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केंद्रीय करआयुक्तकाकार्यालय :: लेखा परीक्षा-II आयुक्तालय

**OFFICE OF THE COMMISSIONER OF CENTRAL TAX**
**AUDIT-II COMMISSIONERATE**
**DOOR NO. 1-98/B, PLOT NOS. 20 & 21 SANVI YAMUNA PRIDE**
**KRITHIKA LAYOUT, MADHAPUR, HYTECH CITY, HYDERABAD-500081**

File C. No GADT/CnG/ADT/GST/6708/2022-Gr 4-CGST-ADT CIR-1-ADT II HYDERABAD

DIN-20240156YS000000BABA

DATED: 17.01.2024

अनुलग्नक/ANNEXURE – X

अंतिम लेखा परीक्षा रिपोर्ट सं/

Final Audit Report No: 755/2023-24

भाग– I/Part – I

| | | |
|---|---|---|
| 1. | करदाताकानामवपता<br>Name & Address of the Taxpayer | **M/s SILVER OAK VILLAS LLP<br>5-4-187/3 AND 4, 2ND FLOOR,<br>SOHAM MANSION,<br>M.G ROAD, SECUNDERABAD,<br>Rangareddy, Telangana, 500003** |
| 2. | मुख्यकार्यालय,क्षेत्रीय/शाखाकार्यालयआदि<br>Head Office, Regional/Branch offices | -do- |
| 3. | करदाताकीस्थिति<br>Status of the taxpayer | Limited Liability Partnership |
| 4. | अधिकारक्षेत्रआयुक्तालय/मण्डल/रेंज<br>Jurisdictional Commissionerate/ Division / Range | Secunderabad GST Commissionerate,<br>Secunderabad Division,<br>Ramgopalpet III Range |
| 5. | दीगई / प्राप्तकरयोग्यसेवाओंकेनाम)रिवर्सचार्जमकेनिग्रमकेअंतर्गतसेवाकरका नगदभुगतान<br>(Name of taxable services provided / received (in case of payment of service tax under reverse charge mechanism) | Construction of Residential Complex and Works Contract Services |
| 6. | एसटीसीसंवजारीकरनेकीतिथि<br>GSTIN. & Date of Issue | **36ADBFS3288A2Z7(MEDIUM)** |
| 7. | अंतिमलेखापरीक्षाकीतिथि/<br>Date of last audit | Second Audit. |
| 8. | अवधिजिसकेलिएवर्तमानलेखापरीक्षाकीगई<br>Period for which current Audit undertaken | April'2019 to March, 2022 |
| 9. | लेखापरीक्षाकीतारीखें<br>Dates on which audit undertaken | 28.11.2023, 11.12.2023, 12.12.2023 & 19.12.2023 |
| 10. | लेखापरीक्षकोंकेनाम<br>Names of the Auditors | सर्वश्रीS/Shri<br>1. Rajesh Roshan, Superintendent<br>2. Vikas Sehra, Superintendent<br>3. Alok Kumar, Superintendent, |
| 11. | लेखापरीक्षापैराओंमेंशामिलकुलराजस्व<br>Total Revenue involved in audit paras | Total Rs.1,37,88,357/- (GST) Interest and Penalty. |

## लेखापरीक्षाकेपरिणामकासारांश/ SUMMARY OF AUDIT RESULTS

]लेखापरीक्षाकेदौरानचिन्हितमहत्वपूर्णवठोसगैरअनुपालनामामलोंकीरूपरेखाप्रदानकरें[

[PROVIDE AN OUTLINE OF IMPORTANT AND MATERIAL NON-COMPLIANCE ISSUES IDENTIFIED DURING THE AUDIT]

महत्वपूर्णवठोसगैरअनुपालनाकेचिन्हितकिएगएमामलेऔरउनपरकरदातोंकीप्रतिक्रियानिम्नसारणीमेंदीगईहै।

