

ACKNOWLEDGEMENT

Sub: Acknowledgement of Show Cause Notice vide C. No. V/01/GST/81/2020-GR. 12 / CIR-1 dated 12th January 2022 issued by ADC, Audit - II Commissionerate.

Ref: GST No. 36ADBFS3288A2Z7

We Acknowledge the receipt of Show Cause Notice No. V/01/GST/81/2020-GR. 12 / CIR-1 dated 12.01.2022 with DIN No. 20220156YS000000ED28 issued by the Additional Commissioner of Audit-II Commissionerate, Hyderabad D No. 1-98 / B / 20 & 21, Sanvi Yamuna Pride, Krithika Layout, Hi-Tech City, Madhapur, Hyderabad – 500081. on 18th January 2022.

Place: Secunderabad
Date: 18th January 2022



(M JAYAPRAKASH)
Sr. Manager – Finance & Accounts

Received

W/Cu
18/01/22

Inspector (Group-12)
Audit-II Commissionerate



OFFICE OF THE COMMISSIONER OF CENTRAL TAX (GST)
AUDIT-II COMMISSIONERATE, HYDERABAD
D.No.1-98/B/20 & 21, SANVI YAMUNA PRIDE, KRITHIKA LAYOUT, HI-TECH
CITY, MADHAPUR, HYDERABAD-500081

E-Mail: group12circle1@gmail.com

C.NO. V/01/GST/81/2020-GR.12/CIR-I

DATED: 12.01.2022

DIN: 2022015675000000ED28

SHOW CAUSE NOTICE

Sub: - GST - Short/Nonpayment of GST and irregular Input Tax Credit (ITC) taken during the period from July, 2017 to March, 2019 in terms of the provisions of the CGST Act, 2017 by M/s. SILVER OAK VILLAS LLP, Secunderabad, GSTIN: 36ADBFS3288A2Z7- Issue of Show Cause Notice - Reg.

M/s. SILVER OAK VILLAS LLP, 2nd Floor, U-22, 5-4-187/3 and 4, Soham Mansion, M.G. Road, Secunderabad-500 003, Telangana (hereinafter called "the taxpayer") are engaged in the business of supply of Construction of Residential Complex Service falling under SAC 995411 of GST Tariff of India and holders of GSTIN: 36ADBFS3288A2Z7 with effect from 09.08.2017. The taxpayer has filed GST Returns including Annual returns for the year 2017-18 (August, 2017 to March, 2018) and 2018-19.

Audit on the GST accounts of the taxpayer has been conducted by Group-12, Circle-I of Audit-II Commissionerate for the year 2017-18 & 2018- and following objections were raised vide the Final Audit Report No.707/2020-21-GST dated 11.06.2021.

1. Short payment of GST on Construction Service during the period 2017-18 and 2018-19:

During the course of Audit on verification of the GSTR-3B returns of the taxpayer, it has been observed that the taxpayer has paid GST @ 12% on Construction of Residential Complex Service instead of @18% as detailed below:

2017-18										
Month	Taxable Value (Rs.)	GST paid @12%			GST payable @ 18%			Differential GST payable		
		CGST (Rs.)	SGST (Rs.)	Total GST paid (Rs.)	CGST (Rs.)	SGST (Rs.)	Total GST Payable (Rs.)	CGST (Rs.)	SGST (Rs.)	Total GST payable (Rs.)
Dec-17	1322250	79335	79335	158670	119003	119003	238005	39668	39668	79335
Feb-17	4300000	258000	258000	516000	387000	387000	774000	129000	129000	258000
Mar-18	2522500	151350	151350	302700	227025	227025	454050	75675	75675	151350
Total	8144750	488685	488685	977370	733028	733028	1466055	244343	244343	488685

2018-19										
Month	Taxable Value	GST paid @12%			GST payable @ 18%			Differential GST payable		
		CGST	SGST	Total GST paid	CGST	SGST	Total GST	CGST	SGST	Total GST payable (Rs.)
Apr-18	2284000	137040	137040	274080	205560	205560	411120	68520	68520	137040
May-18	2040000	122400	122400	244800	183600	183600	367200	61200	61200	122400
Jun-18	1523000	91380	91380	182760	137070	137070	274140	45690	45690	91380
Aug-18	2113500	126810	126810	253620	190215	190215	380430	63405	63405	126810
Sep-18	10298438	617906	617906	1235813	926859	926859	1853719	308953	308953	617906
Oct-18	10448438	626906	626906	1253813	940359	940359	1880719	313453	313453	626906
Total	28707376	1722443	1722443	3444885	2583664	2583664	5167328	861221	861221	1722443

From the above table it is observed that the Tax payer short paid the GST of Rs. 22,11,128 / (CGST: Rs. 11,05,564/- + SGST: Rs. 11,05,564/-) by adopting wrong rate of GST @ 12% instead of 18% and thus contravening Sec. 39 of CGST Act, 2017 read with Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 as amended.

