Hiregange & Associates
Chartered Accountants

Draft GST Review Report

April’18 – March’19

M/s. B & C Estates

MODI PROPERTIES

Private and Confidential

GST Review Report for the period April'18 – March'19

Hiregange & Associates
Chartered Accountants

To
Mr. Soham Modi
Managing Partner,
Soham Mansion,
5-4-187/3and4,
Secundrabad.
500003.

Date of Report: 22/11/2019

Dear Sir/ Madam,

Sub: GST Review Report for the period April 2018 to March 2019
Ref: Your confirmation provided in this regard vide email Dated 21.06.2019

Please find herewith our detailed report, the scope of our review is as per the offer letter sent and your confirmation in this regard. We hereunder provide you with our observations and suggestions, which are based on the checks conducted by us, records made available and as per explanations and information are given to us. The limited review is carried out as per the principles laid down by the standards on review engagement as issued by the Institute of Chartered Accountants of India from time to time. The review is carried out on a sample basis and our observations are subject to the records furnished, explanations and information are given to us.

Thanks & Regards,

For M/s. Hiregange & Associates
Chartered Accountants

CA Subba Reddy
Partner

Abbreviations

Abbreviation	Description
Auditee	B&C estates
GST	Goods and services tax
RCM	Reverse charge mechanism
w.r.t	With respect to
Ref.	Reference
AoS	Agreement of Sale
TOS	Time of supply
OC/CC	Occupancy/Completion Certificate

Index

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Scope and Coverage

1.Scope of Work

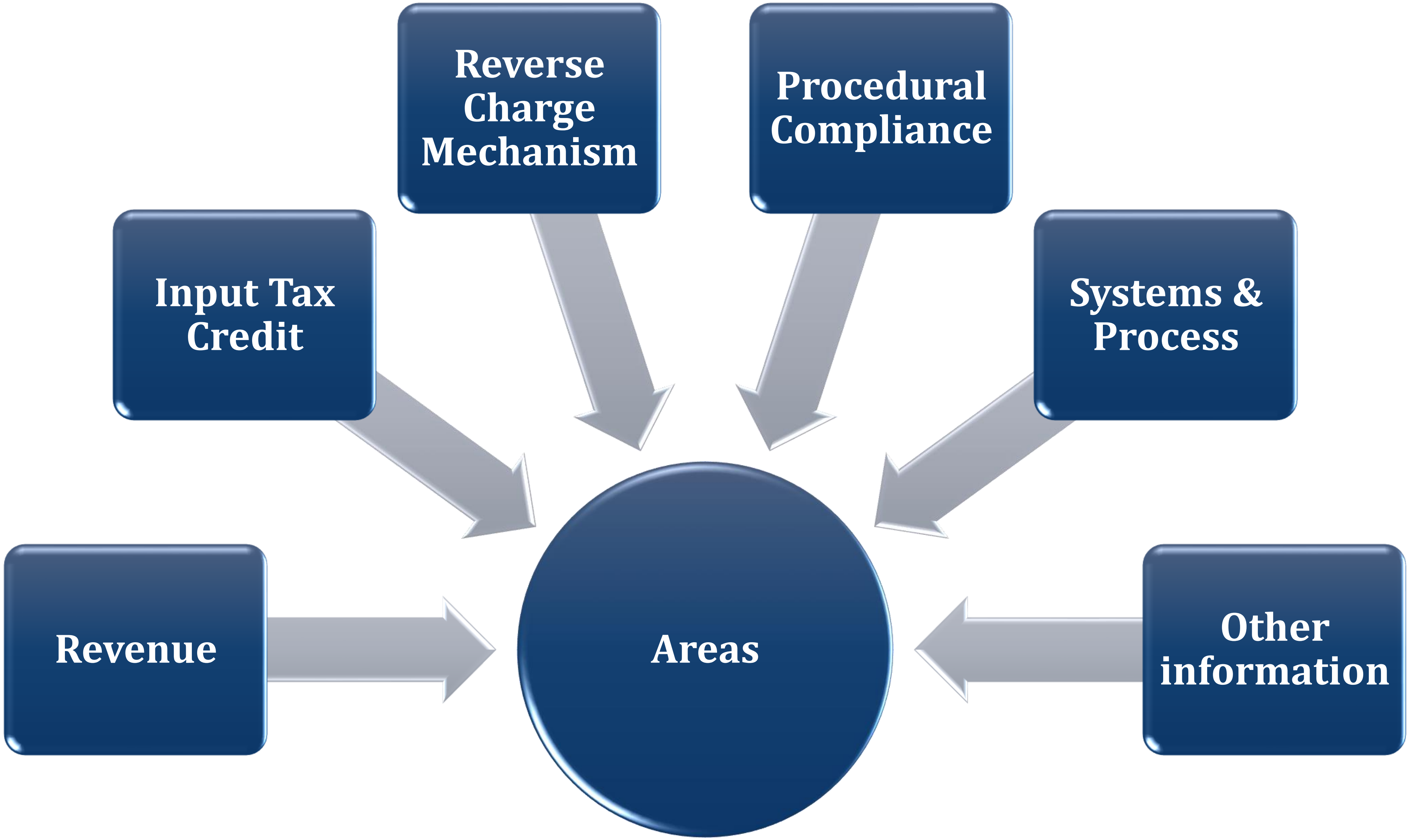
The scope of the assignment is as per the offer sent to you and confirmation received, which is as follows:

- Test check of books of accounts and other GST records for checking the compliance, reporting the deviation in the system and transactional errors.
- Suggestion on areas of weaknesses; [Verification will be conducted on the sample basis].
- Verification of various streams of income by scrutiny of Books of Accounts and ascertaining the taxability under GST
- Review of documentation and reconciliation etc. Suggesting the modifications required in accounting.
- Review of disclosure in returns

Limitations:

1. Certain invoices were not provided to us during audit period and the same are annexed under **"Limitations".**
2. Previous report discussion was not held for which points has been continued in the present report.

2. Areas of Coverage



3. Executive Summary

3.1 Executive Summary

Areas	Observations	Ref	Amount (Tax)	Level of impact
Input	Credit to the extent of post OC sales needs to be reversed along with interest	**5.1**	**Rs.38,90,600**	**High**
Revenue	Credit notes pertaining to F.Y.2017-18 cannot be adjusted after Sep`18 return.	**4.1**	**Rs.10,81,200**	**High**
Revenue	Discounts given for prompt payment of instalments can be reduced from the taxable value.	**4.2**	**Rs.7,04,000**	**Value addition**
Revenue	GST needs to be paid on interest charged for delayed payment of consideration.	**10.4.4**	**Rs.2,67,600**	**High**
Input	IGST credit, wrongly availed as CGST + SGST	**5.3**	**Rs.1,89,300**	**High**
Revenue	Milestones for GST payment should be in line with AOS	**4.3**	**Not quantified**	**High**

3.1 Executive Summary

Areas	Observations	Ref	Amount (Tax)	Level of impact
RCM	GST under RCM needs to be paid on security services availed.	**6.1**	**Rs.24,500**	**High**
Input	Ineligible ITC availed needs to be reversed	**9.4.14**	**Rs.96,000**	**High**
Revenue	VAT and ST collected from the customers needs to be paid to the department	**9.4.7**	**Rs.1,11,000**	**Medium**
Revenue	GST to be paid on transfer of assets to Summit Sales LLP	**8.1**	**Rs.40,700**	**Medium**
Revenue	GST needs to be discharged on amount forfeited from the customers at the time of cancellation	**9.4.5**	**Rs.18,000**	**Medium**
Revenue	Exempt income shall be disclosed in GSTR 3B	**7.1**	**Rs.15,29,200**	**Low**

4. Revenue

4.1 Credit note pertaining to F.Y.2017-18 cannot be adjusted after Sep`18 return.

Observation:

Auditee has issued and adjusted credit notes after Sep`18 return for

i. Reversal of excess instalments recognized in F.Y.2017-18 and

ii. Flats cancellation pertaining to F.Y. 2017-18

which is not permissible as per section 34(2) of the CGST Act, 2017.