The important and material non-compliance issues identified and reaction of the tax payer is indicated in the table given below:

| ऑडिटपैरा नं० Audit Para No. | आपत्तियोंकासार Gist of objections Attested write-up/workings may be enclosed if warranted | राजस्वआलिप्तता,यदिकोई)रु०में( Revenue Implications, If any (in Rs.) | करदाताकीसहमतिहाँ/नहीं,यदिअसहमतिकाकोईकारणनहोतो Taxpayer's Agreement Yes/No, If no reasons for disagreement | विभागकानिष्कर्षकारणसहित Department's conclusion with reasons; MMC date & decision |
|---|---|---|---|---|
| I | Excess availment of ITC in GSTR 3B compared to GSTR2A | GST- Rs.7,70,690/-<br>Interest – U/s 50(1)<br>Penalty- U/s 73 | Not agreed | Approved |
| II | Non reversal of Input Tax Credit against Credit Notes reflected under GSTR 2A | GST - Rs.27,428/-<br>Interest – U/s 50(1)<br>Penalty- U/s 73 | Agreed but not paid | -do- |
| III | Non-Reversal of Ineligible input tax credit availed on goods or services not used in or blocked credit | GST - Rs.1,78,950/-<br>Interest – U/s 50(1)<br>Penalty- U/s 74 | Not agreed | -do- |
| IV | Non-payment of Late fee due to delayed filing of GSTR 1 | Late Fee:Rs.71,050/-<br>Interest - NA<br>Penalty- NA | Agreed but not paid | -do- |
| V | Short payment of GST – Sales P&L Vs GSTR-3B | GST- Rs.1,27,40,239/-<br>Interest – U/s 50(1)<br>Penalty- U/s 74 | Not agreed | -do- |

**Para I: Excess availment of ITC in GSTR 3B compared to GSTR2A for the period April 2019 to March 2022. Amount Rs.7,70,690/-**

As per the comparison statement of the input tax credit claimed and the ITC available in GSTR2A for the period **April 2019 to March 2022**, it is noticed that, there is a mismatch to the extent of **Rs.7,70,690/-**. The said excess ITC availment was irregular in terms of Section 42 of CGST Act, 2017, as the supplier had not filed required returns for availing the said credit by the taxpayer. The details of such credit of ITC availed during the period are as follows:

**(Amount in Rs.)**

| Tax Period | ITC claimed in GSTR-3B | | | ITC auto-drafted in GSTR-2A | | | Excess (+) in ITC (GSTR-3B - GSTR-2A) | | |
|---|---|---|---|---|---|---|---|---|---|
| | IGST | CGST | SGST | IGST | CGST | SGST | IGST | CGST | SGST |
| 2019-20 | 1609795 | 7293152 | 7293152 | 839105 | 7653629 | 7653629 | 770690 | 0.00 | 0.00 |
| Total ITC to be reversed | | | | | | | 770690 | 0 | 0 |

In light of the above, you are requested to pay/reverse the irregularly availed ITC credit of Rs. of **Rs.7,70,690/-(IGST: Rs.7,70,690/-)** under Section 73(1) of the CGST Act,2017 along with interest under Section 50(3) and penalty under Section 73 as applicable under the provisions of CGST Act,2017.

**Stand of the Tax payer:** On pointing out the said audit objection, tax payer not agreed.

**Decision of MMCM:** Approved vide C.No. GADT/PndC/MCM/54/2022-Tech & Legal O/o COMMR-CGST-ADT II-Hyd Dated 04.01.2024

**Para-II: Non reversal of Input Tax Credit against Credit Notes reflected under GSTR 2A – GST involved Rs.27,428/-**

During the course of audit it is noticed from the GSTR 2A statement, certain suppliers have issued credit notes to the tax payer, and Input Tax Credit involved in such Credit Notes has not been reversed by the Taxpayer as required under Sec.43 of the CGST Act, 2017.

**(Amount in Rs.)**

| Period | VALUE | IGST | CGST | SGST | CESS |
|---|---|---|---|---|---|
| 2019-20 | 152377 | 0 | 13714 | 13714 | 0 |
| **Total** | **152377** | **0** | **13714** | **13714** | **0** |

Hence, an Input Tax Credit of **Rs.27,428/-(CGST: Rs.13,714/- SGST: Rs. 13,714/-),** is required to be recovered under Sec.73 of the CGST Act, 2017, along with interest under Sec.50 of the CGST Act, 2017.

