

Hiregange & Associates
Chartered Accountants

Draft GST Review Report
April'19 – January'20

M/s. Villa Orchids LLP



Private and Confidential



GST Review Report for the period Apr'19 – Jan'20

Hiregange & Associates
Chartered Accountants

Date of Report: 26/03/2020

To

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

Dear Sir/ Madam,

Sub: GST Review Report for the period April 2019 to January 2020
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

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Abbreviations

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Abbreviation	Description
Auditee	M/s Villa Orchids(LLP)
GST	Goods and Services Tax
CN	Credit notes
DN	Debit notes
RCM	Reverse Charge Mechanism
Act	CGST Act, 2017
Rules	CGST Rules, 2017

Abbreviation	Description
GSTIN	GST Identification Number
TOS	Time of Supply
ITC	Input Tax Credit
BOA	Books of Accounts(Tally)
Ref.	Reference
w.r.t	with respect to



**Scope and
Coverage**

Scope of Work

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

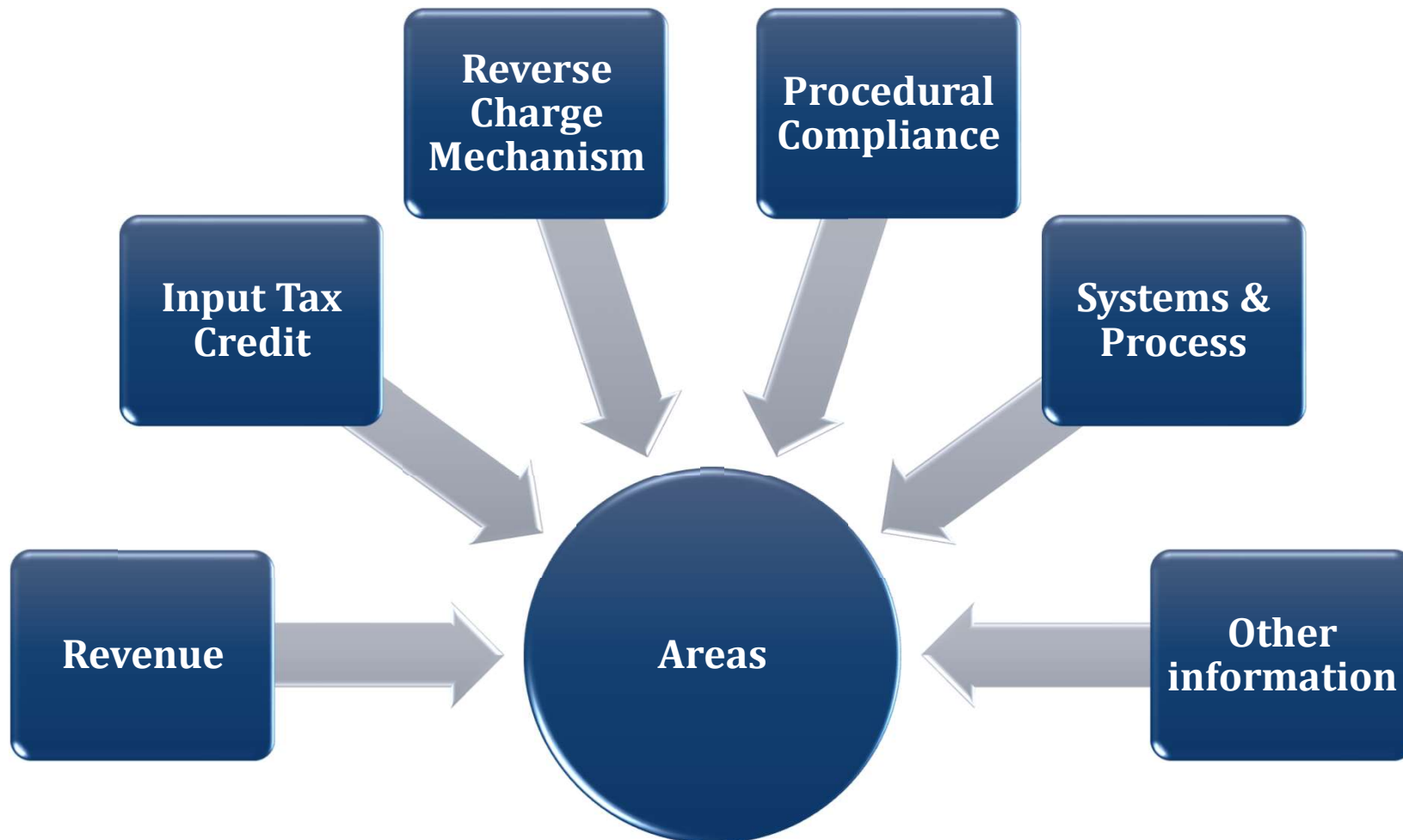
- Test check of books of accounts and other GST records for checking the compliance, reporting the deviation in the system and transactional errors.
- Suggestion on areas of weaknesses; [Verification will be conducted on the sample basis].
- Verification of various streams of income by scrutiny of Books 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 as ‘**Not complied**’.