Impact:

- There will be a short payment of tax towards such adjusted credit notes which attracts interest @ 18% from the date of credit note adjustment (i.e. Form GSTR-3B) to the date of reversal as per section 50(1) of the Act .
- Option of claiming of refund of such excess tax paid can be looked into and the time limit for claiming refund would be 2 years from the date of payment in terms of section 54 of the Act.

(Refer Annexure "4.1 Credit notes" for details)

Impact: 10,81,218

Level of Impact: High

Recommendation:

Suggested to issue financial credit notes for such scenarios and go for refund of excess paid taxes.

Suggested to put a clause in agreement stating that GST would not be refunded for flats cancelled after Sep returns.

4.2 Discounts given for prompt payment of consideration can be reduced from the taxable value.

Observation:

Auditee is in practice of providing discounts to customers who are paying their instalments within the due date. However, no GST credit note has been issued for such discounts, which is permissible as per section 15(3) of the Act, read with section 34(2) of the Act.

Impact:

Results in excess payment of tax by not claiming the deduction from the value of supply

(Refer Annexure "4.2 Discounts given" for details)

Impact: 7,03,930

Level of Impact:
Value addition

Recommendation:

Suggested to issue GST credit note and put discount clause in AoS for dispute free with department.

4.3 Milestones for GST payment should be in line with AOS

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Observation:

Auditee in AOS has fixed the following milestones:

Instalment	Description	Amount in Rs
1	At the time of booking	25,000
2	At the time of AoS	2,00,000
3	On completion of Plinth	
4	On completion of RCC work	Balance in 4 instalments
5	On completion of Brick work	
6	On completion of Finishing work	
7	Fully completion+ registration	2,00,000

However, Auditee is considering only 3 to 6 instalments for payment of GST on total sale value which results in delay payment of taxes for instalments 1 and 2 .

Impact:

Sale of flats to customers will be considered as continuous supply of services as per sec 2(33) of the Act and GST needs to be paid as per the milestone agreed in terms of sec 31 (5) of Act.

Delay in payment of tax attracts interest and penalty

Impact: -

Level of Impact: High

Recommendation:

Suggested to follow the milestones of AoS for payment of GST

4.4 Extra specs and car parking can be considered as composite supply of flat and tax @ 12% can be paid

Observation:

Auditee is paying GST@18% for additional car parking and extra specifications provided to the customers. However, the same can be considered as composite supply of sale of flat, being principle supply in terms of section 2(30) of the Act and GST@12% can be discharged on the same.

Further, Auditee is also paying tax on extra specification provided to sales made after OC which is not required. (e.g. Flat C-106)

Impact:

Excess collection and payment of tax.

(Refer Annexure "4.4 Less GST" for details)

Impact: 40,045

Level of Impact: Medium

Recommendation:

Suggested to amend the AOS to include these clauses and can pay GST @12%.

II. Reconciliation of Taxable Turnover

ACCOUNT HEAD	AMOUNT in Rs.
Extra car parking charges@12%	2,02,678
Extra car parking charges@18%	6,67,420
Extra specs 18%	(6,80,059)
Installment receivable	20,42,60,449
Installment receivable B2B sales	19,41,000
Installment receivable-17-18	(60,00,114)
Installment receivable -17-18	90,68,705
Total Taxable Income as per Books	**20,94,60,079**
Total Taxable Income as per GST Returns	**23,26,57,004**
Difference	**2,31,96,925**

III. Reconciliation of GSTR 3B vs GSTR 1(Revenue)

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Month	TAXABLE SUPPLIES			EXEMPT SUPPLIES		
	AS PER GSTR-3B	AS PER GSTR-1	DIFF.	AS PER GSTR-3B	AS PER GSTR-1	DIFF.
Apr-2018	4,81,38,669	4,03,75,262	77,63,407	-	-	-
May-2018	3,33,78,243	3,33,78,243	-	-	50,000	- 50,000
Jun-2018	2,08,99,394	2,08,99,394	-	1,33,82,000	1,33,82,000	-
Jul-2018	2,11,64,300	-	2,11,64,300	-	-	-
Aug-2018	2,41,29,733	2,41,29,733	-	46,99,000	46,99,000	-
Sep-2018	2,58,92,921	2,58,93,338	- 417	1,70,61,960	1,70,61,960	-
Oct-2018	-	-	-	-	45,21,151	- 45,21,151
Nov-2018	3,48,04,809	3,48,04,809	-	-	-	-
Dec-2018	1,15,14,174	1,15,14,174	0	67,51,741	-	67,51,741
Jan-2019	90,507	90,507	-	2,41,08,680	-	2,41,08,680
Feb-2019	-	- 1,16,69,396	1,16,69,396	2,50,51,055	2,50,51,055	-
Mar-2019	45,67,211	2,59,07,071	- 2,13,39,860	1,13,83,375	1,13,83,375	-
	22,45,79,960	20,53,23,135	- 1,92,56,825	10,24,37,811	7,61,48,541	2,62,89,270

