

Hiregange & Associates

Chartered Accountants

Draft GST Review Report
April'18 – March'19

M/s. Vista Homes



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,

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

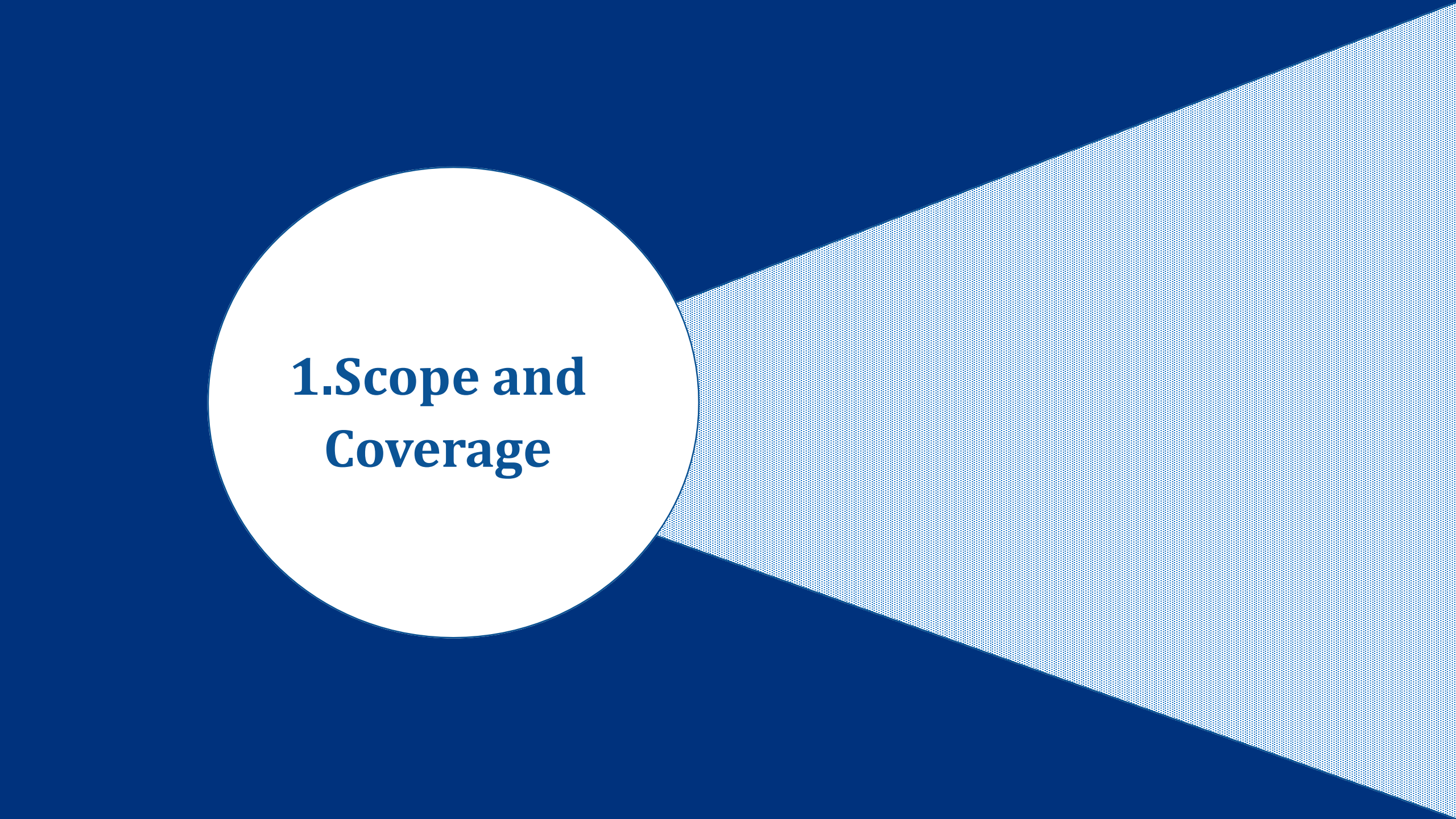
Abbreviations

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Abbreviation	Description
Auditee	Vista Homes
Current period	Apr'18 to Mar'19
RCM	Reverse charge mechanism
Act	CGST Act, 2017
BOA	Books of Account
ITC	Input tax credit
ST	Service Tax
AOS	Agreement of sale.

Sr. No	Particulars	Slide No.
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1.Scope and Coverage

