First phase of implementation - Show Cause Notices from the Audit vertical under Sections 73/74/74A of the Kerala State Goods and Services Tax Act, 2017 – instructions issued – Reg.*

Ref:- *Notification 1/2023 State Tax dated 07.01.2023 (as amended)*

1. The Government of Kerala has announced the introduction of the "Faceless Adjudication" mechanism for the adjudication of show cause notices in the Kerala State Goods and Services Tax Department, in the Budget Speech, 2025. The purpose behind it is to ensure a fair and objective tax adjudication. One of the basic tenets of tax adjudication/tax proceedings is that the taxpayer should get a fair and reasonable hearing/chance to explain their case and make their submissions to present/defend their case. This effort also enhances the ease of doing business initiatives by the Government.
2. The State GST Department was restructured to streamline the administration of tax by organising its functions into distinct verticals, including Audit, Intelligence & Enforcement, and Taxpayer Services. Such specialisation of work is intended to improve administrative efficiency and to enhance ease of doing business.
3. Currently, Show Cause Notices issued under Sections 73, 74, 74A, and 76 of the Kerala State Goods and Services Tax Act, 2017 (hereinafter referred to as "the Act" or "the KSGST Act") by the Intelligence & Enforcement, and Audit verticals are being adjudicated by the

respective jurisdictional authorities within the Taxpayer Services vertical of the Department. In furtherance of the stated objectives, including enhanced transparency, administrative efficiency, and ease of doing business, the Department shall transition from the conventional mode of adjudication to a 'faceless' adjudication system, leveraging modern digital technologies to eliminate physical interface and ensure uniformity in decision-making.

4. For this purpose, necessary amendments have been made in the notification referred to above by extending the territorial jurisdiction of all the adjudicating authorities to cover the whole of the State of Kerala.
5. To facilitate this objective, apart from the existing Audit Teams and Adjudicating Authorities, an intermediate level of officers designated as Faceless Routing Officers (FROs), along with a supervisory layer through a Nodal Supervisory Officer (NSO), has also been created to ensure proper functioning, timely routing, escalation, and performance oversight across the system.
6. For the effective implementation of the process, it shall be rolled out in a phased manner, starting with a pilot implementation in the districts of **Pathanamthitta** and **Idukki**. Accordingly, in exercise of the powers conferred under Section 168 of the Act, the following instructions are issued to the field formations for strict compliance:

I. Notice Issuing Authority (NIA)

- a. All the show cause notices issued under section 73/74/74A of the Act by the Audit verticals w.e.f. 01st August, 2025 shall be adjudicated by the Proper Officers in the Taxpayer Services Vertical of the above districts, irrespective of their territorial jurisdiction.
- b. The handling of SCNs under the Faceless Adjudication system is strictly governed by pecuniary limits, as outlined in Circular No. 06/2023 dated 08.01.2023.
- c. Accordingly, Faceless Routing Officers are also created based on pecuniary limits, ensuring that each Routing Officer receives only those SCNs and a summary thereof in DRC-01 that fall within their defined monetary jurisdiction.
- d. For faceless adjudication of the SCNs, each TPS Circle Office shall have designated Faceless Routing Officers (FROs) assigned with the adjudication role at the L3 level.

Audit Officers must issue SCNs exclusively to the FROs in their L3 role, mapped to the corresponding pecuniary limit and Circle Office.