IV. Reconciliation of GSTR 3B vs GSTR 1 (Tax)

Month	CGST & SGST			IGST		
	AS PER GSTR-3B	AS PER GSTR-1	DIFF.	AS PER GSTR-3B	AS PER GSTR-1	DIFF.
Apr-2018	48,45,806	48,45,806	0	-	-	-
May-2018	39,23,868	39,23,867	1	-	-	-
Jun-2018	25,07,927	25,07,927	-	-	-	-
Jul-2018	25,39,716	-	25,39,716	-	-	-
Aug-2018	28,97,068	28,97,068	0	-	-	-
Sep-2018	31,13,852	31,14,097	- 245	-	-	-
Oct-2018	-	-	-	-	-	-
Nov-2018	41,76,576	41,76,577	- 1	-	-	-
Dec-2018	13,94,948	13,73,881	21,067	-	-	-
Jan-2019	10,706	10,706	- 0	-	-	-
Feb-2019	-	- 13,97,330	13,97,330	-	-	-
Mar-2019	5,50,018	31,08,849	- 25,58,831	-	-	-
	2,59,60,485	**2,45,61,447**	**13,99,038**	**-**	**-**	**-**

5. Input Tax Credit

5.1 Credit to the extent of post OC sales needs to be reversed.

Observation:

Auditee has obtained occupancy certificate from GHMC in the following dates

Block	OC Date
A	18.03.2016
B	17.11.2017
C	23.12.2017
D	26.02.2018
E	04.10.2018
F	04.10.2018

And the summary of pre and post OC sale is as follows

Description	Flats	Carper area Sft
Pre OC sales	336	2,98,590
Post OC sales	34	29,020
Total flats	370	3,27,610

Impact: 38,99,071

Level of Impact : Medium

Recommendation:

Suggested to discharge interest for ITC which was availed earlier.

5.1 Credit to the extent of post OC sales needs to be reversed.

However, Auditee has not reversed any ITC to the extent of post OC sales in terms of section 17(2) of the Act, read with rule 42 and 43 of the CGST Rules, 2017.

Further, since there is a change in rule 42 and 43 i.e. from reversal computation based on exempted revenue into reversal computation based on carpet area from 01.04.2019 auditee needs to take a decision for such reversal computation as there is no clarity provided in the provisions.

Option 1-Reversal based on Revenue – App. Rs. 83,95,899 (excluding interest)

Option 2-Reversal based on carpet area– App. Rs. 38,90,567 (excluding interest)

(Ref Annexure_ for details and computation was based on details provided)

Impact:

Delay in compliance of rule 42 and 43 will attract interest @ 18% from Apr`19 to the date of reversal for the F.Y.2018-19.

(Refer Annexure "5.1 ITC reversal - rule 42" for details)

Impact: 38,99,071

Level of Impact : Medium

Recommendation:

Suggested to reverse the ITC along with interest

5.2 Early availment of ITC

Observation:

Section 16(2) of the Act entitles the Auditee to avail ITC in the month in which the goods are received. However, Auditee for few transactions, has availed ITC in the month of invoice even though the goods are received in subsequent months.

For example:

- Invoice month – April
- Goods inward received month - May
- ITC eligible month - May

However, ITC availed in April thereby there would be early availment of ITC which attracts interest @ 18% for 1 month.

Impact:

Early availment of ITC would attracts interest.

(Refer Annexure "5.2 Early availment of ITC" for details)

Impact: 76,152

Level of Impact : Medium

Recommendation:

Suggested to avail ITC only in the month of receipt of goods in such cases.

