



Site Office : Sy. No. 233, Nagaram,
Hyderabad - 500 083, ☎ +91-40-6453 7111.
✉ pmr@modiproperties.com
Owned & Developed by : PARAMOUNT ESTATES

Kindly co-operate with audit Gr-76
in n/l. Service Cent.

Green
19/9/2020

अधीक्षक
Superintendent
केन्द्रीय कर (जी एस टी)
Central Tax (GST)
रामगोपालपेट-II जी एस टी रेंज
Ramgopalpet-II GST Range
सिकंदराबाद-माइडल
Secunderabad Division
हैदराबाद/Hyderabad

Date: 31-08-2020.

From
Paramount Estates
5-4-187, Soham Mansion,
M.G. Road, Ranigunj
Secunderabad, Hyderabad
Telangana, 500003.
GTNN: 36AAJFP4202C1ZP

To,
The Superintendent,
Commercial Tax Dept,
Ramgopalpet, Ranigunj
Hyderabad.

Sir,

Sub: Reply to letter dated 18-08-2020 - "Difference between GSTR 3B and GSTR 9C" - DIN -
20200856YO00003OE837

We are in receipt of your letter dated 18-08-2020, seeking clarification on difference in turnover between GSTR -3B and GSTR -9C.

Point no 1 of the said letter is reproduced below for ready reference

- a) The turnover declared in Balance Sheet for the year 2017-18 is not tallied with Outward supplies as per GSTR-3B.

FY	Outward Supplies as per GSTR 3B	Turnover as per Balance Sheet for Year 2017-18
2017-18	10,39,71,185	17,40,79,113

1. In the letter, turnover as per Balance Sheet for the year 2017-18 is considered as Rs 17,40,79,113/- and Turnover as per GSTR 3B as Rs 10,39,71,185/-. To this we hereby submit the following clarification:

2. The primary business activity of the dealer is that of construction and sale of residential dwelling units/ works contract service. Financial reporting requirements and point of taxation as per Income Tax Act, 1961 and as per CSGT Act, 2017 (formerly Service Tax) vary significantly for the said activity.

3. Income Tax Act, 1961, requires income to be computed and reported in accordance with Accounting Standard -7 (Construction Activities), which prescribes "Percentage of Completion Method" to compute the income turnover of the financial year. On the other hand, section 13 of the CGST Act, 2017, provides point of taxation as earlier of receipt or date of Invoice (i.e. Demands raised from customer for progressive works).

4. With due regards to the inherent limitations and complexities in reporting requirements of turnover under the Income Tax Act and the CGST Act, the difference in turnover is apparent. The table below provides a brief comparison of Turnover.

Period	Turnover on which Service Tax/ GST compliance is made	Turnover as per Financial Statements from construction activities
13-14	1,29,42,000	-
14-15	3,31,63,458	-
15-16	7,84,34,655	4,58,38,740
16-17	10,52,67,238	11,53,13,177
17-18	13,45,19,119	17,38,12,644
Total	36,43,26,470	33,49,64,561

Upon year wise comparison of turnovers in the Indirect Tax and Direct Tax regime it may be noted that tax compliance under indirect tax regime is already made for the turnover that has been recognised as revenue in financial statements of 2017-18.

Details of Turnover for F.Y. 17-18 as per Financial Statements are:

Revenue recognised on Construction	17,38,12,644
Interest income from SB and FD	2,66,468
Turnover Declared as per I.T.	17,40,79,113

Therefore, there is a difference in Turnover as per GSTR -3B and Financial Statements.

5. Turnover as per financial statement and GST return is also reconciled in Annual Return GSTR 9C. Following reconciliation is reproduced for your ready reference.

5	Reconciliation of Gross Turnover		
Sr. No	Description		Amount
A	Turnover (including exports) as per audited financial statements for the State / UT (For multi-GSTIN units under same PAN, the turnover shall be derived from the audited Annual Financial Statement)		17,40,79,113
B	Unbilled revenue at the beginning of Financial Year	(+)	
C	Unadjusted advances at the end of the Financial Year	(+)	
D	Deemed Supply under Schedule I	(+)	
E	Credit Notes issued after the end of the financial year but reflected in the annual return	(+)	
F	Trade Discounts accounted for in the audited Annual Financial Statement but are not permissible under GST	(+)	
G	Turnover from April 2017 to June 2017	(-)	1,82,37,004
H	Unbilled revenue at the end of Financial Year	(-)	
I	Unadjusted Advances at the beginning of the Financial Year	(-)	
J	Credit notes accounted for in the audited Annual Financial Statement but are not permissible under GST	(-)	
K	Adjustments on account of supply of goods by SEZ units to DTA Units	(-)	
L	Turnover for the period under composition scheme	(-)	
M	Adjustments in turnover under section 15 and rules thereunder	(+/-)	
N	Adjustments in turnover due to foreign exchange fluctuations	(+/-)	
O	Adjustments in turnover due to reasons not listed above	(+/-)	-5,25,37,236
P	Annual turnover after adjustments as above (A+B+C+D-E+F-G-H-[-J-K-L+M+N+O])		10,33,04,873
Q	Turnover as declared in Annual Return (GSTR9)		10,33,04,871
R	Un-Reconciled turnover (Q - P)		-2

Accounts Manager
17/09/2020

(Copy enclosed)

In respect of service tax, we are
submitted the documents to Audit group
76 as intimated vide C No. V/Audit-II/
CAY-VII/360/901849/GN-76 dated 22/11/2019

Thanking You,
[Signature]
Yours Sincerely
PARAMARSA
STATES
SECRETARY

We hope you find the above submission in order.

6. As requested in the letter, we hereby submit following relevant documents for your ready reference and reconciliation:
- Financial Statements for - F.Y. 14-15 to F.Y. 17-18
 - ST-3 Returns for F.Y. 14-15 to F.Y. 17-18
 - GSTR 3B return for period Jul-17 to Mar-18
 - GSTR 9 and GSTR 9C for F.Y. 17-18
 - Gundry Creditors Ledger for - F.Y. 14-15 to F.Y. 17-18
 - Form-26Q for F.Y. 14-15 to F.Y. 17-18

Reasons for Un - Reconciled difference in Annual Gross Turnover	
Reason Number 1	The dealer is in the business of Real Estate Developers. It follows standard 7 for the purpose of Income tax act, 1961. The taxable value in GST Returns is based on the demands raised on customer for progressives works under the GST Act. Thus this principal difference results in mismatch of Turnover as per GST and Income Tax Act. For F.Y. 17-18 this difference is Rs 5,29,74,236
Reason Number 2	Income from Services (Extra Specifications) amounting to Rs 4,37,400/- is taxable under GST, however the same is transferred to work in progress in the Financial Statements, hence not forming a part of turn over as per audited financials
Reason Number 3	Therefore, net difference from Reason Number 1 and Reason no.2 amounting to Rs 5,25,37,236 is shown under "50"