SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India

for the period ended March 2024

Government of Haryana
Report No. 5 of 2026
(Compliance Audit - Revenue)

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2024 has been prepared for submission to the Governor of the State of Haryana under Article 151 of the Constitution of India.

The Report contains significant findings of audit of receipts and expenditure of major revenue earning departments under Revenue Sector conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those which came to notice in the course of test audit during the year 2023-24 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2023-24 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Report contains 21 audit paragraphs, relating to non/short levy of taxes, interest, stamp duty, non/short realisation of motor vehicle tax etc., one Subject Specific Compliance Audit (SSCA) on Works Contract/Construction services under Goods and Services Tax with revenue implications of ₹ 509.22 crore.

Chapter-1

General

The revenue receipts of the State increased by 49.30 *per cent* during the period 2019-20 to 2023-24. State's own tax revenue increased by 69.32 *per cent*, the grants-in-aid from Government of India (GoI) decreased by 20.59 *per cent* and the share of net proceeds of divisible Union taxes and duties increased by 73.60 *per cent* during the same period. During the year 2023-24, the revenue raised by the State Government (₹ 80,614.12 crore) was 79.57 *per cent* of the total revenue receipts. The balance 20.43 *per cent* of the receipts during the year 2023-24 was from the GoI as State's share of net proceeds of divisible Union taxes and duties and of grants-in-aid.

(Paragraph 1.1.1)

Test check of the records of 143 units pertaining to Sales Tax/Value Added Tax, Stamp Duty and Registration fee, Excise and Transport conducted during the year 2023-24 revealed under assessment/short levy of tax/loss of revenue aggregating to ₹ 998.85 crore in 7,144 cases. During the course of the year, the Departments concerned acknowledged under assessment and other deficiencies of ₹ 814.62 crore involved in 5,769 cases. The departments recovered ₹ 0.24 crore in 41 cases during the year 2023-24 of which 41 cases amounting to ₹ 0.20 crore pertain to earlier years.

(Paragraph 1.10)

Chapter-2

State Excise/ Taxes/Value Added Tax on sales, trade

Subject Specific Compliance Audit on Works Contract/Construction services under Goods and Services Tax revealed instances of incorrect availing of exemptions and concessional rates, and non-payment of tax on advances and fixed assets and short payment of interest cumulatively leading to compliance irregularities of ₹ 389.07 crore. Further, granular records of 18 cases out of 30 taxpayers were not produced to audit due to which identified risks relating to irregular/mismatch of ₹ 37.69 crore in ITC availment and undischarged tax liability could not be examined in detail by Audit. Audit also observed instances of improper scrutiny, which had resulted in short payment of tax, suppression of turnover, mismatch of ITC and short levy of interest in functional audits, amounting to ₹ 4.83 crore.

Recommendations

The Government may consider instituting a mechanism for obtaining and providing granular taxpayer records to Audit, ensuring strict application of the provisions of Acts and Rules by all the concerned tax authorities in respect of works contract/construction services, ensuring that the Department verify the correctness of the returns, ITC availed and initiating suitable action on discrepancies or inconsistencies reflected in the returns.

(Paragraph 2.3)

The Assessing Authority, while finalising the assessment did not verify details of sales of five dealers with reference to closing stock resulting in non levy of tax of ₹ 6.67 crore.

(Paragraph 2.4)

The Assessing Authority, while finalising the assessments, applied lower rate of tax than the applicable rate of tax on sale of goods, resulting in under assessment of tax of ₹ 3.31 crore besides interest of ₹ 2.47 crore was also leviable.

(Paragraph 2.5)

The Assessing Authorities, while finalising the assessments, allowed concessional rate of tax without verification of statutory forms, resulting in under assessment of tax of ₹ 0.98 crore. In addition, penalty of ₹ 2.93 crore was also leviable.

(Paragraph 2.6)

The Assessing Authorities, allowed benefit of input tax credit without verification which resulted in incorrect grant of ITC of ₹ 2.32 crore, including penalty.

(Paragraph 2.7)

The Assessing Authorities allowed concessional sale to three dealers against VAT D-1 issued to ineligible dealers, resulting in under assessment of tax amounting to ₹ 2.16 crore.

(Paragraph 2.8)

Chapter-3

Stamp Duty

Stamp duty and registration fee of ₹ 49.60 crore was levied in 266 deeds, using the rates for agricultural land, however, land records (*Jamabandis*), revealed that those were residential, commercial or industrial plots/lands. This led to a short realisation of ₹ 34.08 crore of stamp duty and registration fee.

(Paragraph 3.3)

Misclassification/undervaluation of collaboration agreements in 59 cases, resulting in short levy of stamp duty and registration fee of ₹ 30.65 crore.

(Paragraph 3.4)

In 53 instruments, documents of mortgage were registered wherein the stamp duty/registration fee was either under charged or not charged at all which resulted into non-levy of stamp duty and registration fee of ₹ 9.43 crore. Further, in case of 10 instruments, misclassification of simple mortgage documents resulted into short levy of stamp duty and registration fee of ₹ 50.27 lakh. Thus, there was non/short levy of stamp duty and registration fee of ₹ 9.93 crore.

(Paragraph 3.5)

24 compromise decrees which were not bonafide, were registered by charging nominal stamp duty and registration fee resulted in irregular exemption of stamp duty and registration fee of ₹ 4.90 crore.

(Paragraph 3.6)

Registering Authorities while registering 32 exchange lands, levied stamp duty and registration fee of ₹ 16.10 lakh, however, stamp duty and registration fee of ₹ 1.92 crore was leviable as the exchange of land fell in different revenue estates or residential land. This resulted in short levy of stamp duty and registration fee of ₹ 1.76 crore.

(Paragraph 3.8)

Irregular remission of stamp duty in 21 instruments of transfer deeds executed in favour of persons other than blood relations, resulted in loss of revenue of ₹ 99.55 lakh to the State exchequer.

(Paragraph 3.9)

Registering Authorities incorrectly assessed prime *khasra* land at normal rates fixed for agricultural land, resulting in short levy of stamp duty of ₹ 28.54 lakh.

(Paragraph 3.10)

Chapter-4

Taxes on Vehicles

Non-observance of the financial rules by the Controlling Officer in Regional Transport Authority, Panchkula resulting in suspected misappropriation of Government money of ₹ 5.43 crore.