5.3 Wrong availment of credit (IGST availed as CGST+SGST)

Observation:

Auditee has purchased tiles from M/s. Nitco Limited, where IGST was charged on the invoice. However, ITC was availed as CGST and SGST results on wrong availment of ITC.

Impact:

- Wrong ITC (CGST+SGST) availment results in short payment of tax to the extent which attracts interest and penalty.
- Further, IGST credit cannot be availed now as the time limit for availment of ITC for F.Y. 2018-19 was Sep`19 return which has already expired .

(Refer Annexure "5.3 CGST for IGST" for details)

Impact: 1,89,210

Level of Impact : High

Recommendation:

Suggested to have a proper control at the accounting state itself to avoid double cost.

ITC Reconciliation Books Vs. GSTR 3B

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Month	Gross ITC Availed as per Returns		
	IGST	CGST	SGST
Apr-2018	121,204	951,260	951,260
May-2018	84,700	785,504	785,504
Jun-2018	59,582	557,788	557,788
Jul-2018	43,829	633,605	633,605
Aug-2018	73,906	603,627	603,627
Sep-2018	189,911	1,462,776	1,462,776
Oct-2018	-	573,750	573,750
Nov-2018	79,057	597,074	597,074
Dec-2018	104,645	576,992	576,992
Jan-2019	-	385,695	385,695
Feb-2019	2,555	1,214,278	1,214,278
Mar-2019	-	716,826	716,826
Total ITC as Per Returns	**759,389**	**9,059,175**	**9,059,175**
ITC as per Books	**706168**	**8,257,930**	**8,257,930**
RCM Credit	**0**	**0**	**0**
Total ITC as per Books	**706168**	**8,257,930**	**8,257,930**
Difference	**53221**	**801,245**	**801,245**

6. Reverse Charge Mechanism

6.1 GST under RCM to be paid on security services

Observation:

May Flower's Grande Owners Association has received security services from M/s. United security services (A non body corporate) and obtains reimbursement from the Auditee to the extent of towers which has not been handed over to the Association. Thereby, it can be said that the auditee has obtain security services which is liable under RCM w.e.f. 01.01.2019.

Impact:

Non payment of GST under RCM attracts intertest and penalty. Further, eligibility of ITC for F.Y.2018-19 has already lapsed, which will be an additional cost to the Auditee.

(Refer Annexure " 6.1 GST under RCM" for details)

Impact: 24,492

Level of Impact : High

Recommendation:

Suggested to discharge GST under RCM within the time frame.

XII. RCM Payment Vs. RCM Credit Availment

Company Level – As per Form GSTR-3B

Month	CGST & SGST			IGST		
	RCM PAID	RCM Gross Availed	DIFF.	RCM PAID	RCM Gross Availed	DIFF.
Apr-2018	0	0	0	0	0	0
May-2018	0	0	0	0	0	0
Jun-2018	0	0	0	0	0	0
Jul-2018	0	0	0	0	0	0
Aug-2018	0	0	0	0	0	0
Sep-2018	0	0	0	0	0	0
Oct-2018	0	0	0	0	0	0
Nov-2018	0	0	0	0	0	0
Dec-2018	0	0	0	0	0	0
Jan-2019	0	0	0	0	0	0
Feb-2019	0	0	0	0	0	0
Mar-2019	0	0	0	0	0	0

7.Systems & Processes

7.1 Exempt income shall be disclosed in GSTR 3B returns

Observation:

Auditee has received interest on their fixed deposits amounting to Rs.15,29,269 from HDFC and Yes bank, which is an exempt income and needs to be disclosed in GSTR returns.

Impact:

Non disclosure of income in GST returns

(Refer Annexure "7.1 Exempt income" for details)

Impact: 15,29,269

Level of Impact : Low

Recommendation:

Suggested to disclose the same from subsequent return.

8. Other Information

8.1 GST to be paid on transfer of assets to Summit Sales LLP

Observation:

Auditee has transferred certain used furniture and fixtures to M/s. summit LLP in Jun'18 and no GST is paid on the said transfer. Further, being a related party transaction, GST needs to be paid on open market value of assets as per rule 28 of the CGST Rules, 2017, where tax to be paid on higher of

i. Tax on open market value or
ii. ITC availed less 5% per quarter from the date of availment to the date of transfer

as per section 18(6) of the Act.