As per the GST Tariff heading the Construction of Residential Complex Services falls under Chapter Heading (SAC) 995411 and attracts 18% GST. Further, as Per Sl. No. 3 (1) of Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 as amended, the GST rate prescribed for Construction of Residential Complex Service is 18%, which is re-produced here under:

Sl No	Chapter, Section or Heading	Description of Service	Rate (per cent.)	Condition
(1)	(2)	(3)	(4)	(5)
2	Section 5	Construction Services		
3	Heading 9954 (Construction services)	(i) 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. (Provisions of paragraph 2 of this notification shall apply for valuation of this service)	9	--

From the above it appears that the Tax payer is short paid GST to the tune of Rs. 22,11,128 /- (CGST: Rs. 11,05,564/- + SGST: Rs. 11,05,564/-) for the Financial year 2017-18 (July, 17 to March, 18) and F.Y. 2018-19 which is recoverable u/s 74 (1) of CGST Act, along with applicable interest and penalty.

2. Non-payment of GST under RCM on Brokerage/Commission paid to unregistered persons under Section 9(4) of CGST Act, 2017:

During the course of audit on scrutiny of GST Returns with Balance Sheet and Ledgers it is observed that the taxpayer has paid Brokerage /Commission to unregistered persons to the tune of Rs. 12,37,734/- during the period for the period 01.07.2017 to 12.10.2017 as per Section 9(4) of CGST Act, 2017 read with Notification No.8/2017-Central Tax (Rate) dated 28.06.2017. The GST Rs. 2,22,792/- is payable under RCM as detailed below:



OFFICE OF THE COMMISSIONER OF CENTRAL TAX (GST)
AUDIT-II COMMISSIONERATE, HYDERABAD
D.No.1-98/B/20 & 21, SANVI YAMUNA PRIDE, KRITHIKA LAYOUT, HI-TECH
CITY, MADHAPUR, HYDERABAD-500081
E-Mail: group12circle1@gmail.com
C.NO. V/01/GST/81/2020-GR.12/CIR-I
DIN: 20220156Y5000000ED28

DATED: 12.01.2022

SHOW CAUSE NOTICE

Sub: - GST – Short/Nonpayment of GST and irregular Input Tax Credit (ITC) taken during the period from July, 2017 to March, 2019 in terms of the provisions of the CGST Act, 2017 by M/s. SILVER OAK VILLAS LLP, Secunderabad, GSTIN: 36ADBFS3288A2Z7 – Issue of Show Cause Notice – Reg.

M/s. SILVER OAK VILLAS LLP, 2nd Floor, U-22, 5-4-187/3 and 4, Soham Mansion, M.G. Road, Secunderabad-500 003, Telangana (hereinafter called "the taxpayer") are engaged in the business of supply of Construction of Residential Complex Service falling under SAC 995411 of GST Tariff of India and holders of GSTIN: 36ADBFS3288A2Z7 with effect from 09.08.2017. The taxpayer has filed GST Returns including Annual returns for the year 2017-18 (August, 2017 to March, 2018) and 2018-19.

Audit on the GST accounts of the taxpayer has been conducted by Group-12, Circle-I of Audit-II Commissionerate for the year 2017-18 & 2018- and following objections were raised vide the Final Audit Report No.707/2020-21-GST dated 11.06.2021.

1. Short payment of GST on Construction Service during the period 2017-18 and 2018-19:

During the course of Audit on verification of the GSTR-3B returns of the taxpayer, it has been observed that the taxpayer has paid GST @ 12% on Construction of Residential Complex Service instead of @18% as detailed below:

2017-18										
Month	Taxable Value (Rs.)	GST paid @12%			GST payable @ 18%			Differential GST payable		
		CGST (Rs.)	SGST (Rs.)	Total GST paid (Rs.)	CGST (Rs.)	SGST (Rs.)	Total GST Payable (Rs.)	CGST (Rs.)	SGST (Rs.)	Total GST payable (Rs.)
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Mar-18	2522500	151350	151350	302700	227025	227025	454050	75675	75675	151350
Total	8144750	488685	488685	977370	733028	733028	1466055	244343	244343	488685