Areas of Coverage

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3. Executive Summary

3.Executive Summary

Areas	Observations	Point No.	Amount	Level of impact
Revenue	GST to be discharged on rent received	4.3	Rs.75,825/-	High
ITC	Ineligible ITC needs to be reversed.	5.1	Rs.68,775/-	High
Revenue	GST can be adjusted for refund of Extra spect's income	4.2	Rs 64,068./-	High
RCM	GST missed to be paid under RCM on legal and security services received	6.1	Rs. 47,255/-	Medium
Revenue	GST needs to be paid on interest collected from customers for delayed payment	4.1	Rs 30,600./-	Medium



4. Revenue

4.1 GST needs to be paid on interest collected from customers for delayed payment

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Observation:

- ❖ Auditee has received interest from customer in case where customer delayed in payment of consideration.
- ❖ As per sec 15(2)(d) of the Act, any interest or late fess for delayed payment of consideration shall be included in the value of supply and GST shall be paid on the same. Further, in terms of section 13(6) of the Act, GST shall be paid on the date of receipt of such interest.

(Refer Annexure "GST on interest" for more details)

Impact:

- ❖ Non-payment of GST will attract interest and penalty.

Impact: Rs 30,600/-

*Level of Impact:
Medium*

Recommendation:

Discharge GST by disclosing the same in Form GSTR-3B of subsequent month.

4.2 GST can be adjusted for refund of Extra Spect's income

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Observation:

- ❖ Auditee has refunded Extra spect's income received from customer but the reversal entries are passed under "Installment Receivable Exempted" ledger instead of Extra spect's ledger. Further, no GST is adjusted on such refund.
- ❖ In terms of section 34(1) of the Act, credit note adjusting GST liability can be issued only in the following cases:
 - a) Taxable value or tax charged in the invoice is less than the actual value or tax
 - b) Goods supplied are returned
 - c) Services supplied are found to be deficient.
- ❖ Further, GST to the extent of credit notes can be adjusted before September'2020.
(Refer Annexure "Extra spect's refund" for more details)

Impact:

- ❖ Excess payment of GST

Impact: Rs 64,068./-

Level of Impact: High

Recommendation:

Reduce GST pertaining to such refund in subsequent GSTR-3B but before Sep'2020 returns.

4.3 GST to be discharged on rent received

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Observation:

- ❖ Auditee has received rental income of office but no GST has been discharged on the same.
- ❖ As per section 7 of the Act, GST shall be paid on services supplied in the course and furtherance of business and for consideration.

(Refer "Vch No. 284 dated 8.11.19 under ledger SVRC Model Villa/Marketing office rent" for more details)

Impact:

- ❖ Non-payment of GST which also attracts interest @18% p.a.

Impact: Rs.75,825/-

Level of Impact: High

Recommendation:

Discharge GST along with interest through GSTR-3B of subsequent month.