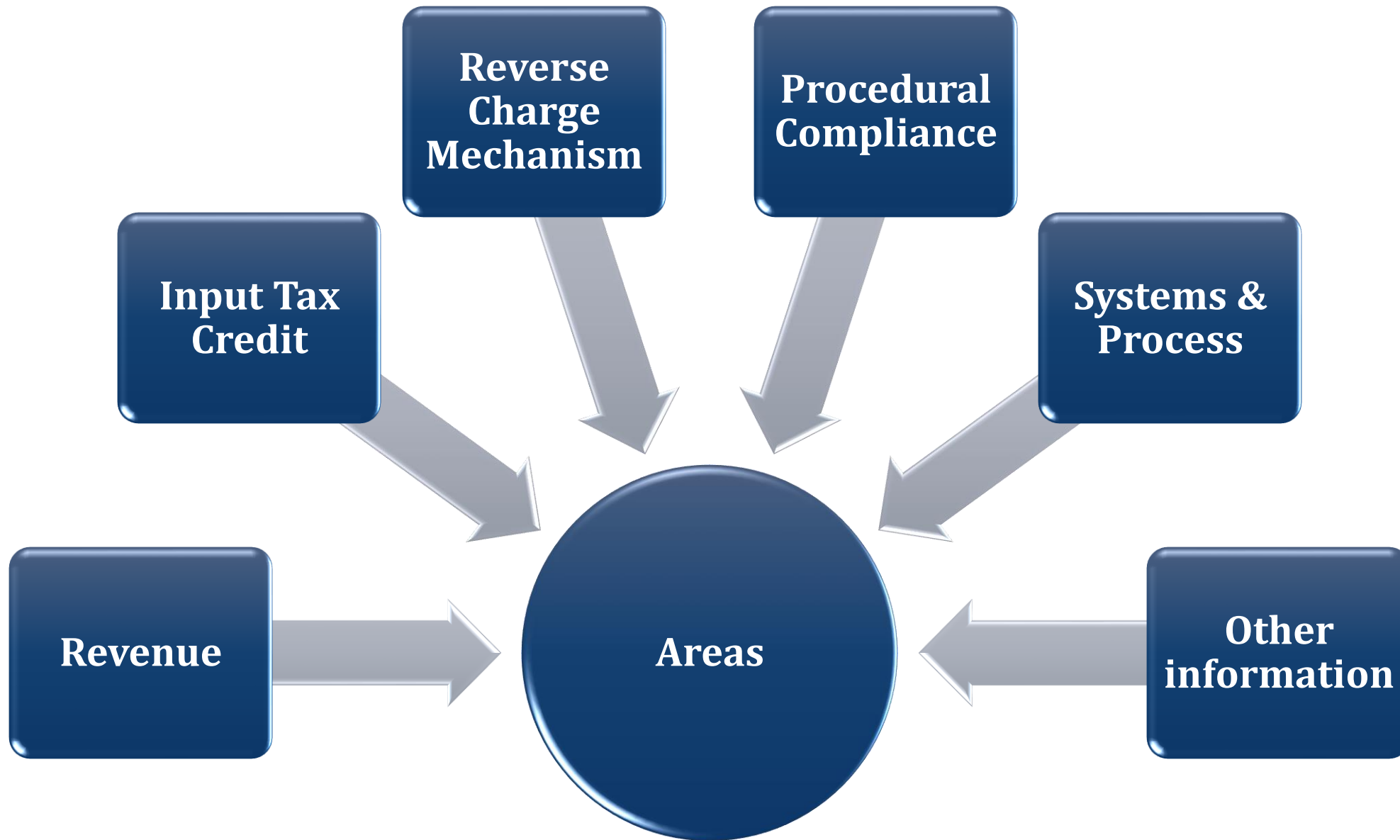
The scope of the assignment is as per the offer sent to you and confirmation received, which is as follows:

- 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

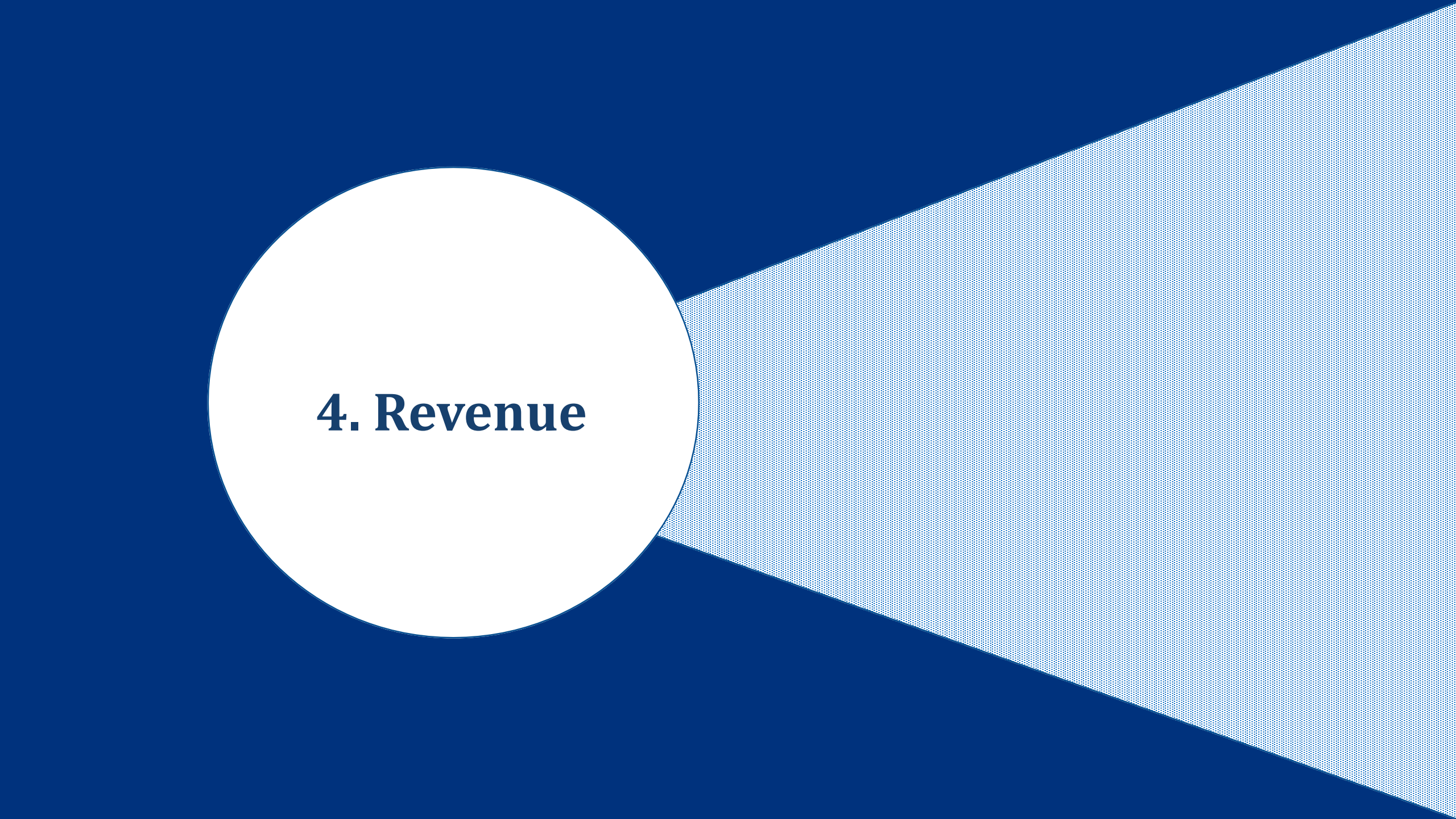
3.Executive Summary

Areas	Observations	Ref.	Amount – Tax (in Rs)	Level of impact
Revenue	GST needs to be paid on amount received in excess of milestones.	4.3	15,42,700	High
Input	Credit to the extent of post OC sales needs to be reversed	5.1	29,58,700	High
Revenue	Credit notes pertaining to FY 17-18 cannot be adjusted after sep'18 returns.	4.1	2,79,600	High
Revenue	ST shall be paid for the milestones occurred in ST regime and amount received in GST regime.	10.4.2	Not quantified	High
Revenue	GST needs to be paid on the commission received from investors for sale of flats	10.4.4	66,300	High
Revenue	Discounts given for prompt payment of consideration can be reduced from the taxable value.	4.2	40,800	High

Executive Summary

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Areas	Observations	Point No.	Amount	Level of impact
Input	Ineligible ITC needs to be reversed.	10.6.3.1	66,300	High
Other information	Material supplied to contractors should be treated as separate supply and GST to be paid on the same.	9.2	39,600	High
Revenue	GST needs to be paid on the forfeited amount.	4.4	39,200	High
RCM	RCM needs to be discharged on specified services.	6.1	24,200	High
Revenue	GST needs to be paid on amount collected as interest for delay payment.	10.4.3	15,600	Medium
Revenue	GST needs to be discharged on legal charges collected from the customers.	10.4.5	7,700	Medium



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: 2,79,589

**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.

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Observation:

Auditee is in practice of providing discounts to customers who are paying their installments 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: 40,789

***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 GST needs to be paid on amount received in excess of milestones.

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Observation:

As per section 13(2) of the Act, Auditee needs to pay tax at the time of earlier of

- i. Date of Milestone or
- ii. Receipt of payment

Thereby in case if payment is received before milestone, tax on the same needs to be paid.

However, as on 31.03.2019 auditee has received Rs.1,92,34,651 in excess of milestone but no GST has been paid on the same.

Impact:

Non payment of GST within the time will attracts interest @ 18% p.a. for the delayed period and penalty.

(Refer Annexure "4.3 GST on advance" for details).

Impact: 15,42,693

***Level of Impact:
High***

Recommendation:

Suggested to maintain track of instalments received in excess of milestone for payment of tax

4.4 GST needs to be paid on the forfeited amount.

Observation:

During the course of audit, it was observed that the auditee has forfeited the advance on cancellation of flats. However, no GST has been paid at the time of receipt of advance or at the time of forfeiture results in non payment of GST.

Impact:

Non payment of GST on forfeited amount will attract interest and penalty.

(Refer annexure “4.4-GST on forfeited amount” for details.)

Impact: 39,217

***Level of Impact:
Medium***

Recommendation:

Suggested to pay GST on forfeited amount along with interest at the earliest.

II. Reconciliation of Taxable Turnover

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ACCOUNT HEAD	AMOUNT in Rs.
Installments Receivable 18-19@12%	14,08,51,089
Extra specs@18%	1,53,059
Other receipts@18%	87,260
Extra specs Exempt	(21,305)
Commission received from customers	3,68,423
Forfeited	2,17,873
Total Taxable Income as per Books	14,16,56,399
Total Taxable Income as per GST Returns	14,42,30,708
Difference	(25,74,309)