(Paragraph 4.3)

Chapter 1
General

CHAPTER-I: GENERAL

1.1 Trend of revenue receipts

1.1.1 A snapshot of tax and non-tax revenue raised by the Government of Haryana, State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from Government of India (GoI) during the year 2023-24 and the corresponding figures for the preceding four years are depicted in **Table 1.1**.

Table 1.1: Trend of revenue receipts

(₹ in crore)

Sr. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24[1]
1.	**Revenue raised by the State Government**					
	Tax revenue	42,824.95	41,913.80	53,377.16	62,960.80	72,511.12
	Non-tax revenue	7,399.74	6,961.49	7,394.13	8,742.63	8,103.00
	Total	**50,224.69**	**48,875.29**	**60,771.29**	**71,703.43**	**80,614.12**
2.	**Receipts from Government of India**					
	Share of net proceeds of divisible Union taxes and duties	7,111.53	6,437.59	9,722.16	10,378.00	12,345.35[2]
	Grants-in-aid	10,521.91	12,248.13	7,598.24	7,113.26	8,355.37[3]
	Total	**17,633.44**	**18,685.72**	**17,320.40**	**17,491.26**	**20,700.72**
3.	**Total revenue receipts of the State Government (1 and 2)**	**67,858.13**	**67,561.01**	**78,091.69**	**89,194.69**	**1,01,314.84**
4.	**Percentage of 1 to 3**	**74.01**	**72.34**	**77.82**	**80.39**	**79.57**

Source: Finance Accounts of the respective years.

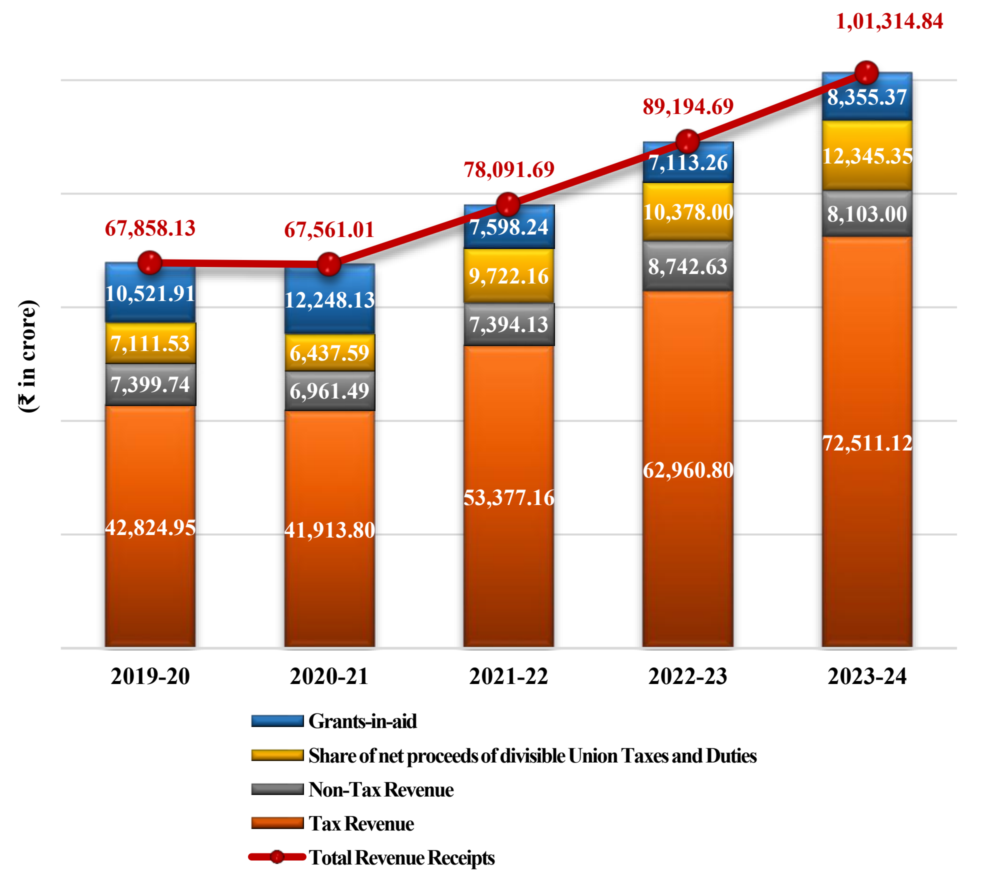
1 Finance Accounts of the State Government.

2 This includes amount of ₹ 3,746.67 crore received from Government of India as share of Central Goods and Services Tax.

3 This includes amount of ₹ 3,613.48 crore as other transfer/Grants to States from GoI including compensation for loss of revenue arising out of implementation of GST (₹ 3,504.88 crore).

The trend of revenue receipts during the period 2019-20 to 2023-24 is depicted in **Chart 1.1**.

Chart 1.1: Total of Revenue Receipts



Source: Finance Accounts of the respective years.

The revenue receipts of the State increased by 49.30 *per cent* during the period 2019-20 to 2023-24. State's own tax revenue increased by 69.32 *per cent*, the grants-in-aid from GoI decreased by 20.59 *per cent* and the share of net proceeds of divisible Union taxes and duties increased by 73.60 *per cent* during the same period. During the year 2023-24, the revenue raised by the State Government (₹ 80,614.12 crore) was 79.57 *per cent* of the total revenue receipts. The balance 20.43 *per cent* of the receipts during the year 2023-24 was from the GoI as State's share of net proceeds of divisible Union taxes and duties and of grants-in-aid.

The percentage of revenue receipts of the State Government from its own resources to total revenue receipts was ranging between 72.34 *per cent* and 80.39 *per cent* during 2019-20 to 2023-24.