4.4. Short payment of tax on construction services provided

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Observation:

- ❖ Auditee is in practice of discharging GST on achievement on milestones w.r.t. construction services provided.
- ❖ In few cases, it was that milestones are achieved but auditee has not discharged GST on the same. As per section 13 of the Act, GST shall be paid at the earlier
 - a) Issue of invoice/provision of service or
 - b) Receipt of payment.

It was informed such differential GST would be paid through GSTR-3B filed in Jan'2020.

(Refer Annexure "Incorrect milestones" for more details)

Impact:

- ❖ Non-payment of GST which also attracts interest @18% p.a.

Impact: NA

***Level of Impact:
Medium***

Recommendation:

***Discharge GST along
with interest through
GSTR-3B of Jan'2020.***

Reconciliation of Taxable Turnover

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ACCOUNT HEAD	AMOUNT in Rs.
Installment 19-20	8,59,47,706
Extra spect	(27,009)
Total Taxable Income as per Books	8,59,20,700
Total Taxable Income as per GST Returns	8,03,38,232
Difference	55,82,468

It is suggested to reconcile the differences and pay short paid GST (if any) at the earliest.

Reconciliation of BOA vs GSTR 3B (Revenue)

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Month	TAXABLE SUPPLIES			EXEMPT SUPPLIES		
	AS PER BOA	AS PER GSTR-3B	DIFF.	AS PER BOA	AS PER GSTR-3B	DIFF.
Apr'19	99,52,150	99,52,150	-	0	27,677	(27,677)
May'19	1,53,71,456	1,53,71,456	-	4,33,000	3,33,788	99,212
Jun'19	88,42,839	88,42,839	-	36,07,000	35,10,000	97,000
Jul'19	52,77,747	52,77,747	0	32,06,500	31,09,500	97,000
Aug'19	1,23,68,306	1,23,34,726	33,580	61,92,000	61,92,000	-
Sep'19	49,02,700	49,02,900	(200)	29,66,000	-	29,66,000
Oct'19	74,72,589	73,08,181	1,64,408	42,16,500	-	42,16,500
Nov'19	71,49,500	71,49,500	-	0	44,30,000	(44,30,000)
Dec'19	94,18,768	91,98,733	2,20,035	0	-	-
Jan'20	55,95,586	Return not filed	NA	0	-	-
Total	8,63,51,641	8,03,38,232	60,13,409	2,06,21,000	1,76,02,965	30,18,035

It is suggested to reconcile the differences and discharge short paid GST (if any) at the earliest.

Reconciliation of BOA vs GSTR 3B (Tax)

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Month	CGST & SGST			IGST		
	AS PER BOA	AS PER GSTR-3B	DIFF.	AS PER BOA	AS PER GSTR-3B	DIFF.
Apr'19	17,91,387	17,91,387	-	0	0	0
May'19	27,66,862	27,66,862	0	0	0	0
Jun'19	15,91,711	15,91,710	1	0	0	0
Jul'19	9,50,400	9,49,994	406	0	0	0
Aug'19	22,53,492	22,20,250	33,242	0	0	0
Sep'19	8,82,486	8,82,486	-	0	0	0
Oct'19	13,57,510	13,15,472	42,038	0	0	0
Nov'19	12,86,910	12,86,910	-	0	0	0
Dec'19	17,01,630	16,55,772	45,858	0	0	0
Jan'20	10,21,716	Return not filed	NA	0	0	0
Total	1,56,04,104	1,44,60,843	11,43,261	0	0	0

It is suggested to reconcile the differences and discharge short paid GST (if any) at the earliest.