Month	Value (Rs.)	CGST @9%	SGST @ 9%	Total GST payable (Rs.)
Jul-17	5500	495	495	990
Aug-17	30755	2768	2768	5536
Sep-17	1201479	108133	108133	216266
TOTAL	1237734	111396	111396	2,22,792

Tax liability vests on the taxpayer under RCM on purchases from un-registered dealers in terms of Section 9 (4) of the CGST Act, 2017, which prescribes as follows:

“9. Levy and collection. —

(4) [The Government may, on the recommendations of the Council, by notification, specify a class of registered persons who shall, in respect of supply of specified categories of goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such supply of goods or services or both, and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to such supply of goods or services or both”

Therefore, the amount of GST of Rs.2,22,792/-, along with applicable interest and penalty is recoverable from the taxpayer under Section 74 (1) of the CGST Act, 2017.

3. Interest on delayed payment of GST (cash portion) due to delay in filing of GSTR-3B Return for the month of August, 2017:

On verification of GSTR-3B Returns filed by the taxpayer, it is observed that there is a delay of 24 days in filing of GSTR-3B return for the month of August, 2017 in which GST of Rs. 77,000/- paid through cash. Thus there is a delay in cash payment of GST by 24 days on which interest @ 18% works out to Rs. 9,11/-, which is recoverable under Section 50 of the CGST Act, 2017.

Section 50. 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:

Rate of interest prescribed @18% for Sub-section (1) of section 50 of the CGST Act, 2017 vide Notification No.13/2017 – Central Tax, dated the 28th June, 2017

Therefore, the taxpayer is required to pay the interest of Rs.911/- under the provisions Section 50 of the CGST Act, 2017 and Penalty as applicable under the provisions of Section 125 (5) of the CGST Act, 2017.

4. Short payment of GST as per the Turnover declared in GSTR-9/9C for the F.Y. 2017-18 and F.Y. 2018-19:

During course of Audit on verification of Annual Returns i.e. GSTR-9/9C, it is observed that the Turnover declared for the F.Y. 2017-18 is Rs. 13,38,80,112/- as per GSTR-9C and for the FY 2018-19 Rs. 17,11,97,264/- as per GSTR-9. Further on verification of GSTR-3B, it is noticed that there is a short of GST to the tune of Rs. 2,13,74,199/-, The details of short payment are shown as under:

Amt. (in Rs.)											
F.Y	Turnover as per GSTR-9/9C	Taxable value i.e 2/3rd of Turnover	GST payable @ 18%			GST paid as per GSTR-3B			GST short paid		
			CGST	SGST	TOTAL GST	CGST	SGST	TOTAL GST	CGST	SGST	TOTAL GST
a	b	c	d	e	f	g	h	i	(d-g)	(e-h)	(f-i)
2017-18	133880112	89253408	8032807	8032807	16065613	488685	488685	977370	7544122	7544122	15088243
2018-19	171197264	114131509	10271836	10271836	20543672	7128858	7128858	14257716	3142978	3142978	6285956
TOTAL		203384917			36609285			15235086			21374199

As per the Para-2 of Notification No.11/2017-Central Tax (Rate) dated 28.06.2017, the taxable value for the Construction of Residential Complex Service is (CRCS) 2/3rd of Gross value received.

Para-2 of Notification No.11/2017-Central Tax (Rate) dated 28.06.2017 is reproduced hereunder:

2. In case of supply of service specified in column (3) of the entry at item (i) against serial no. 3 of the Table above, involving transfer of property in land or undivided share of land, as the case may be, the value of supply of service and goods portion in such supply shall be equivalent to the total amount charged for such supply less the value of land or undivided share of land, as the case may be, and the value of land or undivided share of land, as the case may be, in such supply shall be deemed to be one third of the total amount charged for such supply.

Explanation. – For the purposes of paragraph 2, “total amount” means the sum total of, -

- (a) consideration charged for aforesaid service; and
- (b) amount charged for transfer of land or undivided share of land, as the case may be.

In view of the above, the taxpayer is liable to pay total Rs. 2,13,74,200/- (CGST: Rs.75,44,122/- & SGST: Rs. 75,44,122/-) for the F.Y. 2017-18 and CGST: Rs.31,42,978/- & SGST: Rs. 31,42,978/- for the F.Y. 2018-19 towards GST short paid as detailed in table above under Section 74 of CGST Act, 2017 along with applicable interest and penalty.

