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RH068294585IN IVR:8278068294585
RL SECUNDERABAD H.O <500003>
Counter No:1.12/06/2021,12:47
To:COMMISSIONERATE OF C T..
PIN:500081, Cyberabad S.O
From:MODI PROPERTIES..
Wt:104gms
Amt:47.00(Cash)

भारतीय डाक
India Post

RNC68255896IN IVR:8278068255896
RL SECUNDERABAD H.O <500003>
Counter No:1,02/06/2021,08:27
To:COMM OF CENTRAL TAX.,
PIN:500081, Cyberabad S.O
From:SILVER OAK VILLAS LLP.,
Wt:103gms
Amt:50.00(Cash)
<Track on www.indiapost.gov.in>

SILVER OAK VILLAS

Site Office : Sy. No. 294, Cherlapally,
Hyderabad- 500 301, ☏ : +91- 40 6527 2343
✉ : sov@modiproperties.com
Owned & Developed by : Silver Oak Villas LLP.

Place : Hyderabad
Date: 20-05-2021.

From,
M/s Silver Oak Villas LLP
5-4-187, Soham Mansion,
M.G. Road, Ranigunj,
Hyderabad, Telangana-500003
GSTIN: 36ADBFS3288A2Z7.

To,
Assistant commissioner,
Group -12, CIRCLE –I: AUDIT –II COMM'TE
Hyderabad
DIN: 20210156YS000000EAA3

Sir,

Sub:- Reply to GST –Audit conducted on the accounts M/s. SILVER OAK VILLAS LLP - further communication of observations–Reg

During the course of Audit under GST, following objections have been noted by you.

Para-1: Short payment of GST during the period 2017-18 and 2018-19 (Total short paid Rs. 91,71,104/-)

Calculation of the Turnover according to you is as follows.

Turnover in 2017-18 as per GSTR-9C	13,38,80,112
Turnover in 2018-19 as per GSTR-9C	17,11,97,264
Total Turnover in 2017-18 and 2018-19	**30,50,77,376**
2/3 of the Total Turnover for the two years	20,33,84,917
Tax to be paid on Rs.20,33,84,917/-@12%	**2,44,06,190**
Tax already paid in 2017-18 and 2018-19	**1,52,35,086**
Differential Tax to be paid	**91,71,104**

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Reply to Para-1:

Silver Oak Villas LLP is an entity registered under GST and the principal business activity is that of development and sale of real estate residential units. The project undertaken by the entity is under the name and style of "Silver Oak Villas", the individual housing units in the project are villas/row houses.

Characteristically, in a Villa Project distinguishable land parcels are sold to the customers and an agreement is entered into with the customer for carrying on construction on such parcel of land. Therefore, for completing the sale of each individual housing unit, two agreements are entered into with the customer i.e.

1. Sale Agreement – For Sale of Land
2. Agreement of Construction – Construction Agreement.

Consideration against the land component and the construction component are distinguishable and are collected separately from the customer. Supply of land is a Non-GST Supply covered under the schedule III of the CGST Act, 2017, therefore, consideration towards land is not liable to GST. Consideration towards the supply of construction service is liable to GST @ 18%.

Further, the difference in Turnover/revenue recognition as per the Financial Statements and as per GST returns is due to difference in method provided under the Income Tax Act,1961 and CGST Act,2017 for calculation of revenue. The revenue in Financial Statements is calculated on Percentage on competition method in accordance with accounting standard 7 (Accounting of Construction Contracts). The taxable value in GST Returns is based on the demands raised on customer for progressive's works under the GST Act. Thus, this principal difference results in mismatch of Turnover as per GST and Income Tax Act.

For the purpose of tax calculation in the aforesaid Para-1, it is noted that turnover for 2017-18, as per GSTR 9C is arrived from **Table 5A** (Turnover (including exports) as per Audited Financial Statement or the State / UT (For multi-GSTIN units under same PAN, the turnover shall as be derived from the Audited Annual Financial Statements)" - Rs 13,38,80,112/-
and Turnover for FY 18-19, as per GSTR 9C is arrived from **Table 5Q** ("Turnover as declared in Annual Return (GSTR 9)".) - Rs 17,11,97,264/-.

