OFFICE OF THE COMMISSIONER OF CENTRAL TAX & GST
केंद्रीय करऔर जी.एस.टी के सहायक आयुक्त का कार्यालय
CIRCLE-I HYDERABAD AUDIT – II COMMISSIONERATE,
सर्किल–I, हैदराबाद लेखापरीक्षा आयुक्तालय -II,
1-98/B/20, 21 :: KRITHIKA LAYOUT:: HITECH CITY :: HYDERABAD - 81

INWARD No. 104 Date 12/9/ Sign. MODI PROPERTIES PVT. LTD. SEC'BAD

GADT/CnG/ADT/GST/3482/2024-Gr 2-CGST-ADT CIR-1-ADT-II-HYDERABAD Date:10.09.2025
DIN- 20250956YS000002020C

SHOW CAUSE NOTICE No: 17/2025-26 (AC)

Sub: GST- M/s MEHTA & MODI REALTY KOWKUR LLP, 2nd Floor, 5 4 187 3 and 4, Soham Mansion, M G Road, Secunderabad, Hyderabad, Telangana, 500003, for the period from April, 2019 to March, 2023 - Issuance of Show Cause Notice- Reg.-Reg

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M/s MEHTA & MODI REALTY KOWKUR LLP, 2nd Floor, 5 4 187 3 and 4, Soham Mansion, M G Road, Secunderabad, Hyderabad, Telangana, 500003(hereinafter referred to as "taxpayer") are registered under GST vide GSTIN: 36ABLFM7631F1Z3, Secunderabad Division of Secunderabad Commissionerate, for construction, and development of land/real estate services

2. During the course of GST Audit conducted on the books of accounts of the taxpayer in the month of March, 2025, for the period 2019-20 to 2022-23, departmental officers had raised certain audit objections, which are approved in the monthly monitory committee meeting held on 02.04.2025, chaired by the Commissioner of Audit-II, Hyderabad Commissionerate, and Final Audit Report dated 08-07-2025 DIN 20250756YP050031843D was issued to the taxpayer. As the taxpayer had not paid the amounts of taxes involved, a formal advice for payment of tax, along with interest and penalty was also intimated to the tax payer in Form DRC-01A dated 28.07.2025 vide DIN 20250756YS0000444F57 by the Assistant Commissioner of Central Tax, Audit-II Commissionerate, Hyderabad. However, the taxpayer had not paid the taxes involved. Hence this show cause notice is being issued.

2.1 The taxpayer had obtained the Development Rights of 2.00 Acres of land from the landowners vide JDA No.5379/2019, Dt.09-07-2019, and its Rectification agreement vide document No.7083/2019, Dt.25-09-2019; Building construction commenced vide GHMC permission 1/C27/14075/2019,
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Dt.21-09-2019. As per the above development agreements, the taxpayer(developer) undertakes to complete the project within 30 months(18 months for block-B, & 12 months from the date of completion of block-B, for block-A) and agrees to pay Rs.8/- per sft for every month of delay. Accordingly, the taxpayer being the Developer as per the ibid agreements had constructed the Residential Apartment under the name of "Greenwood Heights". Further, it is seen that the taxpayer(developer) and the landowner had sold out certain completely finished flats falling under their respective share to independent buyers;

3. The audit objections raised by the departmental officers are briefly listed hereunder;

(i) Non-payment of GST on the construction services provided to land owner share of flats

(ii) Non-payment of GST on the differential turnover accrued on reconciliation of GSTR3B with sales ledgers for the years 2020-21 and 2022-23

(iii) Non-payment of GST under RCM on the legal charges/advocate fees

(iv) Non-payment of GST under RCM on the Security Charges

(v) Non-payment of GST on the taxable contractual services provided during 2019-20 and 2020-21

(vi) Non-payment of GST under RCM for purchases from un registered suppliers

4. <u>Relevant Legal provisions of GST;</u>

4.1 In terms of Sub-sections (1) & (1A) of Section 7 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as CGST Act, 2017) and sub-sections (1) & (1A) of Section 7 of the Telangana Goods and Services Tax Act, 2017 (hereinafter referred to as the TGST Act, 2017):-

4.1.1. 'Supply' means;

"(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

b) Import of services for a consideration whether or not in the course or furtherance of business;

(c) the activities specified in Schedule I, made or agreed to be made without a consideration; and

(1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section(1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.

4.2. As per Clause (108) of Section 2 of the CGST Act, 2017 and Clause (108) of Section 2 of TGST Act, 2017, **"Taxable Supply"** means a supply of goods or services or both which is leviable to tax under this Act.

4.3. As per Clause 5(b) of Schedule II of CGST Act, 2017 and Clause 5(b) of Schedule II of TGST Act, 2017, "construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier." is treated as supply of service.

Explanation. —For the purposes of this clause—

(1) the expression "competent authority" means the Government or any authority authorised to issue completion certificate under any law for the time being in force and in case of non-requirement of such certificate from such authority, from any of the following, namely: —

(i) an architect registered with the Council of Architecture constituted under the Architects Act, 1972; or

(ii) a chartered engineer registered with the Institution of Engineers (India); or

(iii) a licensed surveyor of the respective local body of the city or town or village or development or planning authority;

(2) the expression "construction" includes additions, alterations, replacements or remodeling of any existing civil structure.

4.4. Section 9 of CGST Act, 2017, prescribes Levy and Collection which states that *(1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.*

4.5. Section 50 of CGST Act, 2017: - prescribes Interest on delayed payment of tax;
"*(1) Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent., as may be notified by the Government on the recommendations of the Council.*

(2) The interest under sub-section (1) shall be calculated, in such manner as may be prescribed, from the day succeeding the day on which such tax was due to be paid."

4.6. Section 59 of CGST Act, 2017 and Section 59 of TGST Act, 2017 prescribes that "Self-assessment state that "Every registered person shall self-assess the taxes payable under this Act and furnish a return for each tax period as specified under section 39".

4.7. *Section 122 (2) (b) of CGST Act***:** *Any registered person who supplies any goods or services or both on which any tax has not been paid or short-paid or erroneously refunded, or where the input tax credit has been wrongly availed or utilised,—*

(a) for any reason, other than the reason of fraud or any willful misstatement or suppression of facts to evade tax, shall be liable to a penalty of ten thousand rupees or ten per cent. of the tax due from such person, whichever is higher;

(b) for reason of fraud or any willful misstatement or suppression of facts to evade tax, shall be liable to a penalty equal to ten thousand rupees or the tax due from such person, whichever is higher

4.8. As per Section 2(e) of Real Estate (Regulation and Development) Act, 2016; (e) "apartment" whether called block, chamber, dwelling unit, flat, office, showroom, shop, godown, premises, suit, tenement, unit or by any other name, means a **separate and self-contained part of any immovable property**, including one or more rooms or enclosed spaces, located on one or more floors **or any part thereof, in a building or on a plot of land, used or intended to be used for any** residential or **commercial use** such as residence, office, shop, showroom or godown or **for carrying on any business, occupation, profession or trade,** or for any other type of use ancillary to the purpose specified;

4.9. As per item Sl.No.(xxviii) of the Notification No.03/2019-Central Tax (Rate) dated 29.03.2019 "project which commences on or after 1st April, 2019" shall mean a project **other than an ongoing project**;

4.10. As per item Sl.No.(xxix) of the Notification No.03/2019-Central Tax (Rate) dated 29.03.2019 **"Residential apartment"** shall mean an apartment intended for residential use as declared to the Real Estate Regulatory Authority or to competent authority;

4.11. As per Section 2(zn) of Real Estate (Regulation and Development) Act, 2016; "**real estate project**"**(REP)** *means the development of a building or a building consisting of apartments, or converting an existing building or a part thereof into apartments, or the development of land into plots or apartment, as the case may be, for the purpose of selling all or some of the said apartments or plots or building, as the case may be, and includes the common areas, the development works, all improvements and structures thereon, and all easement, rights and appurtenances belonging thereto;*