5. Non-payment of Interest on Irregular ITC of Rs. 45,73,392/- availed and reversed:

During the audit, it is observed that excess ITC amount of Rs.45,73,392/- availed in the month of August, 2018 and reversed the same in September, 2018. The taxpayer has not paid the applicable interest on the same. The taxpayer is liable to pay interest @18% which works out Rs. 68,600/- on irregular ITC amount of Rs.45,73,392/- availed and reversed later as above. Therefore, the taxpayer is required to pay the same along with interest under Section 50 on irregular ITC availed along with penalty under section 125 (5) of the CGST Act, 2017.

Section 50. 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:

Rate of interest prescribed @18% for Sub-section (1) of section 50 of the CGST Act, 2017 vide Notification No.13/2017 - Central Tax, dated the 28th June, 2017

6. Irregular ITC of Rs. 18,73,254/- availed for the F.Y. 2018-19 which is Difference between GSTR-3B vs GSTR-2A)

During the course of audit, on comparison of ITC availed by the Tax payer in GSTR-3B with the ITC available in GSTR-2A it is observed that the Tax payer have availed excess ITC which is not reflected in GSTR-2A to the tune of Rs. 18,73,254/- (CGST Rs. 9,36,627/- + SGST Rs. 6,36,627/-) during the year 2018-19 which is recoverable u/s 74 (1) of CGST Act, 2017 along with interest and penalty. The details are as below:

Year	Description	IGST	CGST	SGST	TOTAL
2018-19	GSTR-3B>Returns ITC claimed	27869	10503593	10503593	21035055
2018-19	Dynamic data as per GSTR-2A Returns as on 10-12-2021	1143796	6939027	6939027	15021850
2018-19	Difference (Between Dynamic GSTR-2A with GSTR-3B Returns ITC claimed)	1115927	-3564566	-3564566	-7129132
2018-19	Reversed in GSTR-3B Return against Table-4B(2) in the month of Sept-2017	0	2627939	2627939	5255878
2018-19	Excess Claim in FY-2018-19	0	936627	936627	1873254

In terms of Section 16(2) of the CGST Act, 2017 stipulates conditions for availing ITC by the Registered person. Section 16(2) as existing during the material period is reproduced below:

(2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,-

(a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;

(b) he has received the goods or services or both.

Explanation.-For the purposes of this clause, it shall be deemed that the registered person has received the goods where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;

(c) subject to the provisions of section 41, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and

(d) he has furnished the return under section 39:

As per Rule 36 which prescribes the documentary requirements and conditions for claiming input tax credit.-

(1) The input tax credit shall be availed by a registered person, including the Input Service Distributor, on the basis of any of the following documents, namely,-

(a) an invoice issued by the supplier of goods or services or both in accordance with the provisions of section 31;

(b) an invoice issued in accordance with the provisions of clause (f) of sub-section (3) of section 31, subject to the payment of tax;

(c) a debit note issued by a supplier in accordance with the provisions of section 34; (d) a bill of entry or any similar document prescribed under the Customs Act, 1962 or rules made thereunder for the assessment of integrated tax on imports;

(e) an Input Service Distributor invoice or Input Service Distributor credit note or any document issued by an Input Service Distributor in accordance with the provisions of sub-rule (1) of rule 54.

(2) Input tax credit shall be availed by a registered person only if all the applicable particulars as specified in the provisions of Chapter VI are contained in the said document, and the relevant information, as contained in the said document, is furnished in FORM GSTR-2 by such person

In view of the above provisions, it is seen that ITC can be availed by a registered taxpayer only if all applicable particulars specified in the Tax Invoice (under Chapter VI of the Rules, *ibid*) are furnished in the Form GSTR-2A of the taxpayer.

When the supplier files GSTR -1 Return in any particular month disclosing his sales, the corresponding details are captured in the GSTR - 2A of the recipient. Hence, the amount of ITC available as disclosed in Table 4A must match with tax details disclosed in Form GSTR - 2A. It is important to reconcile Form GSTR - 3B and Form GSTR - 2A. The excess Input Tax credit mentioned at para-(vi)(a) is not appearing in the GSTR 2 A of the Tax payer for the relevant period. Hence, it appears that the supplier of the recipient has not paid the tax to the Government to that extent of the amount not appearing in the GSTR 2A.