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

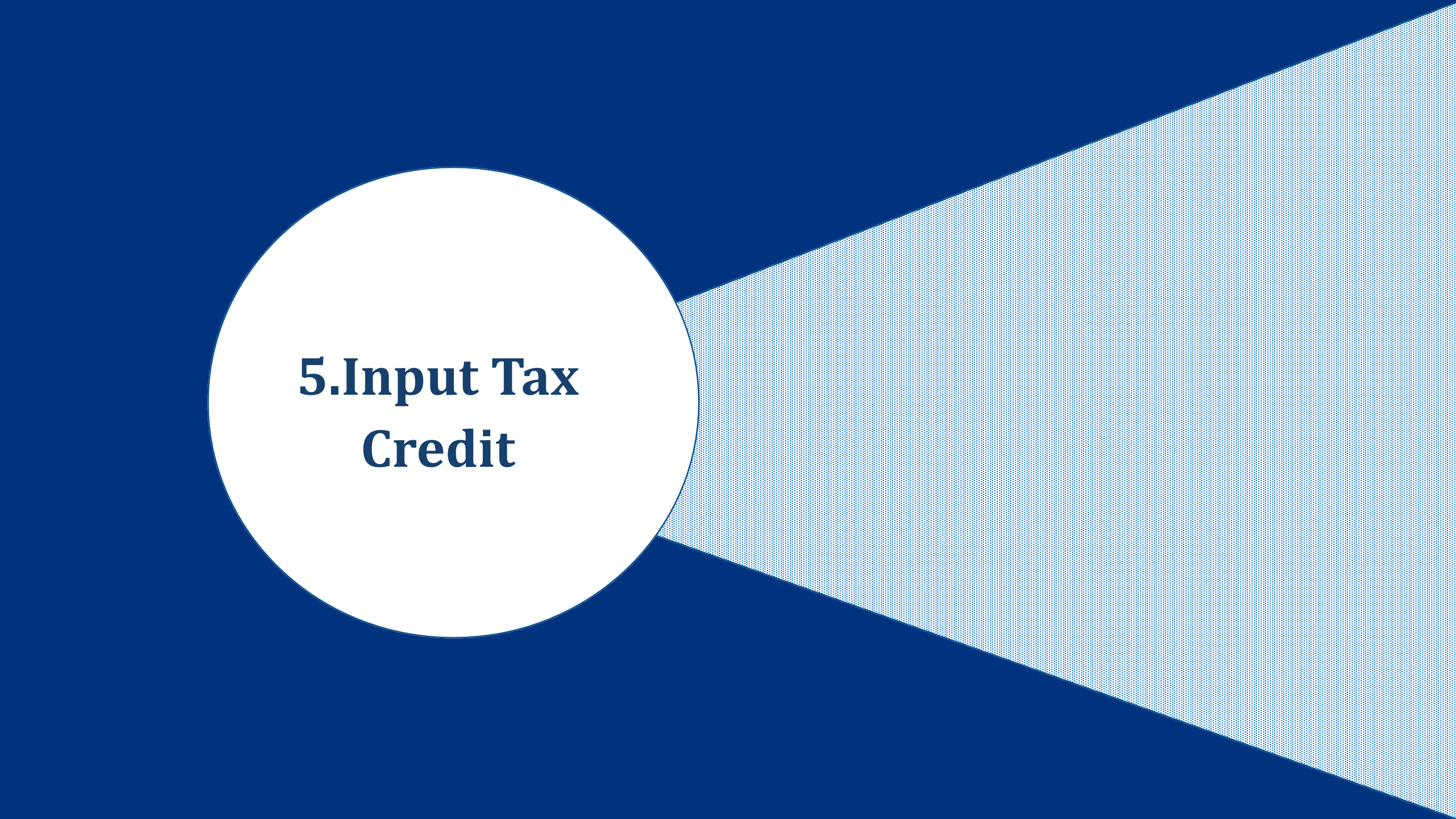
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Month	TAXABLE SUPPLIES			EXEMPT SUPPLIES		
	AS PER GSTR-3B	AS PER GSTR-1	DIFF.	AS PER GSTR-3B	AS PER GSTR-1	DIFF.
Apr-2018	18,998,939	18,998,939	-	12,401	12,401	-
May-2018	18,352,254	18,352,254	-	-	-	-
Jun-2018	11,986,681	16,634,076	(4,647,395)	-	-	-
Jul-2018	6,245,809	6,245,809	-	30,965	30,965	-
Aug-2018	15,490,899	15,490,899	-	266,314	266,314	-
Sep-2018	25,000	30,500	(5,500)	71,028	9,641	61,387
Oct-2018	2,550,000	2,550,000	-	3,905,376	3,814,000	91,376
Nov-2018	20,234,265	20,234,265	-	640,075	640,075	-
Dec-2018	10,036,680	10,036,680	-	-	43,151	(43,151)
Jan-2019	10,080,021	11,121,271	(1,041,250)	1,918,947	1,918,947	-
Feb-2019	14,185,507	13,144,257	1,041,250	5,368,222	5,368,222	-
Mar-2019	16,044,653	14,161,945	1,882,708	-	1,351,566	(1,351,566)
	147,000,895	144,230,708	(2,770,187)	12,213,328	13,455,282	(1,241,954)

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

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Month	CGST & SGST			IGST		
	AS PER GSTR-3B	AS PER GSTR-1	DIFF.	AS PER GSTR-3B	AS PER GSTR-1	DIFF.
Apr-2018	1,140,439	1,140,439	0	-	-	-
May-2018	1,101,367	1,101,367	-	-	-	-
Jun-2018	720,119	720,119	-	-	-	-
Jul-2018	375,019	375,019	-	-	-	-
Aug-2018	929,454	929,454	-	-	-	-
Sep-2018	2,250	2,745	(495)	-	-	-
Oct-2018	153,000	153,000	-	-	-	-
Nov-2018	1,216,306	1,216,306	-	-	-	-
Dec-2018	602,019	602,019	-	-	-	-
Jan-2019	604,801	667,276	(62,475)	-	-	-
Feb-2019	806,313	788,838	17,475	-	-	-
Mar-2019	964,966	698,669	266,297	-	306,668	(306,668)
	8,616,053	8,395,250	220,803	-	306,668	(306,668)



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	31-Jan-15
B	27-Oct-15
C	21-Aug-17
D	18-Dec-18
G	16-Jan-18
H	27-Oct-15
I	31-Jan-15

Block	OC Date
E	Not yet received
F	Not yet received

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

Description	Considering all blocks		Considering only C,D,E,F,G Blocks	
	Flats	Carper area Sft	Flats	Carper area Sft
Pre OC sales	359	2,39,076	229	1,39,998
Post OC sales	44	31,152	10	7,332
Total flats	403	2,70,228	239	1,47,330

Impact: 29,58,705

Level of Impact : High

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.

Reversal based on carpet area (computed based on data provided):

Option 1- Considering C,D,E,F,G blocks – **Appx. Rs.29,58,705**(excluding interest)

Option 2-Considering all blocks – **Appx. Rs. 68,53,713**(excluding interest)

Option 3-Considering all blocks, considering A,B,H,I blocks under service tax regime –
Appx. Rs.16,13,105(excluding interest)

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: 29,58,705

Level of Impact : High

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.