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'19	99,52,150	99,52,150	0	27,677	27,677	-
May'19	1,53,71,456	1,53,71,456	0	3,33,788	3,33,788	-
Jun'19	88,42,839	88,42,839	0	35,10,000	35,10,000	-
Jul'19	52,77,747	52,77,747	0	31,09,500	31,09,500	-
Aug'19	1,23,34,726	1,23,34,726	0	61,92,000	61,92,000	-
Sep'19	49,02,900	49,02,700	200	-	29,66,000	(29,66,000)
Oct'19	73,08,181	73,08,182	0	-	42,16,500	(42,16,500)
Nov'19	71,49,500	71,49,500	0	44,30,000	0	44,30,000
Dec'19	91,98,733	91,98,734	0	-	0	-
Jan'20	-	-	0	-	0	-
Total	8,03,38,232	8,03,38,034	200	1,76,02,965	2,03,55,465	(27,52,500)

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'19	17,91,387	17,91,387	0	0	0	0
May'19	27,66,862	27,66,862	0	0	0	0
Jun'19	15,91,710	15,91,710	0	0	0	0
Jul'19	9,49,994	9,49,994	0	0	0	0
Aug'19	22,20,250	22,20,250	0	0	0	0
Sep'19	8,82,486	8,82,486	0	0	0	0
Oct'19	13,15,472	13,15,472	0	0	0	0
Nov'19	12,86,910	12,86,910	0	0	0	0
Dec'19	16,55,772	16,55,772	0	0	0	0
Jan'20	-	-	0	0	0	0
Total	1,44,60,843	1,44,60,843	0	0	0	0



5. Input Tax Credit

5.1 Ineligible ITC needs to be reversed.

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Observation:

- ❖ Auditee has availed ITC on expenses relating to food, purchase of gold coins, health insurance taken for employees, vehicle hire charges and repairs and maintenance of Yamaha Golf car.
- ❖ As per sec.17(5) of the Act, ITC on the following procurements is not available:
 - a) Food and beverages
 - b) Health insurance
 - c) Hiring of vehicles
 - d) Goods disposed of by way of gift are ineligible.
 - e) Repair and maintenance services relating to passenger motor vehicles having approved seating capacity of 13 or less.

(Refer Annexure "ITC ineligible" for more details)

Impact:

- ❖ Reversal of Ineligible ITC along with Interest.

Impact: Rs.68,775/-

Level of Impact: High

Recommendation:

Reverse ineligible ITC along with interest in subsequent months' GSTR-3B.

5.2 ITC shall be reversed if payment is not made to supplier within 180 days

Observation:

- ❖ Auditee has procured inputs and input services and ITC is also availed on such procurements
- ❖ In few cases, it was observed that auditee has failed to make payment to vendor within 180 days.
- ❖ As per section 16 of the Act, if the payment is not made to supplier within 180 days, ITC shall be reversed. The same can be re-availed when payment is made to supplier.

Few vendors to whom payment is not made within 180 days are Halika Homes Const contract & Homeline Infra Const contracts, kailash pandey, MVR Constructions, Om sai ram.

Impact:

- ❖ Reversal of ITC along with interest

Impact: NA

*Level of Impact:
Medium*

Recommendation:

- ❖ *Reverse ITC in subsequent month GSTR-3B along with interest and re-avail the credit once payment is made to supplier.*
- ❖ *Further system needs to be followed for creditors aging.*

5.3 ITC missed to be availed on few purchases from registered dealers

Observation:

- ❖ Auditee has procured inputs from registered vendors but missed to avail ITC on the same.
- ❖ As per section 16 of the Act, ITC shall be availed on procurements made in the course and furtherance of business and for effecting taxable supplies.
- ❖ Few transactions where ITC is missed are extracted as Annexure.

(Refer Annexure "ITC missed" for more details)

Impact:

- ❖ Non-availment of eligible ITC.

Impact: Rs.984/-
Level of Impact: Low

Recommendation:

- ❖ *Avail ITC in GSTR-3B filed in subsequent month.*

5.4 Common ITC to be reversed to the extent of sale of land

Observation:

- ❖ Auditee is in practice of selling land to customers.
- ❖ As per section 17(2) read with section 17(3) of the Act, sale of land will be considered as part of exempt supply and
 - ❖ ITC specifically used for such land sales would be completely ineligible and
 - ❖ ITC commonly used for land sale and construction services would be proportionately eligible and shall be reverse in the proportion of land sales to total sales.
- ❖ Few common expenses were identified, which are extracted in Annexure.
(Refer Annexure "Common Expenses" for more details)

Impact:

- ❖ Non reversal of ITC will attract interest and penalty.