**Stand of the Tax payer:** On pointing out the said audit objection, tax payer agreed but not paid.

**Decision of MMCM:** Approved vide C.No. GADT/PndC/MCM/54/2022-Tech & Legal O/o COMMR-CGST-ADT II-Hyd Dated 04.01.2024.

**Para III: Non-Reversal of Ineligible input tax credit availed on goods or services not used in or in relation to the furtherance of business blocked credit in terms of Section 17(5) read with Section 16 of CGST Act, 2017. Amount involved of Rs.1,78,950/-**

On verification of ITC ledger, invoices with GSTR2A auto populated data, GSTR3B and worksheets pertaining to ITC availed, it is noticed that the taxpayer has availed ITC on input tax credit (detailed in Annexure I attached). The same are not qualified as inputs to the said manufactured products. It is also observed that the ITC is utilized for making payments of their liability. The details of credits (detailed in Annexure) are blocked credits as per Section 17(5) of the CGST Act, 2017 read with Section 16 of CGST Act, 2017 and are required to reverse the ITC involved along with applicable interest and penalty.

**(Amount in Rs.)**

| Year | IGST | CGST | SGST |
|---|---|---|---|
| 2019-20 | 0 | 65997 | 65997 |
| 2020-21 | 0 | 7290 | 7290 |
| 2021-22 | 0 | 16188 | 16188 |
| **Total ITC to be reversed** | **0** | **89475** | **89475** |

Hence, the taxpayer is required to reverse the ITC involved to the tune of **Rs.1,78,950/- (CGST: Rs.89,475/- and SGST: Rs.89,475/-)** along with Interest under Section 50 and Penalty under Section 74 of the CGST Act, 2017.

**Stand of the Tax payer:** On pointing out the said audit objection, tax payer not agreed.

Decision of MMCM: Approved vide C.No. GADT/PndC/MCM/54/2022-Tech & Legal O/o COMMR-CGST-ADT II-Hyd Dated 04.01.2024.

**Para-IV: Non-payment of Late fee due to delayed filing of GSTR 1: Amount involved Rs.71,050/-**

During the course of verification of records, it is seen that the tax payer has belatedly filed GSTR-1 Monthly Returns in terms of Section 37 of CGST Act, 2017 for some of the months but failed to pay the late fee as specified as per the Notification No.04/2018-CT dated 23.01.2018 issued under Sec.47 of CGST Act, 2017to the tune of **Rs.71,050/- (CGST: Rs.35,525/-& SGST: Rs.35,525/-)** as detailed here under:

**(Amount in Rs.)**

| Details of Late Fee payable due to late Filing of GSTR-1 for the FY 2020-21 to 2021-22 | | | | | |
|---|---|---|---|---|---|
| Month | Due date | Filing date | No. of days delayed | Late fee Rs.50/- Per Day | |
| | | | | CGST | SGST |
| Apr-20 | 30-06-2020. | 15-09-2020 | 77 | 1925 | 1925 |
| May-20 | 30-06-2020. | 15-09-2020 | 77 | 1925 | 1925 |
| Jun-20 | 11-07-2020. | 15-09-2020 | 66 | 1650 | 1650 |
| Jul-20 | 11-08-2020. | 15-09-2020 | 35 | 875 | 875 |
| Aug-20 | 11-09-2020. | 15-09-2020 | 4 | 100 | 100 |
| Sep-20 | 11-10-2020. | 30-10-2020 | 19 | 475 | 475 |
| Oct-20 | 11-11-2020. | 29-12-2020 | 48 | 1200 | 1200 |
| Nov-20 | 11-12-2020. | 25-02-2021 | 76 | 1900 | 1900 |
| Dec-20 | 11-01-2021. | 15-03-2021 | 63 | 1575 | 1575 |
| Jan-21 | 11-02-2021. | 12-04-2021. | 60 | 1500 | 1500 |
| Feb-21 | 11-03-2021. | 30-04-2021 | 50 | 1250 | 1250 |
| Mar-21 | 11-04-2021. | 01-07-2021. | 81 | 2025 | 2025 |
| Apr-21 | 11-05-2021. | 08-07-2021. | 58 | 1450 | 1450 |
| May-21 | 11-06-2021. | 03-08-2021. | 53 | 1325 | 1325 |
| Jun-21 | 11-07-2021. | 11-08-2021. | 31 | 775 | 775 |
| Jul-21 | 11-08-2021. | 01-09-2021. | 21 | 525 | 525 |
| Aug-21 | 11-09-2021. | 30-09-2021 | 19 | 475 | 475 |
| Sep-21 | 11-10-2021. | 28-01-2022 | 109 | 2725 | 2725 |
| Oct-21 | 11-11-2021. | 01-02-2022. | 82 | 2050 | 2050 |
| Nov-21 | 11-12-2021. | 04-02-2022. | 55 | 1375 | 1375 |
| Dec-21 | 11-01-2022. | 16-03-2022 | 64 | 1600 | 1600 |
| Jan-22 | 11-02-2022. | 02-06-2022. | 111 | 2775 | 2775 |
| Feb-22 | 11-03-2022. | 02-06-2022. | 83 | 2075 | 2075 |
| Mar-22 | 11-04-2022. | 29-06-2022 | 79 | 1975 | 1975 |
| **Total late fee liability of GSTR 1** | | | | **35525** | **35525** |