4.12. As per item Sl.No.(xix) of the Notification No.03/2019-Central Tax (Rate) dated 29.03.2019 the term ***"Residential Real Estate Project (RREP)"*** *shall mean a REP in which the carpet area of the commercial apartments is not more than 15 percent of the total carpet area of all the apartments in the REP;*

4.13. As per the Explanation in column 5 of Notification No. 03/2019-Central Tax (Rate) dated 29-03-2019;

(i)"developer-promoter" *is a promoter who constructs or converts a building into apartments or develops a plot for sale*
(ii)"landowner-promoter" *is a promoter who transfers the land or development rights or FSI to a developer-promoter for construction of apartments and receives constructed apartments against such transferred rights and sells such apartments to his buyers independently*

5. Time of supply (Point of taxation) for land owner share of flats:

5.1. As per Notification No. 4/2018-Central Tax (Rate) dated 25.01.2018 *inter-alia* notifies the liability to pay tax by the following classes of registered persons, namely: -

(a) registered persons who supply development rights to a developer, builder, construction company or any other registered person against consideration, wholly or partly, in the form of construction service of complex, building or civil structure; and

(b) registered persons who supply construction service of complex, building or civil structure to supplier of development rights against consideration, wholly or partly, in the form of transfer of development rights,

as the registered persons in whose case ***the liability to pay central tax on supply of the said services,*** *on the consideration received in the form of construction service referred to in clause (a) above and in the form of development rights referred to in clause (b) above, shall arise at the time when the said developer, builder, construction company or any other registered person,* ***as the case may be, transfers possession or the right in the constructed complex, building or civil structure, to the person supplying the development rights by entering into a conveyance deed or similar instrument (for example allotment letter).***

6. **Valuation for the construction services:** As the project involves Residential Real Estate Project (RREP) having the construction activity after 01-04-2019, the applicability of GST rates, in terms of Notification No.03/2019-Central Tax (Rate) dated 29.03.2019 are discussed here under;

(3)	(4)	(5)
(ia) Construction of residential apartments other than affordable residential apartments by a promoter in anRREPwhich commences on or after 1stApril, 2019 or in an ongoing RREP in respect of which the promoter has not exercised option to pay central tax on construction of apartments at the rates as specified for item (ie) or (if) below, as the case may be,in the manner prescribed therein, intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier. (Provisionsof paragraph 2 of this notification shall apply for valuationof this service)	3.75	*Provided that the Central tax at the rate specified in the column(4) shall be paid in Cash only, that is, by debiting in electronic Cash ledger only*
(ib) Construction of commercial	3.75	

apartments (shops, offices, godowns etc.) by a promoter in anRREPwhich commences on or after 1stApril, 2019 or in an ongoing RREP in respect of which the promoter has not exercised option to pay central tax on construction of apartments at the rates as specifiedfor item (ie) or (if) below, as the case may be,in the manner prescribed therein, intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier. (Provisions of paragraph 2 of this notification shall apply for valuation of this service)		
(id) Construction of residential apartments other than affordable residential apartments by a promoter in a REP other than a RREP which commences on or after 1st April, 2019 or in an ongoing REP other than RREP in respect of which the promoter has not exercised option to pay central tax on construction of apartments at the rates as specified for item (ie) or (if) below, as the case may be, in the manner prescribed therein, intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier. (Provisions of paragraph 2 of this notification shall apply for valuation of this service)	3.75	
(ie) Construction of an apartment in anongoing project under any of the schemes specified in sub-item (b), sub-item (c), sub-item (d), sub-item (da) and sub-item (db) of item (iv); sub-item (b), sub-item (c), sub-item (d) and sub-item (da) of item (v); and sub-item (c) of item (vi), against serial number 3 of the Table, in respect of which the promoter has exercised option to pay central tax on construction of apartments at the rates as specified for this item.(Provisions of paragraph 2 of this notification shall apply for valuation of this service)	6	*Provided that in case of ongoing project, the registered person shall exercise one time option in the Form at Annexure IV to pay central tax on construction of apartments in a project at the rates as specified for item (ie) or (if), as the case may be, by the 10thof May, 2019;Provided also that where the option is not exercised in Form at annexure IV by the 10thof May, 2019, option to pay tax at the rates as applicable to item (i)or(ia)or(ib)or(ic) or(id) above, as the case may be, shall be deemed to have been exercised; Provided also that invoices for supply of the service can be issued during the period from 1stApril 2019 to 10thMay 2019 before exercising the option, but such invoices shall be in accordance with*
(if) Construction of a complex, building, civil structure or a part thereof, including,- (i) commercial apartments (shops, offices, godowns etc.) by a promoter in a REP other than RREP, (ii) residential apartments in an ongoing project, other than affordable residential apartments, in respect of which the promoter has exercised option to pay central tax on construction of apartments at the rates as specified for this item in the manner prescribed herein, but excluding supply by way of services specified at items	9	

(i), (ia), (ib), (ic), (id) and (ie) above intended for sale to a buyer, wholly or partly, except where the entire consideration has been received after issuance of completion certificate, where required, by the competent authority or after its first occupation, whichever is earlier. Explanation.-For the removal of doubt, it is hereby clarified that, supply by way of services specified at items (i), (ia), (ib), (ic), (id) and (ie) in column (3) shall attract central tax prescribed against them in column (4) subject to conditions specified against them in column (5) and shall not be levied at the rate as specified under this entry.(Provisions of paragraph 2 of this notification shall apply for valuation of this service		*the option to be exercised.;*

As per Sl.No.(ii)(b)(f) of Notification No.03/2019-Central Tax (Rate) dated 29.03.2019, against serial number 3 of Notf.No.11/2017Central tax(Rate), for item (xii) in column (3), for the entry, the following entry shall be substituted, namely: -*"(xii) Construction services other than(i), (ia), (ib), (ic), (id), (ie), (if),(iii), (iv), (v), (va), (vi), (vii), (viii), (ix), (x)and (xi) above."*

(xxi) "commencement certificate" *means the commencement certificate or the building permit or the construction permit, by whatever name called issued by the competent authority to allow or permit the promoter to begin development works on an immovable property, as per the sanctioned plan;"*

7. Quantification:

7.1. In terms of Notification No.03/2019-Central Tax(Rate), Dt.29-03-2019 read in conjunction with Notification No.11/2017- Central Tax(Rate) dated 28.06.2017;

"2A. Where a registered person transfers development right or FSI (including additional FSI) to a promoter against consideration, wholly or partly, in the form of construction of apartments, ***the value of construction service in respect of such apartments shall be deemed to be equal to the Total Amount charged for similar apartments in the project from the independent buyers,*** *other than the person transferring the development right or FSI (including additional FSI),* ***nearest to the date on which such development right or FSI (including additional FSI) is transferred to the promoter,*** *less the value of transfer of land, if any, as prescribed in paragraph 2 above."*

Discussion of issues:

8. Non-payment of GST on the construction services provided to land owner share of flats:

Taxpayer (Developer) had provided the construction of 43 residential flats to the land owners against the development rights of their land admeasuring 2.00 acres. The taxpayer had informed during audit that they had not issued any specific allotment/possession letters to the landowners as on date. However, it is seen that the landowners had already sold out many of the constructed flats falling under their share in fully constructed form. Further, the demarcation of the shares of flats falling under the respective shares of Developer and landowners is done in the JDA and its rectification agreements in 2019 only, and there are no any further supplementary agreements. In this regard the following facts are observed to decide the time of supply of the construction services provided by developer to land owner;