Impact: Rs. 45,941/-

Level of Impact: High

Recommendation:

- ❖ *Identify specific services towards land sale and reverse complete ITC*
- ❖ *Identify the common services such as legal, audit and reverse ITC in the proportion specified.*

Issues relating to ITC

Observation	Ref.	Impact/Recommendation
Probable ITC is missed in case of procurements made through Happy card	5.5	Auditee is in practice of providing Happy cards to employees which will be used for purchasing goods/material at site. In such cases, auditee is not availing ITC. Suggested to obtain invoice in the name of auditee and avail ITC on procurements made.
ITC to be availed on bank charges	5.6	Auditee is not availing ITC on bank charges. Further, such bank charges are grouped under "Purchases-Exempt". Suggested to re-group the ledger and avail ITC on bank charges henceforth.

Issues relating to ITC

Observation	Ref.	Impact/Recommendation
Proper invoices needs to be obtained from the customers to avoid denial of credit	5.7	<ul style="list-style-type: none">❖ In few cases, auditee has availed ITC on invoices where GSTIN of supplier was missing.❖ ITC can be availed by registered person only if, tax invoice contains all the particulars specified in Rule 46 of CGST Rules, 2017.❖ Obtain revised invoices and to design and implement an internal control system to ensure credit availed on invoice are in accordance with CGST Rules,2017. <p><i>(Refer annexure "Proper invoices" for more details)</i></p> <ul style="list-style-type: none">❖ Few invoices were not provided during the review, eligibility and contents of those invoices is not verified.

ITC Reconciliation Books Vs. GSTR 3B

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Month	ITC(excluding RCM & debit notes)		
	IGST	CGST	SGST
Apr'19	-	4,97,501	4,97,501
May'19	65	2,49,302	2,49,302
Jun'19	-	4,19,286	4,19,286
Jul'19	2,160	6,24,572	6,24,572
Aug'19	-	9,63,974	9,63,974
Sep'19	-	4,56,846	4,56,846
Oct'19	-	3,11,083	3,11,083
Nov'19	-	6,70,228	6,70,228
Dec'19	-	9,10,045	9,10,045
Jan'20	-	-	-
Total ITC as per Returns	2,225	51,02,837	51,02,837
ITC as per Books	8,465	57,76,189	57,76,189
RCM Credit	0	0	0
Total ITC as per Books	8,465	57,76,189	57,76,189
Difference	6,240	6,73,352	6,73,352

It is suggested to avail the missed ITC through subsequent months' GSTR-3B.



**6. Reverse
Charge
Mechanism**

6.1 GST missed to be paid under RCM on legal and security services received

Observation:

- ❖ Auditee has received legal services and security services from Mahendra Security services(a partnership firm). Further, auditee has also received transportation services from Goods Transport Agency(GTA).
- ❖ As per section 9(3) of the Act read with notification No. 13/2017-CTR-GST under RCM shall be paid on legal services, transportation services from GTA and security services received.
- ❖ Further, few services are received where “consultancy charges” is mentioned in narration on which RCM may apply if the nature of such services is legal services.

(Refer Annexure “RCM to be paid” for more details)

Impact:

- ❖ Non-payment of GST under RCM which also attracts interest @18% p.a.

Impact: Rs. 47,255/-

**Level of Impact:
Medium**

Recommendation:

- ❖ **Discharge GST through GSTR-3B of subsequent month.**
- ❖ **Identify exact nature of services received(which are accounted as consultancy charges) and discharge GST at the earliest.**

6.2 Improper rate of GST charged by supplier

Observation:

- ❖ Auditee has received transportation services from Summit Sales LLP who has charged GST @18%.
- ❖ GST shall be paid under RCM @5% on services received from Goods transportation Agency(GTA). However, if GTA has opted to pay @12% under forward charge, then recipient would not be liable to pay GST under RCM in terms of Notification No. 13/2017-CTR dated 28.06.2017.
- ❖ Further, in terms of notification No. 12/2017-CTR as amended from time to time, transportation services received from a supplier other than GTA is exempt.