Prima facie, there is an inconsistency in turnovers adapted to arrive at the GST liability. Further, the GST liability is calculated @ 12% on the entire turnover which is not the applicable rate of GST.

Without Prejudice to above, we hereby submit the Year wise Reconciliation of Turnover as per GST and IT.

Construction Account		As per GST	As per Financial Statements	Difference	Cumulative Difference
F.Y. 17-18	Taxable Supply	54,29,833			
	Land	10,93,07,666			
	Total	11,47,37,499	13,38,75,717	(1,91,38,219)	(1,91,38,219)
F.Y. 18-19	Taxable Supply	7,92,09,543			
	Land	9,03,56,084			
	Total	16,95,65,627	9,91,67,468	7,03,98,159	5,12,59,940

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F.Y. 19-20	Taxable Supply	6,27,16,252			
	Land	10,00,000			
	Total	6,37,16,252	11,35,58,481	(4,98,42,229)	14,17,711

The project commenced construction in Nov-2017 and had not achieved significant construction during 2017-18 and therefore, the value of taxable supply in 2017-18 is lower than the value of supply towards land (Non-GST Supply). However, on cumulative comparison of Turnover year on year it is pertinent to note that, the there is a balance in the Turnover as per Financial Statements and as per GST Returns. Final comparison of the same can be drawn at the end of the project.

The table below shows month-wise comparison of GST turnover as per books of accounts and GST returns.

	As per Financial Statements				As per GSTR Returns			
S.No.	Taxable Value (Construction)	Other Taxable Turnover	CGST	SGST	Taxable Value	Other Taxable Turnover	CGST	SGST
Jul-17	-	-	-	-	-	-	-	-
Aug-17	-	-	-	-	-	-	-	-
Sep-17	-	-	-	-	-	-	-	-
Oct-17	-	-	-	-	-	-	-	-
Nov-17	-	-	-	-	-	-	-	-
Dec-17	8,81,500	-	79,335	79,335	13,22,250		79,335	79,335
Jan-18	-	-	-	-	-		-	-
Feb-18	28,66,667	-	2,58,000	2,58,000	43,00,000		2,58,000	2,58,000
Mar-18	16,81,666	-	1,51,350	1,51,350	25,22,500		1,51,350	1,51,350
Sub Total 17-18	**54,29,833**	-	**4,88,685**	**4,88,685**	**81,44,750**	-	**4,88,685**	**4,88,685**
Apr-18	15,22,667	-	1,37,040	1,37,040	22,84,000	-	1,37,040	1,37,040
May-18	13,60,000	-	1,22,400	1,22,400	20,40,000	-	1,22,400	1,22,400
Jun-18	10,15,333	-	91,380	91,380	15,23,000	-	91,380	91,380
Jul-18	-	-	-	-	-	-	-	-

Aug-18	14,09,000	-	1,26,810	1,26,810	21,13,500	-	1,26,810	1,26,810
Sep-18	68,65,628	-	6,17,907	6,17,907	1,02,98,438	-	6,17,906	6,17,906
Oct-18	69,65,625	-	6,26,906	6,26,906	1,04,48,438	-	6,26,906	6,26,906
Nov-18	2,96,45,997	-	26,68,140	26,68,140	2,00,76,874	-	26,68,140	26,68,140
Dec-18	1,39,69,668	-	12,57,270	12,57,270	1,39,69,667	-	12,57,270	12,57,270
Jan-19	19,65,625	-	1,76,906	1,76,906	19,65,625	-	1,76,906	1,76,906
Feb-19	1,08,65,000	-	9,77,850	9,77,850	1,08,65,000	-	9,77,850	9,77,850
Mar-19	36,25,000	-	3,26,250	3,26,250	36,25,000	-	3,26,250	3,26,250
Sub Total 18-19	**7,92,09,543**	-	**71,28,859**	**71,28,859**	**7,92,09,542**	-	**71,28,859**	**71,28,859**
Apr-19	67,96,250	-	6,11,663	6,11,663	67,96,250	-	6,11,663	6,11,663
May-19	38,95,313	-	3,50,578	3,50,578	38,95,313	-	3,50,578	3,50,578
Jun-19	61,86,876	-	5,56,819	5,56,819	61,86,876	-	5,56,819	5,56,819
Jul-19	53,75,000	-	4,83,750	4,83,750	53,75,000	-	4,83,750	4,83,750
Aug-19	87,09,376	37,232	7,87,195	7,87,195	87,09,376	37,232	7,87,195	7,87,195
Sep-19	86,80,625	12,594	7,82,390	7,82,390	86,80,625	12,594	7,82,390	7,82,390
Oct-19	29,00,000	57,026	2,66,132	2,66,132	29,00,000	57,026	2,66,132	2,66,132
Nov-19	65,60,938	8,800	5,91,276	5,91,276	65,60,938	8,800	5,91,276	5,91,276
Dec-19	34,56,250	14,389	3,12,358	3,12,358	34,56,250	14,389	3,12,358	3,12,358
Jan-20	51,80,624	20,852	4,68,133	4,68,133	51,80,624	20,852	4,68,133	4,68,133
Feb-20	22,75,000	13,618	2,05,976	2,05,976	22,75,000	13,618	2,05,976	2,05,976
Mar-20	27,00,000	3,63,761	2,75,738	2,75,738	27,00,000	3,63,761	2,75,738	2,75,738
Sub Total 19-20	**6,27,16,252**	**5,28,272**	**56,92,007**	**56,92,007**	**6,27,16,252**	**5,28,272**	**56,92,007**	**56,92,007**