(i) *As per para 40 of JDA the developer undertakes to complete the construction and deliver the flats to landowner within 30 months from the date of receipt of sanction/permission for construction from appropriate authorities. [In more details **Block-B within 18 months from building permission date (plus 6 months grace period)** and **Block A within 12 months of completion date of Block-B**], failing which the developer shall pay a penalty of Rs.8/-sft every month of delay.*

(ii) *The taxpayer had obtained the **Building permission** from GHMC in file No.1/C27/22157/2018 vide permit No.1/C27/14075/2019 **dated 21-09-2019**.*

(iii) *The **first sale by the developer to the independent buyer is in Block-B flat No.110** vide sale deed No.820/2022, **Dated 31-01-2022**, i.e. after the under taken time of 24 months (18months + 6months of grace period) from building permission date of 21-09-2019.*

(iv) *The developer had sold the ibid first flat to the independent buyer after **completion the flat in all aspects** which is **undertaken and confirmed by the buyer** of the flat vide **para 7.1 of page 6 of 16 of Document No.820/2022** registered with Sub-registrar of stamp and registration, Malkajgiri, Telangana Government.*

(v) *The **land owner had made first sale through gift deed** in favour of their family members for flat B-407 vide sale deed No.274/2022, dated 17-01-2022*

(vi) *Similarly, the **Land owner** had also made sales of substantial number of flats to **independent buyers**, falling with in their share; among them the first flat sale to the independent buyer is in Block-B flat No.613 sold vide registered sale deed No.4945/2023, dated 06-07-2023.*

(vii) *It is not seen in their books of accounts that the developer had paid penalty to the landowner towards delay in the completion of the building as stipulated in JDA.*

8.1. Reply of the taxpayer to the DRC-01A: in this regard the taxpayer had submitted that the liability on the construction services provided to the land owner arises on issuance of completion certificate and as they had not received the completion certificate until 2022-23, they are not liable to pay tax.

8.2. The above reply provided by the taxpayer is legally not tenable as the Notification No. 4/2018-Central Tax (Rate) dated 25.01.2018 provided the time supply for payment of GST occurs when the taxpayer "***transfers possession or the right in the constructed complex, building or civil structure, to the person supplying the development rights by entering into a conveyance deed or similar instrument (for example allotment letter).***" In the instant case both the Developer(taxpayer) and the land owners have transferred the vacant possession of the completely constructed flats as explicitly mentioned in para 7.1 and para 7.4 of all the sale deeds executed by both developer and landowners.

8.3. Therefore, it is abundantly evident from the above that the developer had completed the construction of landowner share and delivered to them without which, the landowner could not have sold out their flats with transfer of possession. Therefore, the time of supply shall be taken of the date of the first transfer through sale/gift deed done by the land owners, because as by that date the flats are completely completed and the vacant possession is handed over to the independent buyers and other giftees. However, the valuation shall be the value of the sale done to the independent buyer. Accordingly, as per the above recitals (i) the time of supply shall be the date of gift deed vide registered document No.274/2022, dated 17-01-2022 and (ii) the valuation shall be as per the first sale of the similar flats in the same project done by the developer/land owner, to the independent buyer nearer to Joint Development Agreement done vide registered sale deed No.820/2022 for flat B-110, for a consideration of Rs.78,62,000/- having total carpet area of 1247 sft., thereby the one square foot value works out to Rs.6,305/-. Accordingly, the GST payable by the developer towards the construction services provided to the landowner is worked as under;

(Amount in Rupees)

Land owner share carpet area	54306
value of sft	6305
total value	342399330
deemed land value i.e. 1/3 of above value in terms of para 2 of Notf.No.11/2017-CT(R)	114133110
Taxable value(excluding land value)	228266220
GST payable @ 3.75%(CGST)	8559984

8.4. As seen from the above table the taxpayer is required to pay the total GST of Rs.1,71,19,968/- (CGST-Rs.85,59,984/- + SGST Rs.85,59,984/-) along with applicable interest and penalty under Section 74 and Section 50 of CGST Act, 2017 with time of supply during 2021-22, as detailed supra.

9. Non-payment of GST on the differential turnover accrued on reconciliation of GSTR3B with sales ledgers for the years 2020-21 and 2022-23:

9.1. On reconciliation of the sales register and the GSTR3B, it is observed that the taxpayer had not paid GST on certain differential taxable turnover as detailed hereunder;

Table: A-Sales ledger 2020-21: (Amounts in Rupees)

Date	Customer	Voucher/invoice	sales value(excluding land value)	CGST	SGST
30-Jun-20	CUST-Flat No.B-411 Mrs.T Saraswathi	SAL/10001	150000.00 Cr	5625	5625
30-Jun-20	CUST-Flat No.B-708 Mrs.Bhavana Lulla Mehta	SAL/10002	150000.00 Cr	5625	5625
30-Jun-20	CUST-Flat No.B-709 Ms.Chandra P Mulani/mr.Jayesh P	SAL/10003	150000.00 Cr	5625	5625
30-Jun-20	CUST-Flat No-B-711 Mrs.Vibha Anand Mehta	SAL/10004	150000.00 Cr	5625	5625
30-Jun-20	CUST-Flat No.B-712 Mrs.Vibha Anand Mehta	SAL/10005	150000.00 Cr	5625	5625
30-Jun-20	CUST-Flat No.B-607 Mrs.Bhavana Lulla Mehta	SAL/10006	150000.00 Cr	5625	5625
31-Jul-20	CUST-Flat No.B-308 Mrs.Madhukara Veni/Mr.K.Srinivas	SAL/10007	150000.00 Cr	5625	5625
31-Jul-20	CUST-Flat No.B-411 Mrs.T Saraswathi	SAL/10008	633333.00 Cr	23750	23750
31-Jul-20	CUST-Flat No.B-607 Mrs.Bhavana Lulla Mehta	SAL/10009	520000.00 Cr	19500	19500
31-Jul-20	CUST-Flat No.B-610 Mrs.Kamalesh	SAL/10010	150000.00 Cr	5625	5625
31-Jul-20	CUST-Flat No.B-712 Mrs.Vibha Anand Mehta	SAL/10011	520000.00 Cr	19500	19500
31-Jul-20	CUST-Flat No-B-711 Mrs.Vibha Anand Mehta	SAL/10012	520000.00 Cr	19500	19500
31-Jul-20	CUST-Flat No.B-709 Ms.Chandra P Mulani/mr.Jayesh P	SAL/10013	520000.00 Cr	19500	19500
31-Jul-20	CUST-Flat No.B-708 Mrs.Bhavana Lulla Mehta	SAL/10014	520000.00 Cr	19500	19500
31-Aug-20	CUST-Flat No.B-112 Mr.Piyush Kumar	SAL/10015	133333.00 Cr	5000	5000
31-Aug-20	CUST-Flat No.B-308 Mrs.Madhukara Veni/Mr.K.Srinivas	SAL/10016	633333.00 Cr	23750	23750
31-Aug-20	CUST-Flat No.B-610 Mrs.Kamalesh	SAL/10017	683333.00 Cr	25625	25625
31-Oct-20	CUST-Flat No.B-313 Mrs.Divya Uday	SAL/10018	150000.00 Cr	5625	5625
31-Oct-20	CUST-Flat No.B-513 Mrs.Tabitha Prem Kaza	SAL/10019	150000.00 Cr	5625	5625
30-Nov-20	CUST-Flat No-B-106 Mr.Thachat Ragash/ Mrs.Sikha	SAL/10020	348000.00 Cr	13050	13050
30-Nov-20	CUST-Flat No.B-112 Mr.Piyush Kumar	SAL/10021	640000.00 Cr	24000	24000
31-Dec-20	CUST-Flat No.B-112 Mr.Piyush Kumar	SAL/10022	348000.00 Cr	13050	13050
31-Jan-21	CUST-Flat No.A-405 Mr.M.Veera Ram Murthy	SAL/10023	150000.00 Cr	5625	5625
31-Mar-21	CUST-Flat No.B-112 Mr.Piyush Kumar	SAL/10024	1324000.00 Cr	49650	49650
31-Mar-21	CUST-Flat No.B-112 Mr.Piyush Kumar	SAL/10025	976667.00 Cr	36625	36625
31-Mar-21	CUST-Flat No-B-307 Mr.Dennis Antony/ Mrs.Jennifer D	SAL/10026	415333.00 Cr	15575	15575
31-Mar-21	CUST-Flat No.B-313 Mrs.Divya Uday	SAL/10027	500000.00 Cr	18750	18750
31-Mar-21	CUST-Flat No.B-313 Mrs.Divya Uday	SAL/10028	260000.00 Cr	9750	9750
31-Mar-21	CUST-Flat No-B-408 Mr.Vikash Sahu/ Mrs.Meena Sahu	SAL/10029	282000.00 Cr	10575	10575
31-Mar-21	CUST-Flat No.B-411 Mrs.T Saraswathi	SAL/10030	346667.00 Cr	13000	13000
31-Mar-21	CUST-Flat No.B-411 Mrs.T Saraswathi	SAL/10031	1324000.00 Cr	49650	49650
31-Mar-21	CUST-Flat No-B-412 Mrs.Nidhi Sinha/mr.SP Vijay Kuma	SAL/10032	415333.00 Cr	15575	15575
31-Mar-21	CUST-Flat No-B-412 Mrs.Nidhi Sinha/mr.SP Vijay Kuma	SAL/10033	1150000.00 Cr	43125	43125