Impact:

- ❖ No impact

Impact: NA

*Level of Impact:
Medium*

Recommendation:

- ❖ *Ensure that in case where services are received from GTA, GST is either paid under RCM @5% or @12% by such GTA.*
- ❖ *Further, if services are received from person other than GTA, then no GST is charged on such services.*



7. Procedural Compliances

7. Procedural compliances to be made

Observation	Ref.	Impact/Recommendation
Interest received on FD, sale of land shall be disclosed in GST returns	7.1	Auditee has sold land and also received interest on FD but the same have not been disclosed in GST returns as exempt supply. Suggested to disclose the same in Table 3.1(c) of GSTR-3B and Table 8 of GSTR-1. This would also ease out filing of GSTR-9 and GSTR-9C.
ITC availed in GSTR-3B but not reflected in GSTR-2A shall be reversed	7.2	Auditee is not in the practice of reconciling ITC availed in GSTR-3B with that of ITC reflected in GSTR-2A. As per rule 36(4) of CGST Rules, 2017, ITC which is availed in GSTR-3B but not reflected in GSTR-2A shall not exceed 20% (after January-10%). Thus ITC which can be availed is (ITC reflected in GSTR-2A +20%). Suggested to reverse ITC not reflected in GSTR-2A or follow up with the vendors to file GSTR-1 and upload invoices in GSTR-1. <i>(Refer Annexure "ITC not reflected in GSTR-2A" for more details)</i>



8. Systems & Processes

8. Accounting related issues

Observation	Ref.	Impact/Recommendation
Closing balance of CGST and SGST ledger is not matching	8.1	Difference was identified in closing balance of CGST and SGST. Suggested to reconcile the difference and pass necessary entries at the earliest.
Purchases from composition dealers are recorded under Purchases-exempt ledger	8.2	Auditee is in practice of accounting purchases from composition dealers under Purchases-Composition and purchases which are exempted from GST under Purchases-exempt. However, in few cases, it was observed that purchases from composition dealers(viz Priyanka Printers, Gurrala Narendrababu Yadav, Sharada Narabonia on A/c) are recorded under “purchases-Exempt” ledger. Suggested to pass entries under appropriate ledgers to reflect true and fair view of transactions.
Supplier grouped under “Debtors” shall be re-grouped	8.3	Auditee has grouped a supplier named Sri Venkataramana Constructions under Sundry Debtors instead of “Sundry Creditors”. Suggested to re-group at the earliest to avoid mis-interpretations by the department.

8. Accounting related issues

Observation	Ref.	Impact/Recommendation
SGST credited twice instead of CGST in case of purchase returns	8.4	Auditee has returned purchases and ITC availed on such purchases was reversed in BOA. However, credit entry was passed in SGST ledger twice instead of CGST. This has lead to excess reversal of SGST-ITC and non-reversal of CGST-ITC. Suggested to rectify the same at the earliest. <i>(Refer Debit Note No. 10,11,12 dated 31.1.2020 under Group-Purchases for more details)</i>
GST returns for the month of Jan'20 shall be filed	8.5	Auditee has not filed GSTR-1 and GSTR-3B for the month of Jan'20 till date(i.e. 11.02.2020). It is suggested to file such returns along with the interest@18% and late fees at the earliest.
GST payment entry is passed under wrong ledger	8.6	Auditee has paid Rs. 97,428/- CGST+SGST in the month of Oct'19 but such payment entry is recorded under GST ledger instead of CGST and SGST ledger. Suggested to rectify the entry at the earliest to avoid difficulties while filing GSTR-9 and GSTR-9C.