Hence, it appears that the tax-payer is not eligible for ITC of **Rs.18,73,254/-** (Rs.9,36,627/- of CGST, Rs9,36,627/- of SGST) and same is recoverable under Section 74 (1) of CGST Act along with applicable interest and penalty.

7. Invocation of extended period alleging suppression of facts:

The provisions for invoking extended period of limitation due to suppression etc., are prescribed under Section 74 (1), 74 (5) to 74 (7) of the CGST Act, 2017 as under:

74. Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilized by reason of fraud or any willful-misstatement or suppression of facts. —

(1) Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilized by reason of fraud, or any willful-misstatement or suppression of facts to evade tax, he shall serve notice on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilized input tax credit, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty equivalent to the tax specified in the notice.

(5) The person chargeable with tax may, before service of notice under sub-section (1), pay the amount of tax along with interest payable under section 50 and a penalty equivalent to fifteen per cent. of such tax on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment.

(6) The proper officer, on receipt of such information, shall not serve any notice under sub-section (1), in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder.

(7) Where the proper officer is of the opinion that the amount paid under sub-section (5) falls short of the amount actually payable, he shall proceed to issue the notice as provided for in sub-section (1) in respect of such amount which falls short of the amount actually payable.

8. Factors for alleging the suppression etc., and consequential penalties:

The above issues of non- payment Tax/non-reversal of ITC on the issues at Para-2(i) to 2(vi) came to light only during audit of the taxpayers' records by the Department. The subject issue was never intimated to Department nor sought for clarification from the Department. It is also observed that the taxpayer has not reflected such tax liability correctly in any of the statutory returns and further have filed the Annual Return GSTR-9 or GSTR-9C without taking cognizance of the RCM. While filing GSTR-9C for the year 2017-18 & 2018-19, the taxpayer has not discharged tax liability there being differences between actual turnover and the turnover reflected in the GST returns. Hence the Department was not in the knowledge of the subject issue prior to the conduct of Audit. This non-payment

therefore appears to be a deliberate avoidance or evasion of tax on the part of the taxpayer.

Further, the taxpayer cannot claim ignorance in as much as they are operating under GST for nearly 4 years. Since the taxpayer has been registered with the department for many years, it can be reasonably assumed that they are well versed with the provisions of the law. In the regime of self-assessment under Section 59 of the CGST Act, 2017, greater responsibility and trust is placed on the taxpayer to correctly assess, pay and declare the tax liability. In doing so, it appears that they have suppressed these facts, which have seen the day of light only during verification of records by the Departmental officers. Whereas the taxpayer has agreed to the first three objections, but did not care to pay the amounts involved. Later, their letter dated 07.09.2021 wherein the taxpayer stated that they are not in agreement with the objections and invited a Show Cause Notice on the objections which they want to contend, is a clear mis-representation and mis-statement on the part of the taxpayer which is nothing but reflects their intention to evade GST.

All these actions/inactions indicate that the taxpayer has suppressed the facts with intent to evade the interest penalty as applicable. Therefore, this is a fit case for demanding the duty from the taxpayer by invoking extended period in terms of Section 74(1) of the CGST Act, 2017 along with the applicable interest in terms of Section 50(1) of the CGST Act, 2017. Further, it appears that the taxpayer is liable for a penalty in terms of Section 74 (1) of the CGST Act, 2017.

9. In view of the foregoing M/s. SILVER OAK VILLAS LLP, 2nd Floor, U-22, 5-4-187/3 and 4, Soham Mansion, M.G. Road, Secunderabad-500 003, Telangana are hereby required to show cause to the Joint/ Additional Commissioner of Central Tax & GST, Secunderabad GST Commissionerate, GST Bhavan, L.B. Stadium Road, Basheerbagh, Hyderabad within thirty (30) days of receipt of this notice as to why:

- (i). An amount of **Rs.22,11,128/-** (Rupees Twenty Two Lakhs Eleven Thousand One Hundred and Twenty Eight only) (CGST: Rs.2,44,343/- + SGST: Rs.2,44,342/- totaling Rs.4,88,685/- for the year 2017-18 and CGST Rs. 8,61,221 + SGST Rs. 8,61,222/- Rs.17,22,443/- for the year 2018-19) towards GST short paid as explained in para 1 supra should not be demanded from the taxpayer under Section 74 (1) of the CGST Act, 2017;
- (ii). An amount of **Rs.2,22,792/-** (Rupees Two Lakhs Twenty Two Thousand Seven Hundred and Ninety Two only) [CGST: Rs.1,11,396/- (+) SGST: Rs.1,11,396/-] towards GST short paid under RCM during the F.Y. 2017-18 as explained in para 2 supra should not be demanded under Section 74 (1) of the CGST Act, 2017