31-Mar-21	CUST-Flat No.A-414 Mrs.Parna Chakraborty/mr.Kowshik	SAL/10034	150000.00 Cr	5625	5625
31-Mar-21	CUST-Flat No.B-513 Mrs.Tabitha Prem Kaza	SAL/10035	540000.00 Cr	20250	20250
31-Mar-21	CUST-Flat No-B-608 Mr.Ramesh Bahudur Singh	SAL/10036	133333.00 Cr	5000	5000
31-Mar-21	CUST-Flat No.A-405 Mr.M.Veera Ram Murthy	SAL/10037	726000.00 Cr	27225	27225
31-Mar-21	CUST-Flat No.B-313 Mrs.Divya Uday	SAL/10038	1010000.00 Cr	37875	37875
31-Mar-21	CUST-Flat No.B-406 Mr.Gangadhara Kiran Kumar	SAL/10039	348000.00 Cr	13050	13050
31-Mar-21	CUST-Flat No.B-512 Mrs.Deepa Suraj Premi/mr.Suraj P	SAL/10040	360000.00 Cr	13500	13500
31-Mar-21	CUST-Flat No.B-513 Mrs.Tabitha Prem Kaza	SAL/10041	360000.00 Cr	13500	13500
31-Mar-21	CUST-Flat No-B-506 Mr.Prasenjit Das/mrs.Himani Das	SAL/10042	415333.00 Cr	15575	15575
31-Mar-21	CUST-Flat No-B-608 Mr.Ramesh Bahudur Singh	SAL/10043	348000.00 Cr	13050	13050
31-Mar-21	CUST-Flat No.B-610 Mrs.Kamalesh	SAL/10044	462000.00 Cr	17325	17325
31-Mar-21	CUST-Flat No-B-106 Mr.Thachat Ragash/ Mrs.Sikha	SAL/10045	1211333.00 Cr	45425	45425
31-Mar-21	CUST-Flat No.B-112 Mr.Piyush Kumar	SAL/10046	693333.00 Cr	26000	26000
			21420664.00 Cr	803275	803275

9.2. As seen above, the total taxable turnover received from the customers after excluding the land value is Rs.2,14,20,664/- whereas the turnover declared in the GSTR3B is Rs.1,82,40,665/- only, thereby the differential turnover of Rs.31,79,999/- is short declared and the GST payable on the same works out to be Rs.2,38,500/- (CGST Rs.1,19,250/-+ SGST Rs.1,19,250/-) along with applicable interest and penalty under Section 74 and Section 50 of CGST Act, 2017.

Table: B-Sales ledger 2022-23: (Amounts in Rupees)

Date	Customer	Voucher/invoice	sales value(excluding land value)	CGST	SGST
30-Apr-22	CUST-Flat No-B-307 Mr.Dennis Antony/ Mrs.Jennifer D	SAL/10001	700000.00 Cr	26250	26250
30-Apr-22	CUST-Flat No.B-308 Mrs.Madhukara Veni/Mr.K.Srinivas	SAL/10002	694000.00 Cr	26025	26025
30-Apr-22	CUST-Flat No.B-406 Mr.Gangadhara Kiran Kumar	SAL/10003	172000.00 Cr	6450	6450
30-Apr-22	CUST-Flat No-B-408 Mr.Vikash Sahu/ Mrs.Meena Sahu	SAL/10004	700000.00 Cr	26250	26250
30-Apr-22	CUST-Flat No.B-512 Mrs.Deepa Suraj Premi/mr.Suraj P	SAL/10005	700000.00 Cr	26250	26250
30-Apr-22	CUST-Flat No-A-516 Mrs.Rani Singh/Mr.Darmendar Sing	SAL/10006	150000.00 Cr	5625	5625
31-May-22	CUST-Flat No-B-408 Mr.Vikash Sahu/ Mrs.Meena Sahu	SAL/10007	983333.00 Cr	36874.9875	36874.9875
31-May-22	CUST-Flat No-B-506 Mr.Prasenjit Das/mrs.Himani Das	SAL/10008	983333.00 Cr	36874.9875	36874.9875
31-May-22	CUST-Flat No-B-608 Mr.Ramesh Bahudur Singh	SAL/10009	976667.00 Cr	36625.0125	36625.0125
31-May-22	CUST-Flat No-A-605.Mrs.Preeti Pratyush Veer	SAL/10010	820000.00 Cr	30750	30750
31-May-22	CUST-Flat No-A-602 Mrs.K Sharada/Mr.K.Sai Charan	SAL/10011	150000.00 Cr	5625	5625
31-May-22	CUST-Flat No-A-516 Mrs.Rani Singh/Mr.Darmendar Sing	SAL/10012	894667.00 Cr	33550.0125	33550.0125
31-May-22	CUST-Flat No-A-314 Mr.Kiran Shetty	SAL/10013	1375019.00 Cr	51563.2125	51563.2125
31-May-22	CUST-Flat No.A-414 Mrs.Parna Chakraborty/mr.Kowshik	SAL/10014	1341954.00 Cr	50323.275	50323.275
31-May-22	CUST-Flat No.A-415 Mr.Lakshmanan Shanmugha Sundaram	SAL/10015	1457333.00 Cr	54649.9875	54649.9875
31-May-22	CUST-Flat No-B-611 Mr.Sai Krishna Mohan	SAL/10016	678667.00 Cr	25450.0125	25450.0125
17-Jun-22	CUST-Flat No-A-305 Mrs.Sasmitha Nanda	SAL/10017	1305333.00 Cr	48949.9875	48949.9875
17-Jun-22	CUST-Flat No.A-405 Mr.M.Veera Ram Murthy	SAL/10018	1072000.00 Cr	40200	40200
17-Jun-22	CUST-Flat No-A-515 Mr.Venkata Ramana Murthy.V	SAL/10019	1374000.00 Cr	51525	51525
23-Jun-22	CUST-Flat No-B-106 Mr.Thachat Ragash/ Mrs.Sikha	SAL/10020	696000.00 Cr	26100	26100
23-Jun-22	CUST-Flat No-A-605.Mrs.Preeti Pratyush Veer	SAL/10021	449666.00 Cr	16862.475	16862.475
23-Jun-22	CUST-Flat No-A-605.Mrs.Preeti Pratyush Veer	SAL/10022	1798666.00 Cr	67449.975	67449.975
23-Jun-22	CUST-Flat No-A-516 Mrs.Rani Singh/Mr.Darmendar Sing	SAL/10023	491333.00 Cr	18424.9875	18424.9875
23-Jun-22	CUST-Flat No-A-602 Mrs.K Sharada/Mr.K.Sai Charan	SAL/10024	835333.00 Cr	31324.9875	31324.9875