Option 1- Considering C,D,E,F,G blocks – Appx. Rs.29,58,705(excluding interest)

a. Calculation of carpet area

Particulars	Ref	Carper Area
Pre-OC	A	1,39,998
Post-OC	B	7,332
Total	C	1,47,330

b. calculation of ITC reversal

Particulars	Ref	IGST	CGST	SGST
ITC of 2017-18 and 18-19	D	89,32,747	2,52,59,891	2,52,59,891
ITC reversal	E=D*B/C	4,44,546	12,57,079	12,57,079
Total ITC to be reversed				29,58,705

Impact: 29,58,705

Level of Impact : High

Recommendation:
Suggested to reverse the ITC along with interest

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

Option 2- Considering all blocks – Appx. Rs.68,53,713(excluding interest)

a. Calculation of carpet area

Particulars	Ref	Carper Area
Pre-OC	A	2,39,076
Post-OC	B	31,152
Total	C	2,70,228

b. calculation of ITC reversal

Particulars	Ref	IGST	CGST	SGST
ITC of 2017-18 and 18-19	D	89,32,747	2,52,59,891	2,52,59,891
ITC reversal	E=D*B/C	10,29,771	29,11,971	29,11,971
Total ITC to be reversed				68,53,713

Impact: 29,58,705

Level of Impact : High

Recommendation:
Suggested to reverse the ITC along with interest

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

Option 3- Considering all blocks, considering A,B,H,I blocks under service tax regime – Appx.
Rs.16,13,105(excluding interest)

Impact: 29,58,705
Level of Impact : High

a. Calculation of carpet area

Particulars	Ref	Carper Area
Pre-OC	A	2,62,896
Post-OC	B	7,332
Total	C	2,70,228

Recommendation:
Suggested to reverse the ITC along with interest

b. calculation of ITC reversal

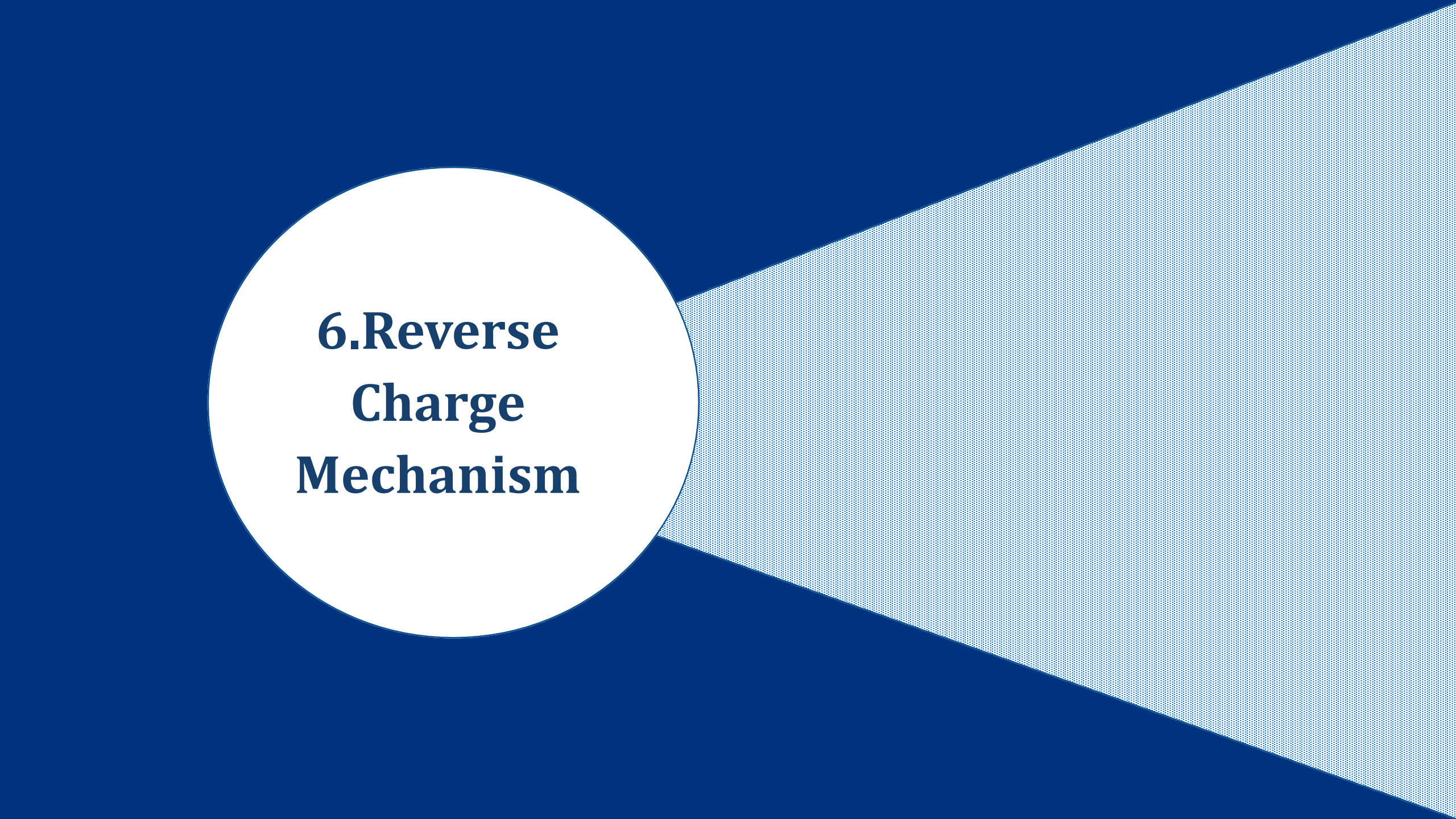
Particulars	Ref	IGST	CGST	SGST
ITC of 2017-18 and 18-19	D	89,32,747	2,52,59,891	2,52,59,891
ITC reversal	E=D*B/C	2,42,369	6,85,368	6,85,368
Total ITC to be reversed				16,13,104