1.1.2 The details of tax revenue raised during the period 2019-20 to 2023-24 are given in **Table 1.2**.

Table 1.2: Details of Tax Revenue raised

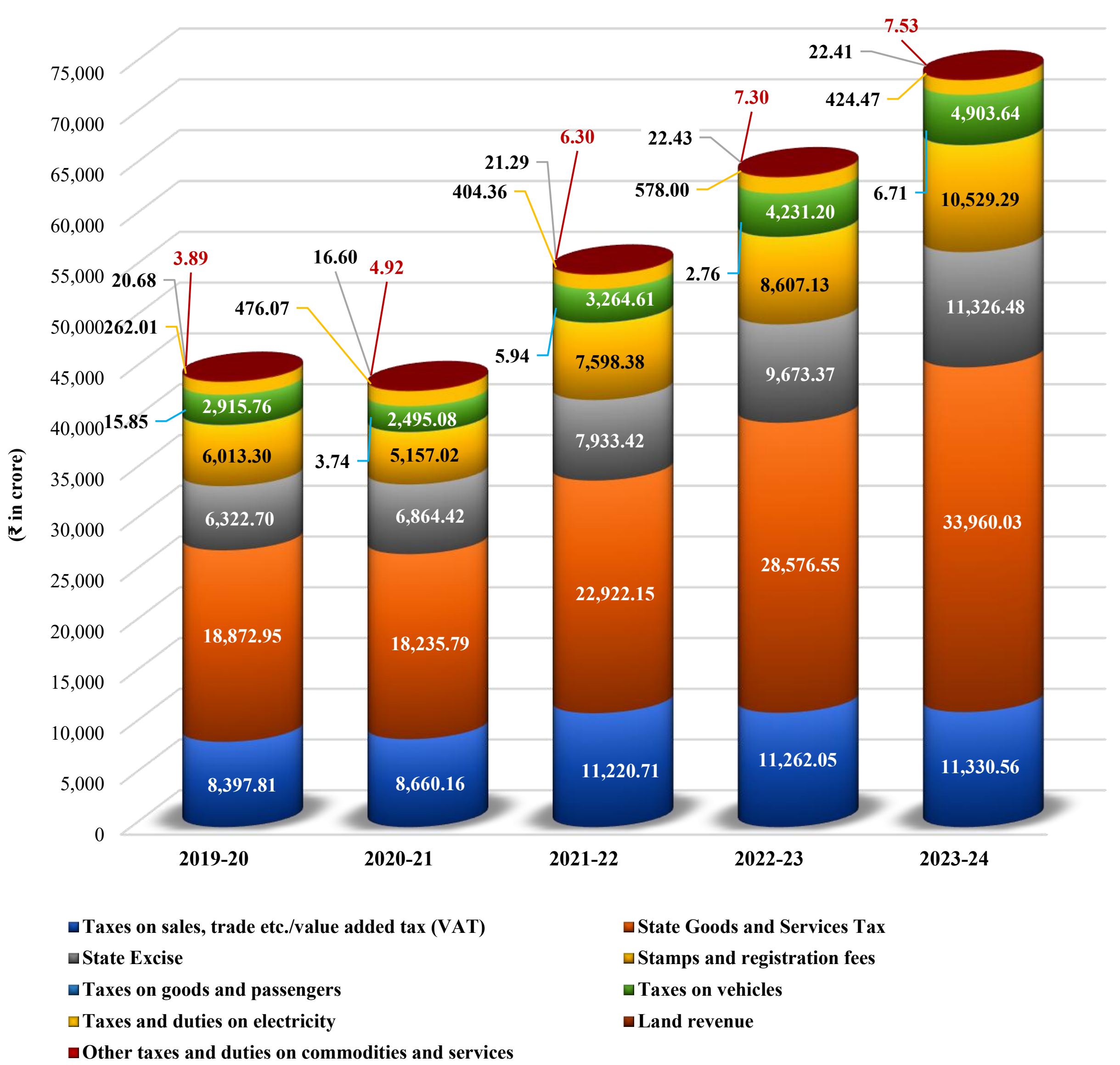
(₹ in crore)

Sr. No	Head of revenue	2019-20	2020-21	2021-22	2022-23	2023-24	Percentage of increase (+) or decrease (-) of actuals of 2023-24 over actuals of 2022-23
		Actual (percentage to total receipts)					
1.	Taxes on sales, trade, etc./ Value added tax (VAT)	8,397.81 (19.61)	8,660.16 (20.66)	11,220.71 (21.02)	11,262.05 (17.89)	11,330.56 (15.63)	0.61
2.	State Goods and Services Tax (SGST)	18,872.95 (44.07)	18,235.79 (43.50)	22,922.15 (42.94)	28,576.56 (45.39)	33,960.03 (46.83)	18.84
3.	State Excise	6,322.70 (14.76)	6,864.42 (16.38)	7,933.42 (14.86)	9,673.37 (15.36)	11,326.48 (15.62)	17.09
4.	Stamps and registration fees	6,013.30 (14.04)	5,157.02 (12.30)	7,598.38 (14.24)	8,607.13 (13.67)	10,529.29 (14.52)	22.33
5.	Taxes on goods and passengers	15.85 (0.04)	3.74 (0.01)	5.94 (0.01)	2.76 (0.00)	6.71 (0.01)	143.12
6.	Taxes on vehicles	2,915.76 (6.81)	2,495.08 (5.95)	3,264.61 (6.12)	4,231.20 (6.72)	4,903.64 (6.76)	15.89
7.	Taxes and duties on electricity	262.01 (0.61)	476.07 (1.14)	404.36 (0.76)	578.00 (0.92)	424.47 (0.59)	(-) 26.56
8.	Land revenue	20.68 (0.05)	16.60 (0.04)	21.29 (0.04)	22.43 (0.04)	22.41 (0.03)	(-) 0.09
9.	Other taxes and duties on commodities and services	3.89 (0.01)	4.92 (0.02)	6.30 (0.01)	7.30 (0.01)	7.53 (0.01)	3.15
	Total	**42,824.95**	**41,913.80**	**53,377.16**	**62,960.80**	**72,511.12**	**15.17**
	***Per cent* increase/decrease over previous year**	**0.57**	**(-) 2.13**	**27.35**	**17.95**	**15.17**	

Source: Finance Accounts of the respective years.

The year-wise trend of various tax revenues is depicted in **Chart 1.2**.

Chart 1.2: Details of Tax Revenue raised



Source: Finance Accounts of the respective years

Tax revenue increased by ₹ 29,686.17 crore (69.32 *per cent*) during the years 2019-20 to 2023-24 with an average growth rate of 11.78 *per cent* for the period.

The respective Departments attributed the following reasons for the variations:

- **Taxes on sales, trade, etc./Value Added Tax (VAT)**: Taxes on sales, trade, etc./Value Added Tax (VAT) increased to ₹ 11,330.56 crore in 2023-24 against ₹ 11,262.05 crore in 2022-23 due to nominal increase in recovery of arrears (old as well as current), collection of VAT on Petrol & Diesel and increase of CST on liquor.