30-Jun-22	CUST-Flat No-A-602 Mrs.K Sharada/Mr.K.Sai Charan	SAL/10025	459333.00 Cr	17224.9875	17224.9875
30-Jun-22	CUST-Flat No-A-602 Mrs.K Sharada/Mr.K.Sai Charan	SAL/10026	1833333.00 Cr	68749.9875	68749.9875
30-Jun-22	CUST-Flat No.B-610 Mrs.Kamalesh	SAL/10027	632666.00 Cr	23724.975	23724.975
30-Jun-22	CUST-Flat No-A-516 Mrs.Rani Singh/Mr.Darmendar Sing	SAL/10028	1965333.00 Cr	73699.9875	73699.9875
31-Jul-22	CUST-Flat No.B-208 M/s.Modi Consultancy Services	SAL/10029	150000.00 Cr	5625	5625
31-Jul-22	CUST-Flat No-A-602 Mrs.K Sharada/Mr.K.Sai Charan	SAL/10030	1375333.00 Cr	51574.9875	51574.9875
31-Jul-22	CUST-Flat No-A-516 Mrs.Rani Singh/Mr.Darmendar Sing	SAL/10031	1474000.00 Cr	55275	55275
31-Jul-22	CUST-Flat No-A-605.Mrs.Preeti Pratyush Veer	SAL/10032	1349000.00 Cr	50587.5	50587.5
31-Jul-22	CUST-Flat No-A-301 Mrs.Sharma Vaishali	SAL/10033	150000.00 Cr	5625	5625
31-Jul-22	CUST-Flat No-B-113 Mrs.T Geeta Rani	SAL/10034	494000.00 Cr	18525	18525
31-Jul-22	CUST-Flat No.B-709 Ms.Chandra P Mulani/mr.Jayesh P	SAL/10035	233083.00 Cr	8740.6125	8740.6125
31-Jul-22	CUST-Flat No.B-709 Ms.Chandra P Mulani/mr.Jayesh P	SAL/10036	532666.00 Cr	19974.975	19974.975
31-Jul-22	CUST-Flat No.B-607 Mrs.Bhavana Lulla Mehta	SAL/10037	1065333.00 Cr	39949.9875	39949.9875
31-Jul-22	CUST-Flat No.B-708 Mrs.Bhavana Lulla Mehta	SAL/10038	1065333.00 Cr	39949.9875	39949.9875
31-Aug-22	CUST-Flat No-A-305 Mrs.Sasmitha Nanda	SAL/10039	736666.00 Cr	27624.975	27624.975
31-Aug-22	CUST-Flat No.A-414 Mrs.Parna Chakraborty/mr.Kowshik	SAL/10040	761302.00 Cr	28548.825	28548.825
31-Aug-22	CUST-Flat No.A-415 Mr.Lakshmanan Shanmugha Sundaram	SAL/10041	838000.00 Cr	31425	31425
31-Aug-22	CUST-Flat No-A-516 Mrs.Rani Singh/Mr.Darmendar Sing	SAL/10042	849333.00 Cr	31849.	31849.
31-Aug-22	CUST-Flat No.B-208 M/s.Modi Consultancy Services	SAL/10043	624667.00 Cr	23425.	23425.0125
30-Sep-22	CUST-Flat No-Modi Realty Pocharam LLP	SAL/10044	150783.00 Cr	5654.3625	5654.3625
30-Sep-22	CUST-Flat No.B-208 M/s.Modi Consultancy Services	SAL/10045	411088.00 Cr	15415.8	15415.8
30-Sep-22	CUST-Flat No.B-208 M/s.Modi Consultancy Services	SAL/10046	150000.00 Cr	5625	5625
30-Sep-22	CUST-Flat No.A-117 Mrs.Ambika Bahri	SAL/10047	522000.00 Cr	19575	19575
30-Sep-22	CUST-Flat No.A-117 Mrs.Ambika Bahri	SAL/10048	835333.00 Cr	31324.9875	31324.9875
30-Sep-22	CUST-Flat No-A-301 Mrs.Sharma Vaishali	SAL/10049	526000.00 Cr	19725	19725
30-Sep-22	CUST-Flat No-A-301 Mrs.Sharma Vaishali	SAL/10050	150000.00 Cr	5625	5625
30-Sep-22	CUST-Flat No-A-316 Mr.Chandan Dutta/Mrs.Amritha Dut	SAL/10051	939533.00 Cr	35232.4875	35232.4875
30-Sep-22	CUST-Flat No-A-316 Mr.Chandan Dutta/Mrs.Amritha Dut	SAL/10052	150000.00 Cr	5625	5625
30-Sep-22	CUST-Flat No-A-617 Mr.Neelagiri Mithun Chakravarthy	SAL/10053	150000.00 Cr	5625	5625
30-Sep-22	CUST-Flat No-B-706 Mr.Suraj Panday	SAL/10054	835333.00 Cr	31324.9875	31324.9875
30-Sep-22	CUST-Flat No-B-706 Mr.Suraj Panday	SAL/10055	267333.00 Cr	10024.9875	10024.9875
31-Oct-22	CUST-Flat No.A-117 Mrs.Ambika Bahri	SAL/10056	1863333.00 Cr	69874.9875	69874.9875
31-Oct-22	CUST-Flat No-A-301 Mrs.Sharma Vaishali	SAL/10057	516000.00 Cr	19350	19350
31-Oct-22	CUST-Flat No-A-316 Mr.Chandan Dutta/Mrs.Amritha Dut	SAL/10058	949333.00 Cr	35599.9875	35599.9875
31-Oct-22	CUST-Flat No-A-617 Mr.Neelagiri Mithun Chakravarthy	SAL/10059	1233265.00 Cr	46247.4375	46247.4375
31-Oct-22	CUST-Flat No.B-208 M/s.Modi Consultancy Services	SAL/10060	486000.00 Cr	18225	18225
31-Oct-22	CUST-Flat No-B-706 Mr.Suraj Panday	SAL/10061	822177.00 Cr	30831.6375	30831.6375
31-Oct-22	CUST-Flat No.A-405 Mr.M.Veera Ram Murthy	SAL/10062	782667.00 Cr	29350.0125	29350.0125
31-Oct-22	CUST-Flat No-A-515 Mr.Venkata Ramana Murthy.V	SAL/10063	133332.00 Cr	4999.95	4999.95
30-Nov-22	CUST-Flat No-B-611 Mr.Sai Krishna Mohan	SAL/10064	1069333.00 Cr	40099.9875	40099.9875
30-Nov-22	CUST-Flat No.A-117 Mrs.Ambika Bahri	SAL/10065	1375333.00 Cr	51574.9875	51574.9875
30-Nov-22	CUST-Flat No-A-301 Mrs.Sharma Vaishali	SAL/10066	2066000.00 Cr	77475	77475
30-Nov-22	CUST-Flat No-A-316 Mr.Chandan Dutta/Mrs.Amritha Dut	SAL/10067	521333.00 Cr	19549.9875	19549.9875
30-Nov-22	CUST-Flat No-A-617 Mr.Neelagiri Mithun Chakravarthy	SAL/10068	1863333.00 Cr	69874.9875	69874.9875
30-Nov-22	CUST-Flat No-B-706 Mr.Suraj Panday	SAL/10069	700000.00 Cr	26250	26250
30-Nov-22	CUST-Flat No-B-506 Mr.Prasenjit Das/mrs.Himani Das	SAL/10070	783333.00 Cr	29374.9875	29374.9875
30-Nov-22	CUST-Flat No-A-602 Mrs.K Sharada/Mr.K.Sai Charan	SAL/10071	783333.00 Cr	29374.9875	29374.9875
30-Nov-22	CUST-Flat No-A-301 Mrs.Sharma Vaishali	SAL/10072	802000.00 Cr	30075	30075
31-Dec-22	CUST-Flat No.A-117 Mrs.Ambika Bahri	SAL/10073	534667.00 Cr	20050.0125	20050.0125
31-Dec-22	CUST-Flat No.A-117 Mrs.Ambika Bahri	SAL/10074	1549333.00 Cr	58099.9875	58099.9875
31-Dec-22	CUST-Flat No-A-316 Mr.Chandan Dutta/Mrs.Amritha Dut	SAL/10075	2087333.00 Cr	78274.9875	78274.9875
31-Dec-22	CUST-Flat No-A-617 Mr.Neelagiri Mithun Chakravarthy	SAL/10076	1565333.00 Cr	58699.9875	58699.9875
31-Dec-22	CUST-Flat No-A-617 Mr.Neelagiri Mithun Chakravarthy	SAL/10077	1375333.00 Cr	51574.9875	51574.9875
31-Dec-22	CUST-Flat No-B-706 Mr.Suraj Panday	SAL/10078	133333.00 Cr	4999.9875	4999.9875
03-Jan-23	CUST-Flat No-B-611 Mr.Sai Krishna Mohan	SAL/10080	133333.00 Cr	4999.9875	4999.9875