Impact:

Non payment of GST attracts interest and penalty.

(Refer Annexure "8.1 Summit LLP" for details)

Impact: 40,676

Level of Impact : Medium

Recommendation:

Suggested to discharge the same in subsequent return along with applicable interest.

Other Information – Overall Tax compliance

Month	Total Tax Liability	Paid in Credit	Paid in Cash	Penalty/ Late fee	Interest
Apr’18	48,45,806	20,40,126	28,05,680	150	0
May’18	39,23,868	22,68,160	16,55,708	75	75
Jun’18	25,07,926	13,32,770	11,75,158	50	0
Jul’18	25,39,716	12,28,677	13,11,039	0	0
Aug’18	28,97,068	16,15,908	12,81,160	0	0
Sep’18	31,13,852	-	31,13,852	50	0
Oct’18	-	-	-	0	0
Nov’18	41,76,576	17,54,260	24,22,316	0	0

Other Information – Overall Tax compliance

Month	Total Tax Liability	Paid in Credit	Paid in Cash	Penalty/ Late fee	Interest
Dec'18	13,94,948	1,36,319	12,58,629	0	0
Jan'19	10,706	-	10,706	0	0
Feb'19	-	-	-	0	0
Mar'19	5,50,016	-	5,50,018	0	0

Balance in Electronic Credit ledger as on 30/04/2019	Rs.4075429/-
Balance in Electronic Cash ledger as on 30/04/2019	Rs.750/-

Other Information – GSTR 3B Return filing status

Month	Due Date	Date of filing	Delay in days	Late Fee	Interest	
					CGST	SGST
Apr-2018	22-May-18	25-May-18	3	0	3585	3585
May-2018	20-Jun-18	21-Jun-18	1	0	968	968
Aug-2018	20-Sep-18	21-Sep-18	1	0	714	714
Mar-2019	23-Apr-19	26-Apr-19	3	150	407	407

Delay in filing of returns will attracts interest @18%, for the delayed period which will be a cost to the Auditee.

Other Information – GSTR 1 Return filing status

Month	Due Date	Date of filing	Delay in days
Apr'18	10-May-18	09-Jun-18	30
May'18	10-Jun-18	12-Jun-18	2
June'18	10-Jul-18	23-Oct-18	10
July'18	10-Aug-18	11-Aug-18	1
Aug'18	10-Sep-18	21-Sep-18	11
Sep'18	10-Oct-18	01-Nov-18	22
Oct'18	11-Nov-18	13-Nov-18	2
Nov'18	11-Dec-18	18-Dec-18	7
Dec'18	11-Jan-19	12-Jan-19	1
Jan'19	11-Feb-19	15-Feb-19	4
Feb'19	11-Mar-19	19-Mar-19	8
Mar'19	13-Apr-19	26-Apr-19	13

9. Compliance with Previous Reports

9.Previous report non compliance(Jul'17 to Mar'18)

Area	Ref.	Observation	Impact	Current Status
Revenue	4.1	GST needs to be paid on earlier of advance received or invoice raised for the construction services	High	**Not complied.** Management decision is pending.
Revenue	4.2	Milestone considered for discharging GST liability is not matching with the milestone mentioned in the AOS	High	**Not complied.** Management decision is pending.(D-305)
Revenue	4.3	ST shall be paid for the milestones occurred in ST regime and amount received in GST regime	High	**Not complied.** Even in current audit period also auditee has not discharged service tax amount.