- **State Goods and Services Tax:** Receipt of State Goods and Services Tax increased to ₹ 33,960.03 crore in 2023-24 against ₹ 28,576.56 crore in 2022-23 due to significant growth in taxpayer base (from 4.85 lakh to 5.11 lakh registered) in 2023-24 thereby affecting a notable rise in SGST collections.

- **State Excise:** Receipt of State Excise increased to ₹ 11,326.48 crore in 2023-24 against ₹ 9,673.37 crore in 2022-23 due to increase in the license fee.

- **Stamps and Registration Fees:** Receipt of Stamps and Registration Fee increased to ₹ 10,529.29 crore in 2023-24 against ₹ 8,607.13 crore in 2022-23 due to more registration of documents (7,40,810 in 2022-23 to 7,44,856 in 2023-24) of immovable property.

- **Taxes on vehicles**: Receipt of Taxes on vehicles increased to ₹ 4,903.64 crore in 2023-24 against ₹ 4,231.20 crore in 2022-23 due to increase in registration of new vehicles.

- **Taxes and duties on Electricity:** Receipt of Taxes and duties on electricity has decreased to ₹ 424.47 crore in 2023-24 against ₹ 578.00 crore in 2022-23 due to less realisation of Electricity duty from the consumers.

1.1.3 The details of non-tax revenue raised during 2019-20 to 2023-24 are indicated in **Table 1.3**.

Table 1.3: Details of Non-Tax Revenue raised

(₹ in crore)

Sr. No.	Head of revenue	2019-20	2020-21	2021-22	2022-23	2023-24	Percentage of increase (+) or decrease (-) of actuals of 2023-24 over actuals of 2022-23
		Actual (percentage to total receipts)					
1.	Interest Receipts	1,974.86 (26.69)	1,561.74 (22.43)	1,378.23 (18.64)	1,464.09 (16.75)	1,645.20 (20.30)	12.37
2.	Road Transport	1,114.51 (15.06)	585.38 (8.41)	1,077.44 (14.57)	1,333.43 (15.25)	1,368.50 (16.89)	2.63
3.	Education, Sports, Art and Culture	457.94 (6.19)	595.47 (8.55)	220.11 (2.98)	677.73 (7.75)	366.52 (4.52)	(-) 45.92
4.	Urban Development	1,855.51 (25.08)	1,953.92 (28.06)	1,240.74 (16.78)	1,284.24 (14.69)	1,559.63 (19.25)	21.44
5.	Non-ferrous mining and metallurgical industries	702.25 (9.49)	1,020.95 (14.67)	837.77 (11.33)	834.41 (9.54)	810.77 (10.01)	(-) 2.83
6.	Major and medium irrigation	171.74 (2.32)	209.67 (3.01)	232.10 (3.14)	360.11 (4.12)	618.33 (7.63)	71.71
7.	Police	179.84 (2.43)	53.51 (0.77)	87.39 (1.18)	90.25 (1.03)	159.05 (1.96)	76.23
8.	Other administrative services	107.89 (1.46)	65.62 (0.94)	87.83 (1.19)	155.02 (1.77)	167.69 (2.07)	8.17
9.	Forestry and wildlife	23.07 (0.31)	19.97 (0.29)	16.73 (0.23)	21.27 (0.24)	23.03 (0.28)	8.27
10.	Miscellaneous General Services[4]	62.96 (0.85)	131.69 (1.89)	283.99 (3.84)	102.75 (1.18)	189.05 (2.33)	83.99
11.	Medical and public health	171.89 (2.32)	197.19 (2.83)	221.87 (3.00)	472.53 (5.40)	301.21 (3.72)	(-) 36.26
12.	Other non-tax receipts	577.28 (7.80)	566.38 (8.14)	1,709.93 (23.13)	1,946.80 (22.27)	894.02[5] (11.04)	(-) 54.08
Total		**7,399.74**	**6,961.49**	**7,394.13**	**8,742.63**	**8,103.00**	**(-)7.32**

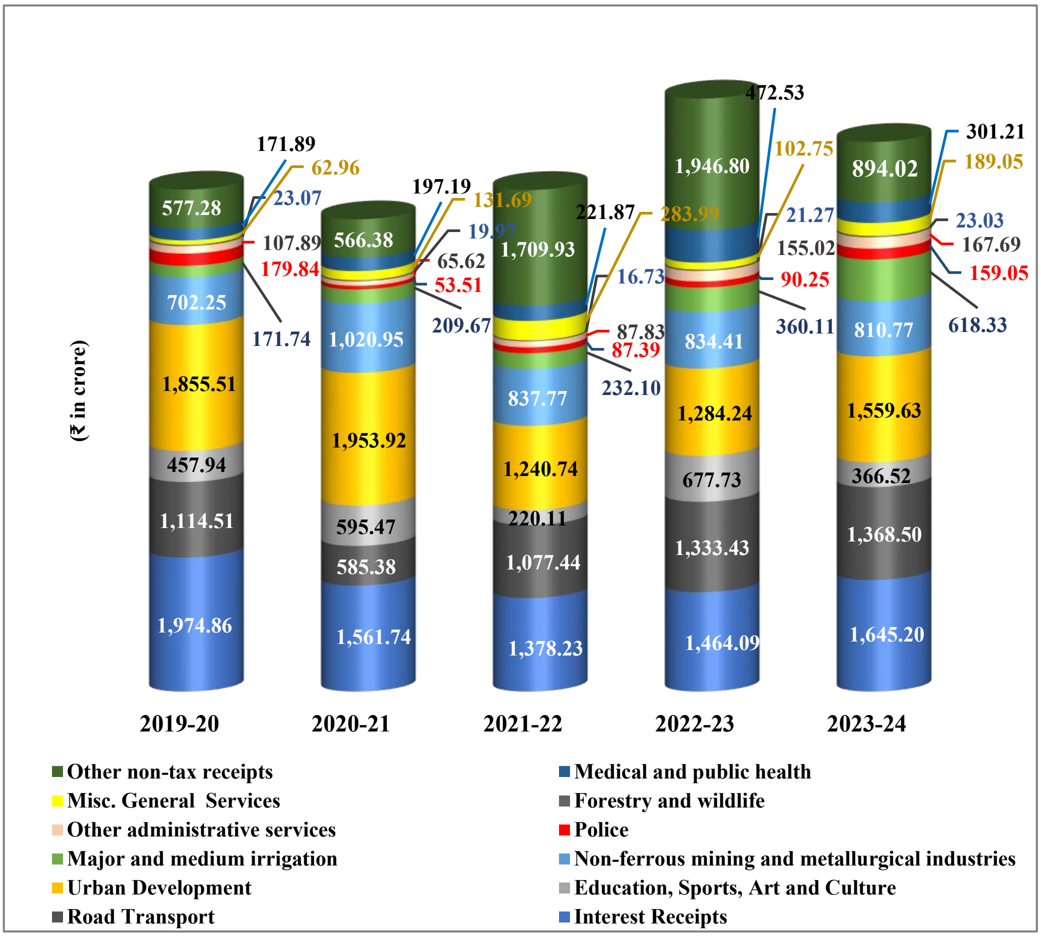
Source: Finance Accounts of the respective years