Furthermore, detail year wise – villa wise statement from the commencement of the project i.e. FY 17-18 till Mar-20 is attached for your reference as Annexure 1

Therefore, there is no short payment of Tax for F.Y. 2017-18 or 2018-2019 and we request from you to drop further proceeding in this regard.

Para-2: Irregular credit availed and reversed

During the audit, it is observed that excess ITC amount of Rs,45,73,392/- availed in the month of Aug,2018 an reversed the same in September,2018. The you not paid the applicable interest on the same. Hence, you liable liable to pay interest @18% i.e., **Rs.68,600/-** on ITC reversal amount of Rs.45,73,392/-

Reply to Para-2:

ITC excess availed in the GSTR 3B return of Aug-2018 was due to a clerical error in filling the GSTR 3B return for the said period. Credit excess availed to such extent has not been utilized to set off against the output tax liability.

Extract of electronic credit ledger for the period is attached as Annexure 2.

Further, since there is no option provided on the portal to revise the GSTR 3B return, the credit excess availed is reversed the GST return of the subsequent month.

In view of above hardship, we request from you to waive the interest proposed to be imposed on such irregularity as there has not been any misutilization of Input Tax Credit.

Para-3: Irregular credit taken in the month of September, 2018

In the said para it is provided that the Input tax credit has been excess claimed of Rs 8,06,590/- (CGST Rs.4,03,295/- + SGST Rs.4,03,295/-).

Reply to Para-3:

The table below provides the month-wise Input Tax Credit details for F.Y. 2017-18 and 2018-19.

F.Y. 2017-2018

	As per Books			As per GSTR 3B			Differences			
Month	IGST Input	CGST Input	SGST Input	IGST Input	CGST Input	SGST Input	IGST Input	CGST Input	SGST Input	Total Tax
Jul-17	-	-	-	-	-	-	-	-	-	-
Aug-17	27,300	2,10,882	2,10,882	27,869	1,73,353	1,73,353	(569)	37,529	37,529	74,489
Sep-17	-	22,920	22,920	-	21,326	21,326	-	1,594	1,594	3,188
Oct-17	-	2,10,567	2,10,567	-	21,326	21,326	-	1,89,241	1,89,241	3,78,482
Nov-17	-	76,573	76,573	-	83,184	83,184	-	(6,611)	(6,611)	(13,221)
Dec-17	-	90,101	90,101	-	79,207	79,207	-	10,894	10,894	21,788
Jan-18	-	51,520	51,520	-	39,975	39,975	-	11,545	11,545	23,090
Feb-18	-	5,88,739	5,88,739	-	5,88,742	5,88,742	-	(3)	(3)	(6)
Mar-18	-	10,77,866	10,77,866	-	9,97,448	9,97,448	-	80,418	80,418	1,60,836
Total	**27,300**	**23,29,169**	**23,29,169**	**27,869**	**20,04,561**	**20,04,561**	**(569)**	**3,24,608**	**3,24,608**	**6,48,646**