8. Accounting related issues

Observation	Ref.	Impact/Recommendation
Purchase entry(receipt of services) missed to be accounted in BOA	8.7	Auditee has made payment to Ravinder Reddy Gaddam in the month of Nov'19 but the corresponding purchase(services receipt) entry is not recorded in BOA. Suggested to pass entry at the earliest.
Items in suspense A/c to be written off	8.8	Few receipts and payments are accounted under suspense ledger. Suggested to ascertain the nature of receipts/payments and pass under necessary ledgers to avoid mis-interpretations from department.
Differences in HSN table Vs other tables of GSTR-1 shall be reconciled	8.9	Few differences were identified in taxable value and taxes as disclosed in HSN table of GSTR-1 Vs. other tables of GSTR-1. Before filing GSTR 1, suggested to reconcile the HSN table with the other tables to ensure proper disclosure in the returns. <i>(Refer Annexure "HSN differences" for more details)</i>

8. Accounting related issues

Observation	Ref.	Impact/Recommendation
Two ledgers are maintained for recording land sales	8.10	Auditee is in practice of accounting sale of land under two ledgers i.e. "Installment Receivable Exempted" and "Sales exempt". Suggested to record under single ledger to avoid mis-interpretations of department.
Rate wise GST payable and ITC ledgers need to be maintained	8.11	Auditee is in practice of maintaining a single ledger for accounting both GST payable and ITC transactions. Suggested to maintain separate ledgers for GST payable and ITC. Further, such ledgers need to be maintained rate wise to ease out filing of GSTR-9 and GSTR-9C.



**9. Other
Information**

Other Information – Overall Tax compliance

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Month	Total Tax Liability	Paid in Credit	Paid in Cash
Apr'19	17,91,388	17,91,388	0
May'19	27,66,862	27,66,862	0
Jun'19	15,91,710	15,91,310	400
Jul'19	9,49,994	9,49,994	0
Aug'19	22,20,250	22,20,250	0
Sep'19	8,82,486	8,82,486	0
Oct'19	13,15,472	6,81,248	6,34,224
Nov'19	12,86,910	12,86,910	0
Dec'19	16,55,772	16,55,772	0
Jan'20	Return not yet filed		
Total	1,54,82,560	1,38,26,220	6,34,624

Other Information – GSTR 3B Return filing status

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Auditee has filed GSTR-3B belatedly in following months. Suggested to file GST returns within due date to avoid interest cost and unnecessary intervention by the department.

Month	Due Date	Date of filing	Delay in days
Jul'19	22-Aug-19	27-Aug-19	5
Sep'19	20-Oct-19	21-Oct-19	1
Oct'19	20-Nov-19	25-Jan-20	66
Nov'19	23-Dec-19	28-Jan-20	36
Dec'19	20-Jan-20	04-Mar-20	44
Jan'20	22-Feb-20	Not yet filed	Not yet filed

Other Information – GSTR 1 Return filing status

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Auditee has filed GSTR-1 belatedly in following months. Suggested to file GST returns within due date to avoid interest cost and unnecessary intervention by the department.

Month	Due Date	Date of filing	Delay in days
Apr'19	11-May-19	20-May-19	9
Jul'19	11-Aug-19	12-Aug-19	1
Oct'19	11-Nov-19	12-Nov-19	1
Nov'19	11-Dec-19	25-Jan-20	45
Dec'19	11-Jan-20	27-Feb-20	47
Jan'20	11-Feb-20	Not yet filed	-

Other Information

Hiregange & Associates
Chartered Accountants

Balance in Electronic Credit ledger as on 10-03-2020	CGST+SGST- Rs.2,15,448/-
Balance in Electronic Cash ledger as on 10-03-2020	CGST+SGST- Rs.950/-



**10. Compliance
with Previous
Reports**

Previous report non compliance

Period of reporting	Ref.	Observation	Current Status
Jul'17 to Mar'18	5.1	Various reconciliations such as Taxable value, Taxes, ITC as per GSTR-3B Vs BOA Vs GSTR-1 to be maintained. This would ease out filing of GSTR-9 and GSTR-9C.	Not complied.
Jul'17 to Mar'18	5.2.1	Documents issued are not disclosed in the returns. Even in the current review period, auditee has not disclosed in few months. Suggested to disclose to avoid non-compliance of GST provisions.	Not complied.
Jul'17 to Mar'18	5.2.2	Credit notes issued to customer(unregistered) are not disclosed. Even in the current review period, auditee has not disclosed. Suggested to disclose to avoid non-compliance of GST provisions.	Not complied.
Jul'17 to Mar'18	5.2.4	Ineligible ITC was not being disclosed (Eg. Cab charges, food charges). Even in the current review period, auditee has not disclosed. Suggested to disclose to avoid non-compliance of GST provisions.	Not complied.