ITC Reconciliation Books Vs. GSTR 3B

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Month	Gross ITC Availed as per Returns		
	IGST	CGST	SGST
Apr-2018	27,970	307,052	307,052
May-2018	7,776	565,538	565,538
Jun-2018	164,884	1,018,894	1,018,894
Jul-2018	40,906	803,973	803,973
Aug-2018	22,600	571,106	571,106
Sep-2018	83,044	743,533	743,533
Oct-2018	41,388	532,488	532,488
Nov-2018	26,163	577,889	577,889
Dec-2018	41,156	486,481	486,481
Jan-2019	5,094	492,647	492,647
Feb-2019	59,904	839,201	839,201
Mar-2019	112,094	1,041,906	1,041,906
Total ITC as Per Returns	632,977	7,980,447	7,980,447
ITC as per Books	570,621	7,944,544	7,944,544
RCM Credit	-	-	-
Total ITC as per Books	570,621	7,944,544	7,944,544
Difference	62,356	35,903	35,903



6.Reverse Charge Mechanism

6.1 RCM needs to be discharged on specified services.

Observation:

- **Security services:** Auditee has received security services from M/s. United security services, (A non body corporate) and w.e.f. 01.01.2019 such services are liable under RCM and Auditee has not paid any tax under RCM for the same.
- **Advocate services:** Auditee has received advocate services from G. Jagannadam, an individual Advocate on which RCM was not discharged. As per Sec 9(3) read with notification no. 13/2017 services of advocate are liable under RCM.

Impact:

The value of such transaction amounts to Rs.1,34,549/- and GST to be paid on the same amounts to **Rs.24,219/-**

(Refer annexure “6.1- GST on specified services under RCM”).

Impact: 24,219

**Level of Impact
:High**

Recommendation:

It is suggested to pay RCM liability along with interest at the earliest.

XII. RCM Payment Vs. RCM Credit Availment

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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

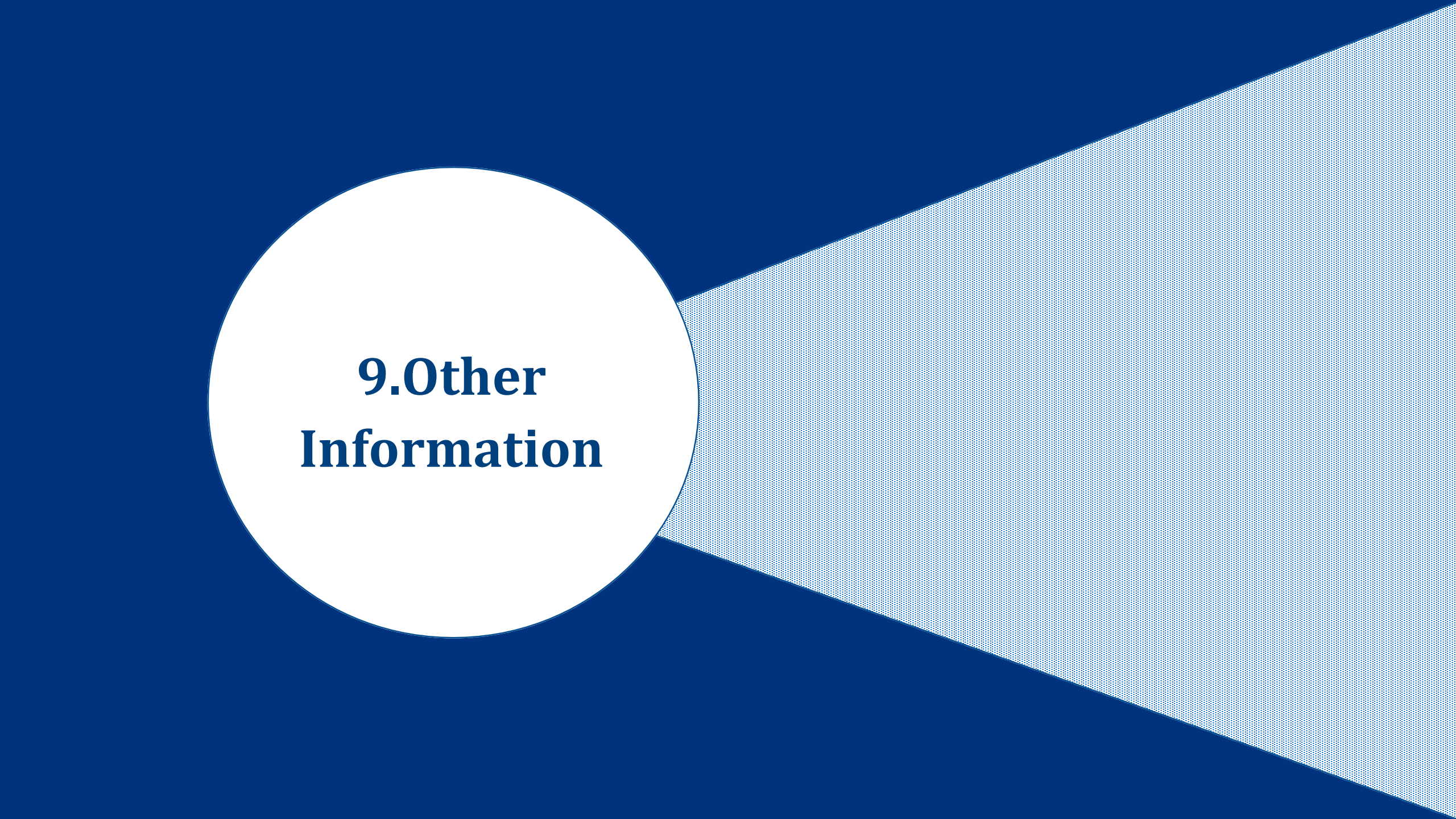
7.Procedural Compliances

No reporting points



8.Systems & Processes

No reporting points



9. Other Information

9.2 Material supplied to contractors should be treated as separate supply

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Observation:

Auditee in few cases, will supplying material to the contractors by debiting them in BOA, which will be fall under the purview of supply as per Sec. 7 of the Act and liable to GST.