- e. The Notice Issuing Authority (NIA) must ensure that DRC-01 / DRC-01s (if multiple DRC-01s are issued due to a lack of facility in the BO portal) arising from a single SCN, pertaining to different financial years, are recommended for adjudication to the Faceless Routing Officer on the same day itself to maintain consistency in routing and adjudication.
- f. The "Faceless Routing Officer" created for this purpose shall identify the adjudicating authority responsible for adjudicating the case, based on the Faceless Allocation Logic.
- g. Accordingly, the notice issuing authority at the time of issuance of DRC-01, along with the SCN, shall select the appropriate "Faceless Routing Officer", based on the pecuniary limit.
- h. There may be instances wherein additional Case IDs have been created within the adjudication module by the notice-issuing authorities in the Audit Vertical, following the instructions contained in Circular No. 03/2025-Kerala SGST dated 20.01.2025, to issue notices under Section 73/74 of the Act. In such cases, the NIA shall assign that Case ID to the FRO at the L3 level and inform such transfer of that Case ID immediately to the Nodal Supervisory Officer (NSO) in the email ID provided by the NSO.
- i. Four Faceless Routing Officers have been designated for the purpose of case allocation under 'Faceless Adjudication', namely: "Faceless Routing Officer JC", "Faceless Routing Officer DC", "Faceless Routing Officer AC/STO", and "Faceless Routing Officer DSTO/ASTO". The SCN issuing authority shall select the appropriate authority based on the pecuniary limit.
- j. The designated officers in the Economic Intelligence Division will reallocate the Show Cause Notices (SCNs) for adjudication to the adjudicating authorities in the State based on Faceless Allocation Logic.
- k. The notice issuing authority shall, under no circumstances, mention the name, designation, or office of the adjudicating

authority in any part of the Show Cause Notice (SCN). The SCN may only state that: *“The noticee may furnish a written reply along with supporting documents within 30/60 days from the date of receipt of this notice through the common portal. The adjudicating authority, who will adjudicate this case, shall provide an opportunity for a personal hearing through any of the online platforms before finalizing the case, and this shall be intimated through the common portal/registered e-mail.”*

1. All Notice Issuing Authorities (NIAs) shall maintain a register of the notices sent to the Faceless Routing Officer (FRO) for Faceless Adjudication. If a register is already being maintained, the column for 'Adjudicating Authority' shall be marked as “FRO.” If not, a register shall be maintained in the format prescribed in ‘Annexure-I’ of this Instruction. In addition, the NIA shall communicate the relevant details to the Nodal Supervisory Officer (NSO) as and when requested.

II. Faceless Routing Officers (FROs)

- a. FROs act as the bridge between the Notice Issuing Authority (NIA) and the Faceless Adjudicating Authority (FAA). They are empowered to transfer the ARN/Case ID/Notice ID allocated for faceless adjudication to the FAA. To operationalize this efficiently across 94 TPS Circle Offices, Divisions and Districts, FROs are assigned dual-level digital roles: L3 (Circle level) and L1 (State level). Each FRO is responsible for receiving SCNs addressed to their respective pecuniary limit and initiating the routing process to the appropriate Faceless Adjudicating Authority (FAAs).
- b. FROs shall adhere to the instructions/framework issued by the Nodal Supervisory Officer (NSO) for the purpose. The Deputy Commissioner, Economic Intelligence Division shall act as the NSO for this purpose and is authorized to provide the provision of Reassignment function in the adjudication role available in the GSTN Back Office portal.
- c. FROs shall ensure that the cases allotted for Faceless Adjudication shall be allotted to the respective FAA at the earliest.

- d. To ensure accountability and transparency in the faceless adjudication system, a well-defined Protocol for Register Maintenance and Acknowledgement/Status Tracking shall be established by the Economic Intelligence Division.