Previous report non compliance

Period of reporting	Ref.	Observation	Current Status
Jul'17 to Mar'18	5.2.6	HSN summary is not disclosed in the returns. Even in the current review period, auditee has not disclosed in few months. Suggested to disclose to avoid non-compliance of GST provisions.	Not complied.
Jul'17 to Mar'18	5.4	Registration certificate needs to be amended to add new authorized signatory.	Not complied.
Jul'17 to Mar'18	5.5	Site premises needs to be added as additional place of business	Not complied.
Jul'17 to Mar'18	5.7	Self invoice needs to be raised for the supplies received under RCM	Not complied.

Previous report non compliance

Period of reporting	Ref.	Observation	Current Status
Jul'17 to Mar'18	5.8	Vendor compliance must be ensured. Even in the current review period, it was observed that few suppliers have not filed GSTR-3B.	Not complied.
Jul'17 to Mar'18	5.10(a)	Proper receipt vouchers to be issued for advances received. [Ref. Sec 31(2) read with Rule 50]	Not complied.
Jul'17 to Mar'18	5.10(c)	Payment voucher to be issued for the payments made to vendors of RCM transactions	Not complied.
Jul'17 to Mar'18	5.12(b)	Proper maintenance of departmental correspondence file.	Not complied.
Jul'17 to Mar'18	5.14(a)	Liability under reverse charge must be accounted transaction wise	Not complied.

Previous report non compliance

Period	Ref.	Observation	Current Status
Jul'17 to Mar'18	6.1	Credit notes needs to be obtained from the vendor instead of accounting debit notes.	Not complied.
Jul'17 to Mar'18	5.14(d)	ITC ledgers shall be grouped under current assets instead of current liabilities	Not complied.
Jul'17 to Mar'18	5.14(e)	GSTIN of the creditors to be updated in Tally. Also the correctness of the same to be ensured	Not complied.
Jul'17 to Mar'18	5.14(f)	Purchase register needs to be maintained.	Not complied.
Apr'18 to Mar'19	6.1	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. <i>Amount involved Rs.13,306/-.</i>	Not complied.

Previous report non compliance

Period of reporting	Ref.	Observation	Current Status
Apr'18 to Mar'19	4.1	<p>Auditee has considered the sale of villas as sale of land and construction services whereby GST@ 18% was paid on the construction service portion. However, all the documentation such as booking form and AOS is like a sale of villa but not as sale of land + construction services.</p> <p><i>Amount involved Rs.41,30,967/-.</i></p>	Not complied.
Apr'18 to Mar'19	4.2	Milestones for GST payment should be in line with AOS.	Not complied.
Apr'18 to Mar'19	7.2	Clause to be added in agreement relating to refund of GST portion in case of cancellation of villa. It was informed that management's decision is pending in this regard.	Not complied.

Previous report non compliance

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Period	Ref.	Observation	Current Status
Apr'18 to Mar'19	4.3	<p>GST needs to be paid on amount received in excess of milestones. Even in the current review period, auditee has discharged GST on milestone basis and not on receipts.</p> <p>Amount involved: Previous period: in Rs.1,64,77,950/-</p> <p>Current period: Rs. 2,70,90,159/-</p> <p>(Refer Annexure "GST on advances" for more details)</p>	Not complied.
Apr'18 to Mar'19	5.1	<p>Auditee has availed ITC of Rs.9,00,000 (C - 4,50,000, S - 4,50,000) in Sep'18 returns on provisional basis without any invoice/supporting document which will be considered as ineligible credit as per sec 16 of the Act.</p> <p>Amount involved Rs.9,00,000/-</p>	Not complied.

Our Presence

Hiregange & Associates
Chartered Accountants

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