Impact:

Non payment of GST will attract interest and penalty.

(Refer annexure of “9.2- GST on material supplied” for details.)

Impact: 39,630/-

***Level of Impact
:Medium***

***Recommendation:
Suggested to disclose
the same in income
group and discharge
GST on the same
amount along with
interest.***

Other Information – Overall Tax compliance

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Month	Total Tax Liability	Paid in Credit	Paid in Cash	Penalty/ Late fee	Interest
Apr-2018	22,80,878	22,80,878	0	0	0
May-2018	22,02,734	21,45,078	0	0	0
Jun-2018	14,40,238	14,40,238	0	0	0
Jul-2018	7,50,038	7,50,038	0	0	0
Aug-2018	18,58,908	18,58,908	0	0	0
Sep-2018	4,500	4,500	0	0	0
Oct-2018	3,06,000	3,06,000	0	0	0
Nov-2018	24,32,612	24,32,612	0	0	0
Dec-2018	12,04,038	12,04,038	0	0	0

Other Information – Overall Tax compliance

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Month	Total Tax Liability	Paid in Credit	Paid in Cash	Penalty/ Late fee	Interest
Jan-2019	12,09,602	12,09,602	0	0	0
Feb-2019	16,12,626	16,12,626	0	0	0
Mar-2019	19,29,932	19,29,932	0	0	0

Balance in Electronic Credit ledger as on 31/03/2019

Rs.23,45,777/-

Balance in Electronic Cash ledger as on 31/03/2019

Rs. 0/-

Other Information – GSTR 3B Return filing status

There is no delay in filing returns.

Other Information – GSTR 1 Return filing status

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Month	Due Date	Date of filing	Delay in days
Apr'18	10-May-18	08-Jun-18	29
Aug'18	10-Sep-18	11-Sep-18	1
Sep'18	10-Oct-18	31-Oct-18	21



10. Compliance with Previous Reports

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

Area	Ref.	Observation	Impact	Current Status
Revenue	4.2	ST shall be paid for the milestones occurred in ST regime and amount received in GST regime.	High	Not complied. Management decision is pending in this regard.
Revenue	4.3	GST needs to be paid on amount collected as interest for delay payment.	Medium	Not complied. Even in current period also auditee collected interest for delay payment of consideration amounts to Rs.1,30,000/- . Amount of GST to be paid is Rs.15,600/- . We suggest auditee to pay GST on interest received along with interest at the earliest. <i>(Refer annexure "10.4.3- GST on interest on delay" for details)</i>

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

Area	Ref.	Observation	Impact	Current Status
Revenue	4.4	GST needs to be paid for the commission received from investors.	High	Not complied. Decision yet to be taken by the management. Commission received in the current audit period amounts to Rs.3,68,423/- . Amount of GST involved in it is Rs.66,316/- . <i>(Refer Annexure "10.4.4-Commission received" for details.)</i>
Revenue	4.5	GST needs to be discharged on legal charges collected from the customers.	Medium	Not complied. Legal charges collected during the audit period amounts to Rs.42,509/- and the amount of GST on the same is Rs.7,652/- . <i>(Refer Annexure "10.4.5-GST on legal charges" for details).</i> It is recommended to pay GST on the legal expenses collected from the customers along with interest.

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

Area	Ref.	Observation	Impact	Current Status
Revenue	4.6	GST needs to be paid on amount received for extra specifications	High	Complied. Auditee has discharged GST on current period specification charges. Even management has decided to pay GST for pervious period amount along with interest.
Revenue	4.7	Refund of service tax can be claimed for cancellation of flats	Medium	Not complied. Management decision is pending in this regard.
Revenue	4.9	VAT collected from the customers needs to be paid to the government.	High	Complied. Auditee has paid VAT collected from customers to the government.(Up to current year)

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

Area	Ref.	Observation	Impact	Current Status
Payment of Tax.	4.10	Interest needs to be paid for delay in payment of taxes	Medium	Not complied. However, management has decided to pay the same.
RCM	4.11	Short payment of GST under RCM on URD procurements	Medium	Not complied. Management decision is pending in this regard.

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

Area	Ref.	Observation	Impact	Current Status
Systems and processes	5.1	1/3rd value claimed as land deduction shall be disclosed in returns	Medium	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.

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

Area	Ref.	Observation	Impact	Current Status
Systems and processes	5.2	Various reconciliations to be maintained	High	Even in current period, certain reconciliation differences were identified w.r.t output and input. The same can be annexed under <i>“10.5.2-Reconciliation”</i> for details.
Systems and processes	5.3	1. Documents issued is not disclosed in the returns. 2. HSN summary is not disclosed in the returns	Low	Partly complied. 1. In current review period documents issued mentioned only for few months. 2. In current review period HSN summary disclosed only for few months
Systems and processes	5.3	Credit notes issued to customer(unregistered) are not disclosed	Low	Not complied.