27-Jan-23	CUST-Flat No.B-513 Mrs.Tabitha Prem Kaza	SAL/10081	150000.00 Cr	5625	5625
27-Jan-23	CUST-Flat No.B-513 Mrs.Tabitha Prem Kaza	SAL/10082	150000.00 Cr	5625	5625
27-Jan-23	CUST-Flat No.B-406 Mr.Gangadhara Kiran Kumar	SAL/10083	133333.00 Cr	4999.9875	4999.9875
27-Jan-23	CUST-Flat No.B-406 Mr.Gangadhara Kiran Kumar	SAL/10084	766000.00 Cr	28725	28725
31-Jan-23	CUST-Flat No.A-214 M/s.Modi Consultancy Service	SAL/10086	696000.00 Cr	26100	26100
31-Jan-23	CUST-Flat No.A-402 Mr.Akula Harish	SAL/10087	669333.00 Cr	25099.9875	25099.9875
04-Feb-23	CUST-Flat No-B-506 Mr.Prasenjit Das/mrs.Himani Das	SAL/10089	879400.00 Cr	32977.5	32977.5
06-Feb-23	CUST-Flat No-B-506 Mr.Prasenjit Das/mrs.Himani Das	SAL/10090	825333.00 Cr	30949.9875	30949.9875
28-Feb-23	CUST-Flat No-A-605.Mrs.Preeti Pratyush Veer	SAL/10091	2196666.00 Cr	82374.975	82374.975
28-Feb-23	CUST-Flat No-B-608 Mr.Ramesh Bahudur Singh	SAL/10092	133333.00 Cr	4999.9875	4999.9875
28-Feb-23	CUST-Flat No-B-706 Mr.Suraj Panday	SAL/10093	133333.00 Cr	4999.9875	4999.9875
28-Feb-23	CUST-Flat No.A-214 M/s.Modi Consultancy Service	SAL/10094	133333.00 Cr	4999.9875	4999.9875
28-Feb-23	CUST-Flat No.A-402 Mr.Akula Harish	SAL/10095	133333.00 Cr	4999.9875	4999.9875
28-Feb-23	CUST-Flat No.A-402 Mr.Akula Harish	SAL/10096	133333.00 Cr	4999.9875	4999.9875
31-Mar-23	CUST-Flat No-A-602 Mrs.K Sharada/Mr.K.Sai Charan	SAL/10098	133333.00 Cr	4999.9875	4999.9875
31-Mar-23	CUST-Flat No-A-605.Mrs.Preeti Pratyush Veer	SAL/10099	166666.00 Cr	6249.975	6249.975
31-Mar-23	CUST-Flat No-B-109 Dr.Alluri Suma	SAL/10100	133333.00 Cr	4999.9875	4999.9875
31-Mar-23	CUST-Flat No-B-110 Mrs.K Baby Lakshmi	SAL/10101	133333.00 Cr	4999.9875	4999.9875
31-Mar-23	CUST-Flat No.B-112 Mr.Piyush Kumar	SAL/10102	66667.00 Cr	2500.0125	2500.0125
31-Mar-23	CUST-Flat No-B-307 Mr.Dennis Antony/ Mrs.Jennifer D	SAL/10103	133333.00 Cr	4999.9875	4999.9875
31-Mar-23	CUST-Flat No-B-310 Mr.Krishna Chandra Biswas/Mr.Kos	SAL/10104	66667.00 Cr	2500.0125	2500.0125
31-Mar-23	CUST-Flat No.B-313 Mrs.Divya Uday	SAL/10105	133333.00 Cr	4999.9875	4999.9875
31-Mar-23	CUST-Flat No-B-408 Mr.Vikash Sahu/ Mrs.Meena Sahu	SAL/10106	133333.00 Cr	4999.9875	4999.9875
31-Mar-23	CUST-Flat No-B-409 Mrs.Suman R Mulani/mr.Ratan N Mu	SAL/10107	133333.00 Cr	4999.9875	4999.9875
31-Mar-23	CUST-Flat No.B-411 Mrs.T Saraswathi	SAL/10108	5670.00 Cr	510.3	45.927
31-Mar-23	CUST-Flat No-B-509 Mrs.Ratan N Mulani/mrs.Suman R M	SAL/10109	45815.00 Cr	6414.1	6414.1
31-Mar-23	CUST-Flat No-B-608 Mr.Ramesh Bahudur Singh	SAL/10110	6470.00 Cr	582.3	582.3
31-Mar-23	CUST-Flat No.B-712 Mrs.Vibha Anand Mehta	SAL/10111	17948.00 Cr	2512.72	351.7808
31-Mar-23	CUST-Flat No-B-113 Mrs.T Geeta Rani	SAL/10112	208509.00 Cr	18765.81	18765.81
		Total	75255331	2840194	2837569

9.3. As seen from the above ledger excerpt, the total taxable value is Rs.7,52,55,331/- on which the GST is payable of Rs.28,40,194/-CGST and Rs.28,40,194/-SGST, whereas the in GSTR3B the taxable turnover and the GST payable is declared as Rs.7,44,44,431/-, and CGST of Rs.28,10,683/- +SGST Rs.28,10,683/-, respectively. Therefore, the GST payable on the differential turnover is worked out to be Rs.59,022/-(29,511/- CGST+29,511/-SGST) along with applicable interest and penalty under Section 74 and Section 50 of CGST Act, 2017.

9.4. Taxpayer's reply: For the above observations of short declared taxable turnovers, the taxpayer had submitted that for the year 2020-21, they had in advertently mis declared the taxable turnover for the month of July-2020 as Rs.3,53,333/- instead of Rs.35,33,333/-, and for the year 2022-23 the taxpayer had replied that the differential turnover is pertaining to the credit notes issued by them.

9.5. The above submissions made by the taxpayer are not tenable because the taxpayer had never declared such discrepancies occurred in GSTR3B to the department either in other GST returns viz., GSTR1M,GST-9/9C or any other communication, it is mandatory that the taxpayer is required to declare all debit notes and credit notes in the GSTR1 returns and adjust accordingly in GSTR3B returns in terms of Section 34 and Section 39 read with corresponding GST Rules. However, the taxpayer had not produced or submitted any such single communication or documents to prove their claim.