4 Unclaimed deposits, State Lotteries, Sales of land and property and Guarantee Fee.

5 Dividend and Profit ₹ 289.79 crore, Public services commission ₹ 20.15 crore, Jail ₹ 4.06 crore, supplies and disposal ₹ 0.43crore, Stationery and printing ₹ 0.55 crore, Public work ₹ 56.67 crore, Contribution and Recoveries towards Pension ₹ 68.16 crore, Family Welfare ₹ 0.02 crore, Water supply and sanitation ₹ 48.69 crore, Housing ₹ 10.02 crore, Information and publication ₹ 0.29 crore, Labour and Employment ₹ 43.87 crore, Social Security and Welfare ₹ 162.36 crore, Other Social Services ₹ 0.30 crore, Crop Husbandry ₹ 43.04 crore, Animal husbandry ₹ 2.33 crore, Dairy Development ₹ 0.01 crore, Fisheries ₹ 3.45 crore, Food Storage and Warehousing ₹ 0.23 crore, Cooperation ₹ 8.65 crore, Other Agriculture Programs ₹ 1.73 crore, Other Rural Development Programs ₹ 2.96 crore, Villages and Small Industries ₹ 4.22 crore, Industries ₹ 0.18 crore, Civil Aviation ₹ 1.63 crore, Road and Bridge ₹ 65.01 crore, Other scientific Research ₹ 0.01 crore, Tourism ₹ 0.96 crore, Other General Economic Services ₹ 54.25 crore.

Chart 1.3: Details of Non-Tax Revenue raised

(₹ in crore)



Source: Finance Accounts of the respective years

Non-tax revenue constituted eight *per cent* of the revenue receipts during 2023-24 registering decrease of ₹ 639.63 crore (7.32 *per cent*) over the previous year mainly due to decrease in receipts of Education, Sports, Art and Culture, Medical and Public health (41.94 *per cent*). There has been increase of non-tax receipt under Police (76.23 *per cent*), Urban Development (21.44 *per cent*), Interest receipts (12.37 *per cent*), Major and Medium Irrigation (71.71 *per cent*) over the previous year. Interest receipt, Receipts under Urban Development, Road Transport are major contributors to the non-tax revenue and constitute 56.43 *per cent* of the non-tax revenue.

The concerned departments attributed the following reasons for variations:

- **Urban Development**: The increase (21.44 *per cent*) in actual receipts in 2023-24 over 2022-23 was due to more CLU/license cases received during this period.

- **Major and Medium irrigation:** The increase (71.71 *per cent*) in actual receipts in 2023-24 over 2022-23 was due to recovery of arrears of previous year and of outstanding amount of Public Health Engineering Department.

- **Police:** The increase (76.23 *per cent*) in actual receipts in 2023-24 over 2022-23 was due to providing police services to other State Governments.

- **Medical and Public health:** The decrease (36.26 *per cent*) in actual receipts in 2023-24 over 2022-23 was due to less receipts of number of applications for issue and renewal of licenses.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2024 in some principal heads of revenue amounted to ₹ 34,548.64 crore, of which ₹ 14,231.35 crore was outstanding for more than five years as depicted in **Table 1.4**.

Table 1.4: Arrears of Revenue

(₹ in crore)

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2024	Amount outstanding for more than five years as on 31 March 2024	Replies of Department
1	Taxes on sales, trade/VAT etc.	30,437.24	12,581.07	Recovery of ₹ 1,033.19 crore was stayed by the Hon'ble High Court and other judicial authorities and ₹ 65.14 crore was stayed by Government. Recovery of ₹ 38.38 crore was due to the dealers becoming insolvent, and ₹ 1,429.93 crore due to rectification/ review /application. Recoveries of ₹ 112.02 crore was likely to be written off. Recovery of arrears of ₹ 3,580.87 crore was pending on account of cases pending in court, ₹ 1,734.07 crore was pending on account of non-recovery by the department due to other reasons, recovery of ₹ 18,904.51 crore was under different stages[6] of action. Inter State arrears were ₹ 390.17 crore and Inter districts arrears were ₹ 112.95 crore. Recovery of ₹ 0.10 crore was being made in instalments. Balance amount of ₹ 3,035.91 crore was pending as cases pending with official liquidator/Board of Industrial and Financial Reconstruction (BIFR).

6 Information as provided by the Department.

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2024	Amount outstanding for more than five years as on 31 March 2024	Replies of Department
2	State Excise	663.85	267.19	Recovery of ₹ 30.10 crore was stayed by the Hon'ble High Court and other judicial authorities and recoveries of ₹ 0.67 crore was likely to be written off. Recovery of arrears of ₹ 46.98 crore was pending due to court cases, ₹ 70.92 crore was pending on account of non-recovery by the department due to other reasons, recovery of ₹ 369.96 crore was at different stages of action. Inter State arrears were ₹ 36.95 crore and Inter districts arrears were ₹ 108.27 crore.
3	Taxes and duties on electricity	446.93	181.00	Amount of ₹ 446.93 crore was pending due to Inter State arrears.
4	Tax on entry of goods into local areas (Local Area Development Tax)	203.38	203.24	Recovery of ₹ 177.93 crore was stayed by Hon'ble High Court and other judicial authorities, ₹ 0.05 crore are pending on account of cases pending with official liquidator/Board of Industrial and Financial Reconstruction (BIFR), ₹ 0.05 crore was pending on account of cases pending in court, ₹ 4.98 crore was pending on account of non- recovery by the department due to other reasons and ₹ 20.37 crore was outstanding at different stages of action.
5	Police	140.88	40.89	Amount of ₹ 7.37 crore was due from Indian Oil Corporation Limited (IOCL). The matter of recovery from IOCL in Haryana State was pending at the level of State Government. ₹ 0.30 crore was recoverable from Bhakra Beas Management Board, Faridabad and ₹ 33.22 crore was recoverable from other States for law and orders and election duties.