F.Y. 2018-2019

	As per Books			As per GSTR 3B			Differences			
Month	IGST Input	CGST Input	SGST Input	IGST Input	CGST Input	SGST Input	IGST Input	CGST Input	SGST Input	Total Tax
Apr-18	-	2,17,071	2,17,071	-	2,18,948	2,18,948	-	(1,877)	(1,877)	(3,754)
May-18	-	2,66,929	2,66,929	-	2,80,835	2,80,835	-	(13,906)	(13,906)	(27,812)
Jun-18	-	2,35,441	2,35,441	-	2,35,441	2,35,441	-	-	-	-
Jul-18	-	3,44,762	3,44,762	-	3,46,554	3,46,554	-	(1,792)	(1,792)	(3,583)
Aug-18	-	2,54,905	2,54,905	27,869	25,35,922	25,35,922	(27,869)	(22,81,017)	(22,81,017)	(45,89,903)
Sep-18	-	8,13,928	8,13,928	(569)	(10,69,923)	(10,69,923)	569	18,83,851	18,83,851	37,68,271
Oct-18	-	7,60,864	7,60,864	-	7,60,864	7,60,864	-	-	-	-
Nov-18	-	4,97,540	4,97,540	-	4,97,540	4,97,540	-	(0)	(0)	(0)
Dec-18	-	8,20,863	8,20,863	-	8,20,863	8,20,863	-	-	-	-
Jan-19	-	7,66,939	7,66,939	-	7,66,939	7,66,939	-	(0)	(0)	(0)
Feb-19	-	9,69,098	9,69,098	-	9,69,098	9,69,098	-	-	-	-
Mar-19	-	18,53,672	18,53,672	-	15,12,579	15,12,579	-	3,41,093	3,41,093	6,82,186
Total	-	**78,02,011**	**78,02,011**	**27,300**	**78,75,659**	**78,75,659**	**(27,300)**	**(73,648)**	**(73,648)**	**(1,74,595)**

As per the **Section 16(4) of the CGST Act, 2017** which reads as under:

(4) A registered person **shall not** be entitled to **take input tax credit** in respect of any invoice or debit note for supply of goods or services or both **after the due date** of furnishing of the return under section 39 for the month of September following the end of financial year to which such invoice or invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier.

In accordance with above, Input tax credit pertaining to FY 17-18, was claimed in FY 18-19 before the September'18 Return.

Calculation of ITC for FY 17-18 and FY 18-19 is given as below.

Calculation of Input tax credit for FY 17-18

Particular	IGST	CGST	SGST	Total
ITC as per BoA of 17-18	27,300	23,29,168	23,29,168	46,85,636
ITC availed in 17-18 GSTR 3B return	27,869	20,04,561	20,04,561	40,36,991
ITC Pertaining to FY 17-18, but Claimed in FY 18-19 Returns (Declared in Annual Return of FY 17-18)	**(569)**	**3,20,747**	**3,20,747**	**6,40,925**

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Calculation of Input tax credit for FY 18-19

Particular	IGST	CGST	SGST	Total
ITC as per BOA of 18-19	-	78,02,011	78,02,011	1,56,04,022
Add: ITC of 17-18 availed in 18-19	(569)	3,20,747	3,20,747	6,40,925
ITC to be availed in 18-19	**(569)**	**81,22,758**	**81,22,758**	**1,62,44,948**
ITC as per GSTR 3B of 18-19	27,300	78,75,660	78,75,660	1,57,78,619
Difference	**-27,869**	**2,47,099**	**2,47,099**	**4,66,329**

From the above, it is pertinent to note that ITC is not excess availed and rather short availed in CGST and SGST.

We hope that you find the above submissions in order and drop further proceedings.

Thanking you,

Yours faithfully,
For Silver oak Villas LLP,

Authorised Signatory

Enclosures :

1. Annexure 1 Villa wise sales statement Fy 2017-18 to 2020-21

2. Annexure 2 Electronic Credit ledger 1st Aug 2018 to 31st Oct 2018