10. Non-payment of GST under RCM on the legal charges/advocate fees:

10.1. On verification of the books of accounts of the taxpayer it is found that the taxpayer had not paid GST on the expenditure accrued towards legal charges/advocate fees.

(Amounts in Rupees)

(Schedule-K & Notes No.19 to Balance sheet 2020-21	Amount
Advocate fees	68600
legal fees	10000

Therefore, the taxpayer is liable to pay the GST of Rs.14,148/- (7,074/-CGST+7,074/-SGST) worked out on the taxable value of Rs.78,600/- during 2020-21 along with applicable interest and penalty under Section 74 and Section 50 of CGST Act, 2017.

10.2. Taxpayer reply: for the above audit observation, the taxpayer had informed that they had made the payment of tax of Rs. 14,148/- (7,074/-CGST+7,074/-SGST) and interest Rs.10,186/-(CGST Rs.5,093/-, SGST Rs.5,093/-) vide DRC-03 bearing ARN:AD3605250001897 dated 01-05-2025, and requested for waiver of penal proceedings under section 74 of the CGST Act, 2017.

10.3. However, as per Section 74(5) of the CGST Act, 2017 the proceedings can be concluded only on payment of tax along with interest and a penalty of fifteen percent before service of notice, but the taxpayer had not paid any amount of penalty.

11. Non-payment of GST under RCM on the Security Charges: On reconciliation of the OE-Security services ledger accounts maintained in the books of accounts of taxpayer with the GSTR3B returns, it is observed that the taxpayer had not paid GST on certain differential taxable turnover as detailed hereunder;

(Amounts in Rupees)

Period	OE-Security Services ledger value	RCM value declared in GSTR3B	Differential turnover	GST payable @ 18%
2019-20	329693	279401	50292	9053
2020-21	516325	515875	450	81
Total			50742	9134

11.1. As seen from the above table the taxpayer is required to pay the GST of Rs.9,134/- (4,567/-CGST+ 4,567/-SGST) along with applicable interest and penalty under Section 74 and Section 50 of CGST Act, 2017.

11.2. Taxpayer reply: for the above audit observation, the taxpayer had informed that they had made the payment of tax of Rs.9,134/- (4,567/-CGST+ 4,567/-SGST) and interest Rs.8,206/-(CGST Rs.4,103/-, SGST Rs.4,103/-) vide DRC-03 bearing ARN:AD360525000210U dated 01-05-2025, and requested for waiver of penal proceedings under section 74 of the CGST Act, 2017.

11.3. However, as per Section 74(5) of the CGST Act, 2017 the proceedings can be concluded only on payment of tax along with interest and a penalty of fifteen percent before service of notice, but the taxpayer had not paid any amount of penalty.

12. Non-payment of GST on the contractual services provided during 2019-20 and 2020-21:

On verification of the Annual Tax statement U/s 203AA of Income Tax of the tax payer, it is found that the tax payer had provided certain contractual services and income accrued under Section 194C of Income Tax Act,1961, the details of the same are mentioned hereunder;

(Amounts in Rupees)

Period	Name of the party	contractual income U/s 194C	GST payable @ 18%
2019-20	M/s Modi Realty Mallapur LLP	46700	8406
2020-21	M/s Modi Properties Private Ltd. Realty Mallapur LLP	69999	12600
Total			21006

As seen from the above table the taxpayer is required to pay the GST of Rs.21,006/-(10,503/-CGST+10,503/-SGST) along with applicable interest and penalty under Section 74 and Section 50 of CGST Act, 2017.

12.2. **Taxpayer reply:** for the above audit observation, the taxpayer had not made any contention with respect to the taxability but submitted that they had paid the taxes for the same and declared the same in the GSTR1 and GSTR3B filed for the month of March-2020 and cited certain invoice numbers.

12.3. The above submissions made by the taxpayer are not tenable because the taxpayer had not submitted even a single invoice evidencing their claim either during audit or subsequent to audit.

13. Nonpayment of GST under RCM for purchases from un registered suppliers:

13.1. On verification of balance sheet for the FY 2020-21, under opening stock (1-4-20), it is observed that the taxpayer has made purchases from the unregistered suppliers as mentioned hereunder;

1. Construction material from unregistered dealers: Rs.1,36,962/-
2. Labour services unregistered: Rs.17,11,656/-

The relevant part of the balance sheet is pasted hereunder for the sake of clarity;

Opening Stock (1-4-20)			26,899,654.66
Add: Construction Epenses during the year:			
Construction Material-Reglstered Delears		8,345,124.77	
Construction Materials-Composition Bills		282,592.00	
Construction Materials-Unregistered Delears		136,962.00	
Department Work		412,333.00	
Equipment Useage Charges		384,766.00	
Job Work Charges		571,484.00	
Labour Services Registered		19,566,294.60	
Labour Services Unregistered		1,711,656.00	
Other Expenses		11,237,576.24	
		42,648,788.61	
Less: Extra spects		14,640.00	42,634,148.61
			69,533,803.27

13.2. In this regard, as per Notfn.No.03/2019 dt.29.03.2019, the taxpayer is required to purchase 80% from registered persons. The promoter shall maintain **project wise account of inward supplies from registered and unregistered supplier** and **calculate tax payments on the shortfall at the end of the financial year** and shall submit the same in the prescribed form electronically on the common portal by end of the quarter following the financial year. The **tax liability on the shortfall** of inward supplies from unregistered person so determined **shall be added to** his output tax liability in the month not later than the **month of June following the end of the financial year.**

13.3. As the taxpayer has not submitted any such information, the tax payer is liable to pay 18% GST on total unregistered purchases of Rs.18,48,618/- during 2020-21, which amounts to tax Rs.3,32,752/- (CGST Rs. 1,66,376/- + SGST Rs. 1,66,376/-) along with interest and penalty under Section 50 and section 74 of CGST Act, 2017.

13.4. For the above audit observation, the taxpayer had submitted that they had incurred more than 80% of the expenditure from the registered persons. However, the taxpayer had not provided any expenditure accounts/ledgers in proof of their claim.

14. From the above, it appears that the tax payer has not paid the GST payable as discussed supra. The taxpayer is registered under GST law and are aware of all provisions and their liability to discharge Tax. In the regime of self-assessment greater responsibility and trust is placed on the tax payer to correctly assess, pay and declare the tax liability, but it appears that the tax payer through their actions have not borne out the same. In doing so, it appears that they have suppressed these facts, which have seen the day of the light only during verification of records by the Departmental officers. All this indicates that they have suppressed the facts with intent to evade the tax. Therefore, it appears that the provisions of Section 74 of CGST Act,2017 are rightly invocable.

14.1. The aforesaid audit objections were discussed in the MMCM held on 02-04-2025. The MMCM chaired by the Commissioner, Central Tax, Hyderabad Audit II Commissionerate approved the above audit objections.

Subsequently, Final Audit Report No.938/2024-25 dated. 09-07-2025 (DIN 20250756YP050031843D) was issued, and in continuation DRC-01A dated 28-07-2025(DIN: 20250756YS0000444F57), was issued calling upon the taxpayer to pay the above dues or to explain the reasons for such non-payment. However, the taxpayer has neither paid the tax nor replied to the ibid DRC-01A. Hence, this Show Cause Notice is issued.