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2024	Amount outstanding for more than five years as on 31 March 2024	Replies of Department
6	Other taxes and duties on commodities and services – Receipts from Entertainment duty	11.11	11.11	Recovery of ₹ 8.52 crore was stayed by Hon'ble High Court and other judicial authorities, recoveries of ₹ 0.01 crore was likely to be written off and ₹ 0.21 crore was pending on account of pending court cases and amount of ₹ 0.04 crore was outstanding at different stages of action. An amount of ₹ 2.33 crore was pending with official liquidator/BIFR.
7	Non-ferrous mining and metallurgical industries	2,645.25	946.85	₹ 513.79 crore was outstanding on account of demand covered by recovery certificate[7], ₹ 516.17 crore was stayed by Hon'ble High Court and judicial authorities, ₹ 0.26 crore was likely to be written off and ₹ 3.03 crore was pending on account of cases pending in Hon'ble Court, ₹ 1,372.51 crore was pending on account of non-recovery by the department due to other reasons. Inter State arrears were ₹ 0.49 crore and inter district arrears were ₹ 220.91 crore. Balance amount of ₹ 18.09 crore was outstanding at other stages of action.
	Total	**34,548.64**	**14,231.35**	

Source: Departmental Figures.

From the above **Table 1.4**, it can be seen that 88.19 *per cent* of the arrears of revenue exceeding five years were related to Taxes on sales, trade/VAT etc. District wise arrears of revenue exceeding five years in Gurugram (West), Panipat, Gurugram (East) and Gurugram (North) districts were 8.43 *per cent,* 12.44 *per cent,* 14.71 *per cent* and 16.06 *per cent* respectively. The Departments/Government need to initiate sincere efforts to recover the outstanding arrears of revenue.

1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending

[7] Any rent, royalty, tax, fee or other sum due to the Government under this Act or the rules made thereunder or under the terms and conditions of any reconnaissance permit, prospecting license or mining lease may, on a certificate of such officer as may be specified by the State Government in this behalf by general or special order, be recovered in the same manner as an arrear of land revenue.

for finalisation at the end of the year as furnished by the Excise and Taxation Department in respect of Sales Tax/VAT are as depicted in **Table 1.5**.

Table 1.5: Arrears in assessments

Head of revenue	Year	Opening balance	New cases due for assessment during the year	Total assessments due	Cases disposed of during the year	Balances at the end of the year	Percentage of disposal (col. 6 to 5)
1	2	3	4	5	6	7	8
Taxes on Sales, Trade, etc /VAT	2019-20	2,96,685	31,594	3,28,279	2,92,709	35,570	89
	2020-21	35,570	3,606	39,176	34,140	5,036	87
	2021-22	5,036	4,240	9,276	3,096	6,180	33
	2022-23	6,180	4,473	10,653	3,576	7,077	34
	2023-24	7,077	3,884	10,961	3,588	7,373	33

Source: Information provided by State Excise and Taxation Department

The number of cases pending at the end of the year 2023-24 decreased to 7,373 against 35,570 in the year 2019-20. It is further observed that percentage of disposal of cases decreased to 33 in the year 2023-24 as against 89 in 2019-20. **District wise percentage of disposal and pendency of cases are given in Annexures I to V.**

1.4 Evasion of tax detected by the Department

As per provisions of Sections 29 to 31 of the HVAT Act, 2003, the Department is required to inspect business premises to detect tax evasion. Further, the Department conducts survey in business premises to identify the new taxpayers. Besides this, roadside checking is also a tool to detect tax evasion for goods in transit.

The details of cases of evasion of tax detected by the Excise and Taxation Department, cases finalised and the demands for additional tax raised as reported by the Department are given in **Table 1.6**.

Table 1.6: Evasion of Tax

Sr. No.	Head of revenue	Cases pending as on 31 March 2023	Cases detected during 2023-24	Total	Number of cases in which assessment/investigation completed and additional demand with penalty etc. raised		Number of cases pending for finalisation as on 31 March 2024
					Number of cases	Amount of demand (₹ in crore)	
1	Taxes on sales, trade etc./VAT	1	0	1	1	0.003	0
2	State Excise	37	141	178	143	6.24	35
	Total	**38**	**141**	**179**	**144**	**6.24**	**35**

Source: Information provided by Excise and Taxation Department.

As on 31 March 2024, 35 cases are pending for assessment/investigation, 144 cases have been disposed of and demand of ₹ 6.24 crore has been raised in these cases by the Department.

1.5 Refund cases

The number of refund cases pending at the beginning of the year 2023-24, claims received during the year, refunds allowed/rejected during the year and the cases pending at the close of the year 2023-24 are mentioned in **Table 1.7**.

Table 1.7: Details of Refund Cases

Sr. No.	Particulars	Sale Tax/VAT		State Excise	
		Number of cases	Amount (₹ in crore)	Number of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year	217	187.08	37	3.42
2	Claims received during the year	211	64.82	79	13.54
3	Refunds made/ adjusted/rejected during the year	333	88.09	83	14.67
4	Balance outstanding at the end of year	95	163.81	33	2.29

Source: Information provided by State Excise and Taxation Department.

The number of outstanding cases at the end of year has decreased in respect of Sales Tax/VAT and State Excise as compared to cases outstanding at the beginning of the year. Information regarding the GST refund cases has not been received from the Department as on February 2026.

1.6 Internal Audit

During the year 2023-24, out of 165 units planned for audit, Internal Audit Cell of Revenue and Disaster Management, Excise and Taxation (State Excise) audited 161 units as detailed in **Table 1.8.**

Table 1.8: Internal Audit

Receipts	Number of units Planned	Number of units audited
Stamp Duty	143	143
State Excise	22	18
Total	**165**	**161**

No internal audit was planned/conducted by the Excise and Taxation Department (Sales Tax/VAT) and reason for the same was not provided by the Department. In case of Taxes on Motor Vehicles, internal audit was not planned/conducted which was statedly due to shortage of staff. Notably, the irregularities discussed in Chapters 2 to 4 are indicators of inadequate internal control mechanism.