9.Previous report non compliance(Jul'17 to Mar'18)

Area	Ref.	Observation	Impact	Current Status
Revenue	4.4	GST needs to be discharged on interest collected on delayed payment	High	**Not complied.** Auditee even in current period also has collected certain amount under interest for which no GST is discharged in this regard. An amount of **Rs.22,30,000/-** has been collected for which GST around **Rs.2,67,600/-** to be paid.***(Refer Annexure "9.4.4 Interest payments" for details)***
Revenue	4.5	GST needs to be discharged on amount forfeited from the customers at the time of cancellation	Medium	**Not complied.**. Amount of GST to be paid is **Rs.18,000/-. *(Refer annexure "9.4.5 Forfeit amount" for details)***

9.Previous report non compliance(Jul’17 to Mar’18)

Area	Ref.	Observation	Impact	Current Status
Revenue	4.6	GST needs to be discharged on legal charges collected from the customers	Medium	**Not complied.** Even in current audit period, auditee has collected amounts from customers in the face of legal and other charges. Suggested to discharge GST on the same at the earliest. Amount of GST to be paid is **Rs.21,218/-*Refer annexure “9.4.6 Legal expenses” for details)***
Revenue	4.7	VAT and ST collected from the customers needs to be paid to the department	Medium	**Not complied.** Amount of service tax collected during the period is **Rs. 1,11,018/-.** It is recommended to pay Service Tax to the respective government at the earliest. ***(Refer annexure “9.4.7 Service tax receipts” for details)***

9.Previous report non compliance(Jul’17 to Mar’18)

Area	Ref.	Observation	Impact	Current Status
Revenue	4.9	Amount refunded to the customers at the time of cancellation should be in line with the AOS	Medium	**Not complied.**
Input	4.10	Transitional credit wasn’t availed for the ongoing project	Low	**Not complied.** Time period for availing the same has been lapsed.

9.Previous report non compliance(Jul'17 to Mar'18)

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Area	Ref.	Observation	Impact	Current Status
Input	4.14	Ineligible ITC availed needs to be reversed	High	1. **Gift of gold coins-** Auditee has purchased gold coins to present the same to selected customers and ITC on the same would not be eligible in terms of section 17(5) of the Act. 2. **Vehicle hire charges-** Auditee received car hire services from summit LLP logistics and availed which is an ineligible credit Amount of GST to be reversed is **Rs.96,002/-.** ***(Refer annexure "9.4.14 Ineligible ITC" for details)***

9.Previous report non compliance(Jul’17 to Mar’18)

Area	Ref.	Observation	Impact	Current Status
Reconciliation	5.1	Various reconciliations to be maintained	High	**Not complied.** Even during audit period, certain differences were idetified w.r.t Output and Input. Suggested to reconcile the same at the earliest. ***(Refer Annexure “9.5.1 Reconciliations” for details)***
Output	5.2	1/3rd value claimed as land deduction shall be disclosed in returns	Low	Auditee has not disclosed 1/3rd value of land in GSTR 3B in FY 18-19. Even auditee has calculated 12% on the total value instead of 18% on 2/3rd value. Though there is no impact on the taxes payable, the process followed by auditee is not proper.

9.Previous report non compliance(Jul'17 to Mar'18)

Area	Ref.	Observation	Impact	Current Status
System related	5.3	•Documents issued is not disclosed in the returns •Credit notes issued to customer(unregistered) are not disclosed •Ineligible ITC was not being disclosed (Eg. Cab charges, food charges) •Disclosure of ITC on supplies other than ISD, RCM •HSN summary is not disclosed in the returns •Self invoice needs to be raised for the supplies received under RCM	Medium	**Not complied.** Management decision is pending in this regard
System related	5.5	Registration certificate needs to be amended to add new authorized signatory	Low	**Not complied.**

9.Previous report non compliance(Jul'17 to Mar'18)

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Area	Ref.	Observation	Impact	Current Status
System related	5.6	Site premises needs to be added as additional place of business	Low	**Not complied.** Auditee is registered only in the state of Telangana. Further, auditee has added its corporate office as principal place of business in the registration certificate but has not added site premises as additional place of business. However, most of the input invoices are addressed to these premises. Non compliance of the same may attract a general penalty of Rs. 25,000/-
System related	5.7	Proper invoice needs to be issued for outward supplies made	Medium	**Not complied.** Suggested to follow the provisions and rules for raising proper tax invoice.
System related	5.9	Vendor compliance must be ensured	Medium	**Not complied.** Few of the Vendors of the auditee have added the invoices but not filed their GSTR-1. As the vendors of the auditee have not filed their GST returns, then the credit in the hands of the auditee will not be allowed. ***(Refer annexure "9.5.9 Vendor compliance" for details)***