III. Faceless Adjudicating Authority (FAA)

- a. In order to implement the faceless adjudication, all adjudicating authorities in the State have been assigned the 'State Role (L1)' in the back office portal, in addition to their existing 'Jurisdictional Roles (L3/L2)'. All adjudication proceedings pertaining to cases allocated through the faceless adjudication mechanism shall be conducted exclusively through the State Role (L1), even if the SCNs are received in their L2/L3 roles for faceless adjudication. Conversely, all other jurisdictional functions, such as amendment of registration, initiation of action against non-filers of returns, suspension or cancellation of registration, scrutiny of returns and consequential follow-up actions, and acknowledgement of voluntary payments made through DRC-03 (excluding those related to faceless adjudication), etc. shall be carried out only through the Jurisdictional Role (L3/L2). In summary, statutory functions connected to faceless adjudication shall be performed solely under the State Role (L1), while all other jurisdictional responsibilities shall remain within the domain of the Jurisdictional Roles (L3/L2).
- b. If, on verification of the assigned case in the State Role (L1), it appears to the adjudicating authority that he/she has no authority to adjudicate the case solely on the reasons of pecuniary limit as per Circular No.06/2023 dated:08.01.2023 of the Department, the FAA shall inform the matter, mentioning the grounds for which the case is not being adjudicated by him/her to the Nodal Supervisory Officer (NSO) for further necessary actions. The FAA shall not make any kind of reassignment of the received ARN/case ID/Notice ID to other FAA.
- c. As stated above, the first 30 days or 60 days, as the case may be, from the date of issuance of SCN is open to the

taxpayer/noticee for making payment of the applicable tax along with interest or interest and penalty, as the case may be, and/or for furnishing reply with supporting documents through common portal in FORM GST DRC-05. Therefore, the faceless adjudicating authority who receives a case for adjudication in the back office shall wait for the statutory time to proceed further in this regard. On elapse of the statutory time, the adjudicating authority shall proceed further, including the communication of date, time and mode (online) of personal hearing through the facility available in the common portal against the notice ID. Other general provisions related to the determination of tax shall be done as per the provisions of section 75 of the Act.

- d. In cases where the received Show Cause Notice (SCN) is not self-contained or is not accompanied by the relevant RUDs, the adjudicating authority may take an appropriate decision, as empowered under the provisions of the Act. However, under no circumstances shall the adjudicating authority summon or call upon the notice-issuing authority for the purpose of obtaining additional documents or information related to the case under adjudication.
- e. In quasi-judicial proceedings, the grant of a personal hearing constitutes a fundamental component of the principles of natural justice, ensuring that individuals are afforded a fair opportunity to present their case prior to the issuance of a final decision. Accordingly, it is once again reiterated that a reasonable opportunity of being heard must be provided before the finalisation of any adjudication. For this purpose, the instructions contained in Circular No. 07/2025-Kerala GST dated 14.03.2025 shall be strictly adhered to. Under no circumstances shall personal hearings be conducted in physical/offline mode.
- f. There may be situations where the noticee or the taxpayer seeks physical verification of the Relied Upon Documents (RUDs) supporting the demand or claim. In such cases, the faceless adjudicating authority shall allow the request and direct the taxpayer that the verification be carried out at the office of the authority that issued the SCN. The adjudicating authority shall also inform the notice-issuing authority of the

matter in advance. In such situations as well, adjudication shall be concluded only after the taxpayer/noticee has been afforded an opportunity to duly verify the RUDs and to be heard.

- g. Post-adjudication, the ARN/CRN related to the adjudication shall be retained by the same FAA for further development with regard to the adjudication orders.
 - h. There may arise instances where action under Section 161 of the Act is warranted following the completion of adjudication, either suo-motu or upon application by the taxpayer. In such cases, the adjudicating authority who passed the Order-in-Original shall undertake the proceedings under Section 161 of the Act, strictly in accordance with the instructions contained in Circular No. 06/2025-Kerala SGST dated 13/02/2025 issued by the Department. For this purpose, the 'Faceless Routing Officer' shall assign applications for rectification under Section 161, if so received, to the same adjudicating authority who originally adjudicated the case.
 - i. Once the Order-in-Original is issued, the Statement of Facts for any further litigation shall be prepared by the jurisdictional Circle Office of the taxpayer, and not by the Faceless Adjudicating Authority (FAA). For this purpose, the FAA shall ensure that a copy of the Order-in-Original is communicated to the jurisdictional Circle Office, in addition to serving it to the taxpayer, the Notice Issuing Authority, and the Review Cell.
7. Difficulty, if any, in the implementation of this instruction shall be brought to the notice of the undersigned.



AJIT PATIL I A S
COMMISSIONER

To

All Concerned