1.7 Response of the Government/Departments towards audit

The Principal Accountant General (Audit) Haryana conducts periodical inspection of Government departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with inspection reports (IRs), which are issued to the heads of the offices concerned for taking prompt corrective action. The heads of offices/Government are required to comply with the observations contained in the IRs within four weeks from the date of receipt of the IRs. Serious irregularities are reported to the heads of the Department and the Government in the form of a Management Letter.

Inspection reports issued up to June 2024 revealed that 11,807 paragraphs relating to 3,265 IRs remained outstanding at the end of June 2024 as mentioned in the **Table 1.9** along with the corresponding figures for the preceding two years.

Table 1.9: Details of pending Inspection Reports

	June 2022	June 2023	June 2024
Number of IRs pending for settlement	3,053	3,140	3,265
Number of outstanding audit observations	9,950	10,384	11,807

1.7.1 Department wise outstanding Inspection Reports

The Department wise details of the IRs and audit observations outstanding as on June 2024 are mentioned in **Table 1.10** below:

Table 1.10: Department wise details of Inspection Reports

Sr. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations
1	**Excise and Taxation**	Sales tax /VAT	452	4,692
		State Excise	269	653
		Taxes on goods and passengers	247	433
		Entertainment duty and show tax	49	65
2	**Revenue**	Stamps and registration fees	1,487	4,513
		Land Revenue	173	311
3	**Transport**	Taxes on vehicles	469	910
4	**Power**	Taxes and duties on electricity	12	27
5	**Mines and Geology**	Non-ferrous mining and metallurgical industries	107	203
Total			**3,265**	**11,807**

The increase in the pendency of IRs indicate that the heads of offices/ Departments have not taken adequate action to address the observations as pointed out by the Audit. The Government needs to institute an effective oversight mechanism to hold Departments accountable and ensure timely response to audit observations.

1.7.2 Departmental Audit Committee Meetings

The Government has set up audit committees to monitor and expedite the progress of settlement of IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2023-24 and the paragraphs settled are mentioned in **Table 1.11**.

Table 1.11: Departmental Audit Committee Meetings

Sr. No.	Head of revenue	Number of meetings held	Number of paragraphs settled	Amount involved (₹ in crore)
1	RTA/RLA, Transport Department	6	33	0.63

1.7.3 Non production of records to audit for scrutiny

During the year 2023-24, 145 files and other relevant records were not provided to the audit. District wise details of cases are depicted in **Table 1.12**.

Table 1.12: Details of non-production of records

Name of the office/department Deputy Excise and Taxation Commissioners (ST) and Transport Commissioner Haryana Chandigarh	Year in which it was to be audited	Number of cases not produced
Assessment cases		
Gurugram (North)	2023-24	130
Transport Commissioner Haryana	2023-24	5
RTA Panchkula	2023-24	10
Total		**145**

Data compiled by office.

1.7.4 Response of the Government to the draft audit paragraphs

Draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the concerned Principal Secretary/Additional Chief Secretaries. The Departments are required to send their response within six weeks.

In all, 26 draft paragraphs (including one Subject Specific Compliance Audit) were sent to the administrative Additional Chief Secretaries of the concerned Departments between January and December 2025. No reply has been received in these cases from the Government. However, replies received from the concerned Department have been appropriately included in the relevant places in the Report.

1.7.5 Follow up on the Audit Reports-summarised position

According to the instructions issued by the Finance Department in October 1995 and reiterated in July 2001, it had been laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the departments shall initiate action on the audit paragraphs and the action taken notes (ATNs) thereon should be submitted by the Government within three months of tabling of the Report, for consideration of the Public Accounts Committee.

The Report of the Comptroller and Auditor General of India on Compliance Audit Report II for the year ended March 2022 containing total 18 paragraphs including one Subject Specific Compliance Audit and one Information System Audit on "Integrated Financial Management System" in Finance Department was placed before the State Legislature Assembly on 10 March 2025 for which Action Taken Notes are awaited.

1,004 recommendations pertaining to the Audit Reports from 1979-80 to 2020-21 contained in 22nd to 90th Reports of PAC as detailed in Appendix 1.1 and 1.2 were pending for want of final corrective action by the concerned Departments.

1.8 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years for one Department has been evaluated and included in this Audit Report.

The succeeding paragraphs 1.8.1 to 1.8.2 discuss the performance of the Excise and Taxation Department under State Excise and cases detected during the course of local audit for the last 10 years included in the inspection Reports.

1.8.1 Position of Inspection Reports

The summarised position of the inspection reports issued to the Excise and Taxation Department (State Excise) during the last 10 years, paragraphs included in these reports and their status as on 31 March 2024 is brought out in Appendix 1.3.

The number of outstanding IRs increased from 116 in 2014-15 to 260 in 2023-24 and the number of paragraphs have increased from 201 in 2014-15 to 537 in 2023-24 as on 31 March 2024. During the period, six ACMs were held in respect of RTAs/RLAs of Transport Department and 33 paragraphs with a financial implication of ₹ 0.63 crore were settled.

1.8.2 Recovery in accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Excise and Taxation Department (State Excise) and the amount recovered are mentioned in Appendix 1.4.

The progress of recovery even in accepted cases was low (26.20 *per cent*) during the last 10 years. The department may take appropriate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

1.9 Audit Planning

The audit universe (Revenue Sector) comprises of 392 auditable units in the State, of which 161 units[8] were planned and audited during 2023-24. The units were selected based on risk analysis.

1.10 Results of audit

Position of local audits conducted during the year

Test check of the records of 143 (141 Revenue + 2 Expenditure) units pertaining to Sales Tax/Value Added Tax, Stamp Duty and Registration fee, Excise and Transport conducted during the year 2023-24 revealed under assessment/short levy of tax/loss of revenue aggregating to ₹ 998.85 crore in 7,144 cases. During the course of the year, the Departments concerned acknowledged under assessment and other deficiencies of ₹ 814.62 crore involved in 5,769 cases. The departments recovered ₹ 0.24 crore in 41 cases during the year 2023-24 of which 41 cases amounting to ₹ 0.20 crore pertain to earlier years.