In view of the above, they are liable to pay the late fee of **Rs.71,050/- (CGST: Rs.35,525/ and SGST: Rs.35,525/-)** in terms of the provisions of Section 47(2) of CGST Act, 2017.

**Stand of the Tax payer:** On pointing out the said audit objection, tax payer agreed but not paid.

**Decision of MMCM:** Approved vide C.No. GADT/PndC/MCM/54/2022-Tech & Legal O/o COMMR-CGST-ADT II-Hyd Dated 04.01.2024.

**ParaV: Short payment of GST-Sales P&L Vs GSTR-3B: Amount involved Rs. 1,27,40,239/-**

On verification of Sales in the Profit and Loss Account Statement and GSTR-3B returns for the audit period, it is observed that there is a short payment of GST in their GSTR-3B returns when compared with the GST liability payable as per the Profit and Loss Account Statement for the audit period. The details are as under:

**(Amount in Rs.)**

| FY | PnL | GSTR3B | Taxable Value | GST@18% |
|---|---|---|---|---|
| 2021-22 | 116200069 | 100762528 | 15437541 | 2778757 |
| 2020-21 | 84725834 | 79698225 | 5027609 | 904970 |
| 2019-20 | 113558481 | 63244525 | 50313956 | 9056512 |
| Total | | | 70779106 | 12740239 |

Hence, the taxpayer is required to pay the short-paid GST amount of **Rs.1,27,40,239/- (CGST: Rs. 63,70,120/- & SGST: Rs. 63,70,120/-)** along with applicable interest under Section 50 of CGST Act' 2017 and. penalty under section 74 of GGST Act,2017 read with section 20 of IGST Act, 2017.

**Stand of the Tax payer:** On pointing out the said audit objection, tax payer not agreed.

**Decision of MMCM:** Approved vide C.No. GADT/PndC/MCM/54/2022-Tech & Legal O/o COMMR-CGST-ADT II-Hyd Dated 04.01.2024.

Signed by Ayyadevara Venkata Gopala Krishna Murthy
Date: 18-01-2024 20:59:45
Reason: Approved

(A.V. GOPALAKRISHNA MURTHY)
ए.वी . गोपालकृष्णमूर्ति
ASSISTANT COMMISSIONER/सहायक आयुक्त
AUDIT CIRCLE – I/ ऑडिट सर्कल-I

Copy submitted to:

1) The Deputy/Assistant Commissioner of Central Tax (MIS), Audit-II Commissionerate, Hyderabad for necessary action.
2) The Deputy/Assistant Commissioner of Central Tax, Secunderabad Division, , Secunderabad GST Commissionerate, Hyderabad for information only.
3) The Superintendent of Central Tax, Ramgopalpet III Range, Secunderabad Division, Secunderabad GST Commissionerate, Hyderabad for information only.