Date: .....

To,

.....

.....

.....

Subject: Demand Notice - Request for Rectification of Demand Created Due to Difference in Turnover Reported in GSTR-3B and GSTR-7

Respected Sir/Madam,

I am writing in response to the demand notice ..... dated ..... regarding the discrepancy between the figures reported in our GSTR-3B return and GSTR-7, which has resulted in a demand of Rs. ...../-.

Details of the Issue:

1. Taxable Value of Supply (as per GSTR-1 and GSTR-3B): Rs. ...../-

2. Total Turnover (as per GSTR-7 on which TDS was deducted): Rs. ...../-

3. Demand Raised on the difference in supply value: Rs. ...../-

Explanation:

The discrepancy arises because TDS was deducted on the total invoice value, which includes GST, instead of being applied to the taxable value of the supply alone. According to Section 51 of the CGST Act, 2017, TDS should be deducted on the value of the supply excluding GST.

Legal Basis for Rectification:

As per **Section 51(1)** of the CGST Act, 2017:

"Notwithstanding anything to the contrary contained in this Act, the Government may mandate,-

(a) a department or establishment of the Central Government or State Government; or

(b) local authority; or

(c) Governmental agencies; or

(d) such persons or category of persons as may be notified by the Government on the recommendations of the Council,

(hereafter in this section referred to as 'the deductor'), to deduct tax at the rate of one percent from the payment made or credited to the supplier (hereafter in this section referred to as 'the deductee') of taxable goods or services or both, where the total value of such supply, under a contract, exceeds .....lakh and .....thousand rupees."

The provision clearly states that TDS should be deducted on the taxable value of supply, excluding GST.

Request for Rectification:

In light of the above facts, I request you to:

1. Rectify the Turnover Calculation: Adjust the tax calculation to reflect the correct taxable value of supply, which is Rs. ...../-.

2. Remove the Erroneous Demand: Kindly withdraw the demand of Rs. ...../- raised due to the incorrect TDS calculation.

Supporting Documents:

To facilitate the review of this request, I am enclosing the following documents:

1. Copy of **GSTR-1 Return** for the relevant period.

2. Copy of **GSTR-3B Return** for the relevant period.

3. Copy of **GSTR-7 Return** indicating the TDS deducted.

4. Copies of relevant **invoices** highlighting the taxable value and GST component.

I trust that the details provided above will help in rectifying the TDS calculation as per the provisions of the law. Kindly inform me if any further information or documentation is required to facilitate the rectification process. I look forward to your prompt response and resolution of this matter to avoid any undue financial burden and compliance issues.

Thank you for your understanding and cooperation.

Yours faithfully,
.....

GSTIN .....

Business Name, ...

e-mail id .....

mobile no. .....

Enclosures:

1. Copy of GSTR-1 Return

2. Copy of GSTR-3B Return

3. Copy of GSTR-7 Return

4. Relevant Invoices Highlighting Taxable Value and GST Component.

.....

Note: This draft reply is write for general informational purposes only. It is not intended to serve as a recommendation, consultation, or advice.

Dated - 26-11-2024.