9.Previous report non compliance(Jul'17 to Mar'18)

Area	Ref.	Observation	Impact	Current Status
System related	5.11	•Proper receipt vouchers to be issued for advances received. •Refund vouchers to be issued for the advance refunded at the time cancellation of flats •Payment voucher to be issued for the payments made to vendors of RCM transactions	Low	**Not complied.** Explained that the same will be followed at the earliest.
System related	5.13	Changes required in GST workings	Low	**Not complied.**

9.Previous report non compliance(Jul’17 to Mar’18)

Area	Ref.	Observation	Impact	Current Status
System related	5.13	•Proper maintenance of departmental correspondence file. •MIS must include the information relating to GST	Low	**Not complied.** It is explained the same will be maintained at the earliest.
System related	5.13	Appropriate training to be given to employees in order to comply with law	Low	**Not complied.**
System related	5.14	CGST balance should match with SGST balance in BOA	Medium	**Not complied.** Even in the month of Jan’19 and Mar’19, ITC balance of CGST and SGST are not matching. We suggest to reconcile the same at the earliest possible.

9.Previous report non compliance(Jul’17 to Mar’18)

Area	Ref.	Observation	Impact	Current Status
System related	5.15	ITC utilization entries needs to be passed in the BOA	Low	**Not complied.** Auditee has utilized the ITC for discharging GST liability however, such utilization entries was not passed in the BOA.
System related	5.16	Amount in suspense a/c needs to be reconciled	Low	**Not complied.** Still the balance amount in suspense ledger has not been reconciled. Suggested to reconciled the same at the earliest.
System related	5.17	Accounting issues – Improper voucher references	Low	**Not complied.**

9.Previous report non compliance(Jul’17 to Mar’18)

Area	Ref.	Observation	Impact	Current Status
System related	5.18	•Sub-group should be created under ‘Installment receivable a/c’ for identifying before OC and after OC customers •Proper narrations to be maintained for all the transactions •ITC ledgers shall be grouped under current assets instead of current liabilities	Low	**Not complied.** Explained that the same will be complied at the earliest.
System related	5.18	•GSTIN of the creditors to be updated in Tally. Also the correctness of the same to be ensured •Purchase register needs to be maintained •Separate ledgers must be maintained	Low	**Not complied.**

9.Previous report non compliance(Jul’17 to Mar’18)

Area	Ref.	Observation	Impact	Current Status
System related	6.1	GST needs to be discharged on extra specification charges collected from customers	Medium	Not complied. Auditee has is in receipt of Extra car parking charges for which GST was not discharged. Suggested to discharge GST on the same at the earliest along with applicable rate of interest. Amount of GST to be paid is **Rs.42,000/-. *(Refer annexure " 9.6.1 extra specs" for details)***
Transactio n related	6.5	ITC availed on the basis of provision created needs to be reversed	Low	**Not complied.**
Returns	4.10	Interest liability on delayed payment of tax & filing of return	Low	**Not complied**. Auditee for few months has missed to file GSTR 3B on time which attracts interest liability. Amount of interest to be paid is **Rs.11,348/- *(Refer GSTR 3B***

9.Previous report non compliance(Jul'17 to Mar'18)

Area	Ref.	Observation	Impact	Current Status
Transaction related	6.2	Pre OC sales considered as post OC resulted in short payment of tax and vice versa	High	**Not complied.** Even in current audit period, auditee has considered as pre oc sales for post oc customers and post oc for pre oc customers. This results in excess/ short payment of tax. Suggested to adjust the tax payments in the subsequent return. For example, 1. E-305 - pre OC sale - considered the same in exempt sales. 2. E-104 - post OC sale – considered the same in taxable supplies.
System related	5.18	Liability under reverse charge must be accounted transaction wise	Low	**Not complied.** Even in current audit period, auditee has not passed any RCM entries in BOA. Suggested to pass proper RCM entries in BOA for RCM services availed.

Note: *Our report is based on documents, information and explanation provided to us in writing and also orally. No assurance is given that the revenue and statutory authorities/courts would concur with the view expressed herein. In view of our having opined based on the existing provisions of law and its interpretation, which are subject to change from time to time, we do not assume any responsibility to update the views consequent to such changes.*

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