- (iii). An amount of **Rs.911/-** (Rupees Nine Hundred and Eleven Only] towards Interest on delayed payment of GST as explained at para 3 supra should not be demanded in terms of Section 50 of the CGST Act, 2017;
 - (iv). An amount of **Rs.2,13,74,199/-** (Rupees Two Crore Thirteen Lakhs Seventy Four Thousand One Hundred and Ninety Nine Only) (CGST: Rs.1,06,87,100/- (+) SGST: Rs. 1,06,87,100/-) towards GST short paid during the F.Y. 2017-18 and F.Y. 2018-19 as explained at para 4 supra should not be demanded from the taxpayer in terms of Section 74 (1) of the CGST Act, 2017;
 - (v). An amount of Rs. 68,600/- (Rupees Sixty Eight Thousand and Six Hundred Only towards the interest payable on irregularly availed ITC of Rs.45,73,392/- as explained at para 5 supra should not be demanded from them under Section 50 of the CGST Act, 2017;
 - (vi). An amount of Rs.18,73,254/- (CGST: Rs.9,36,627/- (+) SGST: Rs.9,36,627/-) as explained at para 6 supra, being the irregular ITC availed during the FY 2018-19 should not be demanded in terms of Section 74 (1) of the CGST Act, 2017;
 - (vii). Interest as applicable terms of Section 50 of the CGST Act, 2017 should not be demanded on the tax amounts proposed to demand at Sl.No.(i) (ii), (iv) and (vi) above;
 - (xvi). Penalty equal to amount demanded at Sl. No.(i) (ii), (iv) and (vi) above should not be imposed on the taxpayer in terms of Section 74 (1) of the CGST Act, 2017; However, the taxpayer has the option to pay the reduced penalty of 25% in terms of Section 74 (8) of the CGST Act, 2017 subject to the condition that *if the said tax along with interest payable under section 50 within thirty days of issue of this notice;*
 - (xiii). Penalty as applicable under Section 125 (5) of the CGST Act. 2017 should not be imposed on them on the proposed demands at Sl. No (iii) and (v) above;
10. The taxpayer is required to produce at the time of showing cause, all the evidence upon which they intend to rely in support of their defense in their written reply to the Show Cause Notice. They are further required to state in their written reply whether they wish to be heard in person before the case is adjudicated. If they do not reply to the Show Cause Notice within the stipulated period or if they do not indicate their wish for a personal hearing or if they do not appear when the case is posted for personal hearing, it would be construed that they do not have anything to state in their defense and the case will be decided based on the merits available on the records.

11. This Show Cause Notice is issued without prejudice to any other action that may be initiated or has already been initiated against the taxpayer under the CGST Act, 2017 or the Rules made thereunder or under any other law for the time being in force and enforceable in India.

12. Reliance for issue of this notice is based on the following (available with the taxpayer):

- (i) Audited Financial Statements and Expenditure Ledgers for the period from 01.07.2017 to 31.03.2019;
- (ii) GST Returns for the period from July, 2017 to March, 2019;
- (iii) Annual Returns in Form GSTR-9 & GSTR-9C for the years 2017-18 filed by the taxpayer;


12/1/2022
ADDITIONAL COMMISSIONER
AUDIT-II COMMISSIONERATE.

To
M/s. SILVER OAK VILLAS LLP,
2nd Floor, U-22, 5-4-187/3 and 4,
Soham Mansion, M.G. Road,
Secunderabad-500 003, Telangana

Copy submitted to:

- 1) Joint/Additional Commissioner of Central Tax & GST, Secunderabad GST Commissionerate, GST Bhawan, L.B. Stadium Road, Hyderabad 500 003 **(Adjudicating Authority)**.
- 2) The Assitant/ Deputy Commissioner of Central Tax, Secunderabad GST Division, Secunderabad GST Commissionerate, Salike Senate, D. No. 2-4-416 and 417, Ramgopalpet, Secunderbad- 500 003
- 3) The Superintendent of Central Tax, Ramgopalpet-III CGST Range, Secunderabad GST Division, Secunderabad GST Commissionerate, Salike Senate, D. No. 2-4-416 and 417, Ramgopalpet, Secunderbad- 500 003
- 4) Master copy / file copy / spare copy.