15. Therefore, M/s MEHTA & MODI REALTY KOWKUR LLP, GSTIN: 36ABLFM7631F1Z3, are hereby required to show cause to the Assistant Commissioner of Central tax, Secunderabad GST Division (Adjudicating Authority), Secunderabad GST Commissionerate, within thirty days from the date of receipt of this notice as to why:

(i) An amount of Rs.1,71,19,968/- (CGST-Rs.85,59,984/-; SGST-Rs.85,59,984/-) being GST payable on the construction services provided to the landowner share of flats with time of supply during 2021-22, as detailed in para 8 above, should not be paid by them in terms of Section 74 of the CGST Act, 2017 and similar provisions as laid down under TS GST Act,2017;

(ii) An amount of Rs.2,97,522/-(CGST Rs.1,48,761/- & SGST Rs.1,48,761/-) being GST payable on the differential turnover suppressed by not declaring in GSTR3 during 2020-21 and 2022-23 as detailed in para 9 above, should not be paid by them in terms of Section 74 of the CGST Act, 2017 and similar provisions as laid down under TS GST Act,2017;

(iii) An amount of Rs.14,148/-(CGST of Rs.7,074/- + SGST Rs.7,074/-) being GST payable under RCM on the legal services provided by the advocates during FY 2020-21, as discussed in para 10 above, should not be demanded from them in terms of Section 74 the CGST Act, 2017 and similar provisions of TSGST Act, 2017.

(iv) an amount of tax of Rs.14,148/- (7,074/-CGST+7,074/-SGST) paid vide DRC-03 bearing ARN:AD3605250001897 dated 01-05-2025 should not be appropriated against the tax amounts demanded at Sl No (iii) above;

(v) An amount of Rs.9,134/-(CGST of Rs.4,567/- and SGST of Rs.4,567/-) being GST payable under RCM on the security services during FY 2019-20 and 2020-21 as discussed in para 11 above, should not be demanded from them in terms of Section 74 the CGST Act, 2017and similar provisions of TSGST Act, 2017.

(vi) an amount of tax of Rs.9,134/- (4,567/-CGST+ 4,567/-SGST) paid vide DRC-03 bearing ARN:AD360525000210U dated 01-05-2025 should not be appropriated against the tax amounts demanded at Sl No (v) above;

(vii) An amount of Rs.21,006/-(CGST of Rs.10,503/- and SGST of Rs.10,503/-) accrued on account of provision of taxable supplies on which the TDS deducted under Section 194C of the Income tax Act, 1961 during the FY 2019-20 and 2020-21 as discussed in para 12 above, should not be demanded from them in terms of Section 74 the CGST Act, 2017and similar provisions of TSGST Act, 2017;

(viii) An amount of Rs. Rs.3,32,752/- (CGST Rs. 1,66,376/- + SGST Rs. 1,66,376/-) being GST payable under RCM on purchases made from un-registered suppliers during FY 2020-21 as discussed in para 13 above, should not be demanded from them in terms of Section 74 the CGST Act, 2017and similar provisions of TSGST Act, 2017;

(ix) Interest on the tax amounts demanded at Sl.No.(i),(ii),(iii),(v),(vii) and (viii) above, should not be demanded under Section 50 of the CGST Act 2017 read with Section 74 of CGST Act, 2017 and similar provision of TGST Act, 2017;

(x) Interest of Rs.10,186/-(CGST Rs.5,093/-, SGST Rs.5,093/-) paid vide DRC-03 bearing ARN:AD3605250001897 dated 01-05-2025 on tax demanded at Sl. No.(iii) should not be appropriated against the interest amounts demanded at Sl No (ix) above;

(xi) Interest of Rs.8,206/-(CGST Rs.4,103/-, SGST Rs.4,103/-) paid vide DRC-03 bearing ARN:AD360525000210U dated 01-05-2025 on tax demanded at Sl. No.(v) should not be appropriated against the interest amounts demanded at Sl No (ix) above;

(xii) Penalty on the amount demanded at Sl.No.(i),(ii),(iii),(v),(vii) and (viii) above, should not be imposed under Section 122(2)(b) of the CGST Act 2017 read with Section 74 of the CGST/SGST Act, 2017.

15.1. Further, the taxpayer is required to produce all the evidences which they intend to rely upon in support of their defense at the time of showing cause to the adjudicating authority. They are also required to indicate in their written reply as to whether they wish to be heard in person before the case is adjudicated, failing which it would be construed that they do not wish to be heard in person.

15.2. If no reply is received to this notice within the stipulated period of time as above or if they do not indicate their wish for a personal hearing or having indicated so, if they do not appear before the adjudicating authority when the case is posted for personal hearing, then it shall be construed that they do not have anything to state in their defense and the case shall be decided on merits ex-parte based on the material available on record, without any further notice/intimation to them.

15.3. For the administration and collection of State Goods and Service tax in respect of Telangana State, an act was in operation in respect of jurisdiction of Telangana state. This Act is titled as " The Telangana Goods and Services Act, 2017" (for short herein after referred to as "the TGST Act, 2017") and it contains the provisions exactly similar to the CGST Act, 2017 as referred above. Since, it is only repetition, the provisions of TGST Act, 2017 are not reproduced in this notice. Further, as per Section 6 of the TGST Act, 2017 the officers appointed under the CGST Act, 2017 are authorized to be the proper officers for the purposes of TGST Act, 2017.

15.4. Taxpayers are also informed that in terms of Section 73(8) of the CGST Act 2017 and TSGST Act 2017, where GST demanded in this notice with interest is paid within a period of thirty days from the date of service of this notice, no penalty shall be payable and all proceedings in respect of the said notice shall be deemed to be concluded with respect to paras where the suppression of facts are not invoked.

15.5. Taxpayers are also informed that in terms of Section 74(8) of the CGST Act 2017 and TSGST Act 2017, where any person chargeable with tax under sub-section (1) pays the said tax along with interest payable under section 50 and a penalty equivalent to twenty-five per cent. of such tax within thirty days of issue of the notice, all proceedings in respect of the said notice shall be deemed to be concluded.

15.6. This notice is issued without prejudice to any other action that may be initiated against the taxpayer under the CGST/IGST Act, 2017 or Rules made there under or any other law for the time being in force and enforceable in India.

15.7. Reliance for issue of this notice is based on the following documents/ attached to the Show Cause Notice:

- **i.** GSTR-1, GSTR-2A, and GSTR-3B for the period from 2019-20 to2022-23. (Available with Tax payer and GSTN-AIO).
- **ii.** Sales ledgers for the period 2019-20 to 2022-23.
- **iii.** Balance Sheet (P&L Account) for the period 2019-20 to 2022-23.
- **iv.** Form 26AS statement of income tax Act, 1961 for the period 2019-20 to 2022-23.
- **v.** FAR No.1038/2023-24 dt. 08-07-2025.
- **vi.** Sale deed No.820/2022, Dated 31-01-2022.
- **vii.** Sale deed No.4945/2023, dated 06-07-2023.

viii. Joint Development Agreement cum General power of Attorney vide Doc.NO.5379/2019 dated 09-07-2019.

ix. Rectification deed to JDA vide Doc.No.7083/2019, Dated 25-09-2019.

x. Statement of encumbrance downloaded from the website of stamps and Registration department, Telangana Government.

xi. Reply of the taxpayer dated 28-07-2025.

Digitally signed by
Satheesh Kumar Kalyandurg
Date: 11-09-2025 15:15:02

(Satheesh Kumar Kalyandurg)
ASSISTANT COMMISSIONER
CIRCLE–I

To

M/s MEHTA & MODI REALTY KOWKUR LLP,
2nd Floor, 5 4 187 3 and 4, Soham Mansion, M G Road,
Secunderabad, Hyderabad, Telangana, 500003

Copy for information and necessary action through email to:

1. The Assistant Commissioner of Central Tax, MIS Section, Hqrs Office, Audit-II Commissionerate.
2. The Assistant Commissioner of Central Tax, Begumpet Division, Secunderabad Commissionerate.
3. The Superintendent of Central Tax, Begumpet-I Range, Begumpet Division, Secunderabad Commissionerate.

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