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

Area	Ref.	Observation	Impact	Current Status
Systems and processes	5.4	Separate series needs to be maintained for the credit notes issued	Low	Not complied. We suggest auditee to maintain a series for the credit notes issued.
Systems and processes	5.4	Receipt vouchers to be issued for advances received.	Medium	Partly complied. Though auditee has issued receipt vouchers, they are not in line with GST rules. We suggest the auditee to raise receipt voucher for advances in accordance with rules specified.
Systems and processes	5.4	Refund vouchers to be issued for the advance refunded at the time of cancellation of flats.	Medium	Not complied. No refund vouchers issued during current period. Hence, we suggest auditee to issue refund vouchers as required.

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

Area	Ref.	Observation	Impact	Current Status
Other information	5.5	Vendor compliance must be ensured	Low	Not complied. Non compliance by vendors in filing returns may result in denial of credit and interest, penalties may attracts to auditee. Hence, we recommend auditee to take appropriate measure to safeguard credit. <i>(Refer annexure '10.5.5- Vendor compliance' for more details.)</i>
Systems and processes.	5.3	Interest received from the employee needs to be disclosed in the returns as exempted supply	Low	Not complied. During the period also auditee has not disclosed the same .

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

Area	Ref.	Observation	Impact	Current Status
Other information	5.6	Data required for annual returns must be captured	Low	Not complied. Explained that the same will be captured at the earliest.
Systems and processes	5.7	System should be in place to avoid early availment of ITC	Medium	Not complied. Auditee has received goods in April'19 but ITC availed in Mar'19 itself. We suggest the auditee to account the invoices as and when they are received but not with date on invoice to avoid such early availment.

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

Area	Ref.	Observation	Impact	Current Status
Systems and processes	5.8	Accounting issues – Improper voucher references	Low	Complied. Presently auditee is not accounting such back date invoices.
Systems and Processes	5.9	Separate ledger needs to be maintained for the GST input and output	Low	Not complied. Management has decided to follow the same from 01.04.2019.
Systems and processes	5.9	Sub-group should be created under flat sales for identifying before OC and after OC	Low	Not complied. Management has decided to follow the same from FY 19-20.

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

Area	Ref.	Observation	Impact	Current Status
Systems and processes	5.9	Proper narrations to be maintained for all the transactions	Medium	Even in current period also, there are no narrations for few transactions and few are not in line with entry passed.
Systems and processes	5.9	Separate ledgers needs to be maintained for the RCM input and output	Low	No single RCM transaction is accounted in current audit period
Systems and processes	5.9	Separate ledgers needs to be maintained for the discounts received and discounts allowed	Low	Only discounts allowed has separate ledger.

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

Area	Ref.	Observation	Impact	Current Status
Systems and processes	5.9	Bill to Bill accounting needs to be done.	Low	Not complied.
Systems and processes	5.9	Separate ledger needs to be maintained for the procurements from composition dealers.	Low	Not complied.
Systems and processes	5.9	Proper grouping of ledgers needs to be done	Low	Not complied. Even current period M/s. Ambe Electricals wrongly considered in debtors.

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

Area	Ref.	Observation	Impact	Current Status
Systems and processes	5.10	Proper computations needs to be maintained.	Low	Not complied. The computations maintained for FY 18-19 are not proper and no clarity on how such amounts are arrived for certain months for filing the returns.
Systems and processes	5.10	GSTIN of the creditors to be updated in Tally and also the correctness of the same to be ensured.	Low	Not complied. GSTIN's of most of the creditors are not maintained in BOA.

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

Area	Ref.	Observation	Impact	Current Status
Systems and processes	5.10	Purchase register needs to be maintained	Low	Not complied.
Systems and processes	5.11	Sites to be added as additional place of business	Low	Not complied. We suggest the auditee amend the registration w.r.t place of business and add the site premises under additional place of business.
Systems and processes	5.12	Proper output invoices needs to be issued for output supplies made.	Low	Not complied. We suggest auditee to issue invoice as per Rule 46.

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

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Area	Ref.	Observation	Impact	Current Status
Systems and processes	5.13	Self invoice needs to be raised for the supplies received under RCM	Low	Not complied.

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

Area	Ref.	Observation	Impact	Current Status
Systems and procedures.	5.16	1. Changes required in GST workings 2. Proper maintenance of departmental correspondence file. 3. MIS must include the information relating to GST	Low	Not complied. 1. In case of auditee, it is difficult to retrieve the source of GST workings and the adjustments made there to. GST workings must be self explanatory with proper notes and links to the base file from where they are taken. 2. It is explained the same will be maintained at the earliest. 3. It is explained the same will be maintained at the earliest.

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

Area	Ref.	Observation	Impact	Current Status
Systems and processes	5.16	Appropriate training to be given to employees in order to comply with law.	Low	Not complied.
Other information	6.1	Cross billing needs to be done for the telephone expenses	Medium	Not complied. During the period auditee received advertisement services and reimbursed to paramount Estates. It is suggested to the auditee to ask the tax invoice in case of cross billing and avail the ITC on the same.

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

Area	Ref.	Observation	Impact	Current Status
Input Tax credit	6.2	ITC availed on provision created needs to be reversed	Medium	Not complied.
Input Tax credit	6.3.1	Ineligible ITC availed needs to be reversed	High	Not complied. Even during current audit period, auditee has availed ineligible credit. Amount of ineligible ITC availed is Rs.66,314/- . <i>(Refer annexure "10.6.3.1 -Ineligible credits" for details)</i>
Input Tax credit	6.3.2	ITC cannot be availed on the purchases made from composition dealer	Low	Not complied. Even in current period auditee has availed on purchases made from composition dealer. <i>(Refer annexure "10.6.3.1-Composition dealer" for details)</i>

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

Area	Ref.	Observation	Impact	Current Status
Other information.	6.5	Appropriate rate to be considered for payment of RCM.	Low	No single RCM transaction is accounted in current audit period.



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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