1.11 Coverage of this Report

This Report contains 22 Draft Paragraphs (including one Subject Specific Compliance Audit) involving financial impact of ₹ 509.22 crore.

The Departments/Government have accepted audit observations involving ₹ 509.22 crore out of which ₹ 0.56 crore had been recovered. These are discussed in succeeding Chapters 2 to 4.

[8] 18 units related to Haryana Roadways.

Chapter 2

State Excise/
Taxes/VAT on sales, trade

CHAPTER-2

STATE EXCISE /TAXES/VAT ON SALES, TRADE

State Excise

2.1 (a) Tax administration

The Additional Chief Secretary to the Government of Haryana, Excise and Taxation Department, is the administrative head at Government level and the Excise and Taxation Commissioner (ETC) is the head of the Department. The ETC is assisted by the Collector (Excise) at headquarters and Deputy Excise and Taxation Commissioners (Excise) {DETCs (Excise)}, Assistant Excise and Taxation Officers (AETOs), Inspectors and other allied staff for proper administration of State Excise Acts/Rules in the field.

2.1 (b) Results of audit

In 2023-24, test check of the records of 19 out of 105 units State Excise Department during 2023-24 revealed non/short realisation of excise duty/ license fee/interest/penalty and other irregularities involving ₹ 203.17 crore in 1,761 cases which fall under the following categories as depicted in **Table 2.1**.

Table 2.1: Results of Audit

Revenue			
Sr. No.	**Category**	**Number of Cases**	**Amount (₹ in crore)**
1.	Loss due to issue of passes less than permit's quantity	25	81.19
2.	Non recovery of dues owing to short lifting/ Interest/ license fee/ penalty etc.	279	54.37
3.	Loss due to non-updation of stock at the end of policy year	62	47.96
4.	Miscellaneous/Other Irregularities	1,395	19.65
	Total	**1,761**	**203.17**

The Department acknowledged under assessment and other deficiencies amounting to ₹ 44.70 crore involved in 490 cases which were pointed out during the year. The Department recovered ₹ 1.00 lakh in one case during the year 2023-24 pertaining to earlier years.

Taxes/VAT on sales, trade

2.2 (a) Tax administration

The Haryana Value Added Tax Act, 2003 (HVAT Act)[1] and rules framed thereunder are administered by the Additional Chief Secretary (Excise and Taxation). The Excise and Taxation Commissioner (ETC) is the head of the Excise and Taxation Department who is assisted by Additional ETCs, Joint ETCs (JETCs), Deputy Excise and Taxation Commissioner (DETCs) and Excise and Taxation Officers (ETOs). They are assisted by Excise and Taxation Inspectors and other allied staff for administering the relevant tax laws and rules.

2.2 (b) Results of audit

In 2023-24, test check of the records of 16 (14 Revenue and two expenditure) out of 46 units relating to VAT/Sales tax assessments revealed under assessment/evasion of tax and other irregularities involving ₹ 466.99 crore in 194 cases which fall under the following categories as depicted in **Table 2.2**.

Table 2.2: Results of Audit

Revenue			
Sr. No.	**Category**	**Number of Cases**	**Amount (₹ in crore)**
1.	SSCA on "Works contract/construction services under GST"	1	393.90
2.	Irregular/Incorrect/Excess allowance of ITC	77	29.30
3.	Under assessment of Tax	43	14.80
4.	Evasion of taxes due to suppression of sales/purchases	16	13.87
5.	Acceptance of defective statutory 'Forms'	19	1.82
6.	Other irregularities	36	13.30
	Total (I)	**192**	**466.99**
Expenditure			
1.	Other irregularities	2	0.00
	Total (II)	**2**	**0.00**
	Grand Total (I+II)	**194**	**466.99**

The Department acknowledged under assessment and other deficiencies of ₹ 442.31 crore in 125 cases which were pointed out during the year of which an amount of ₹ 0.04 crore has been recovered.

[1] Though Goods and Services Tax (GST) was implemented from 1 July 2017, there were huge number of assessment cases of Value Added Tax (VAT) which were pending at the end of the year 2017-18. In September 2015, through the amendment under Section 17 of the HVAT Act, the assessing authority (AA) at any time before the expiry of eight years following the close of that year or before the expiry of three years following the date when the assessment for that year becomes final, whichever is later, can reassess the tax liability of the dealer for the year for which the reassessment is proposed to be made. Thus, the cases ending in 2017-18 can be reopened upto 2024-25. The VAT cases audited during the year are considered in the Report.

Significant cases involving ₹ 415.68 crore are discussed in the following paragraphs.

2.3 Subject Specific Compliance Audit on Works Contract/Construction services under Goods and Services Tax

2.3.1 Introduction

'Works Contract' is defined under Section 2 (119) of the Haryana Goods and Services Act, 2017 (HGST Act) means "a contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation, alteration or commissioning of any immovable property wherein transfer of property in goods (whether as goods or in some other form) is involved in the execution of such contract." Works contract under GST involves mandatory transfer of property in goods".

Service Accounting Code (SAC) for construction Services is 9954 under GST. Services covered under this heading are construction of Buildings (99541), general construction of civil engineering works (99542), site preparation services (99543), assembly and erection of pre-fabricated construction (99544), special trade construction services (99545), installation service (99546) and building completion and finishing services (99547).

2.3.2 Organisational Setup

The Commissioner of State Tax is the overall in charge of the Excise and Taxation Department in Haryana. The Department administers GST as well as Haryana Value Added Tax Act, 2003 (HVAT Act)/Central Sales Tax Act, 1956 (CST Act) in the State. For tax administration, the state is divided into five Ranges and 27 taxation districts. Deputy Commissioners of State Tax (DCST) heads the field formations of the Department at the district level assisted by Excise & Taxation Officer (ETO) of State Tax, Assistant Excise & Taxation Officer (AETO) of State tax and Taxation Inspector (TI).

2.3.3 Audit objectives

The SSCA was conducted to assess the following:-

i) Whether tax administration was effective in ensuring compliance by taxpayers with the provisions of CGST/HGST/IGST Act, rules, notifications, and prescribed procedures relating to levy and collection of Tax and ITC availment and exemptions claimed by the taxpayers involved in works contracts/construction services; and

ii) To evaluate the functions of departmental field formations (DCSTs) to assess the effectiveness of scrutiny and assessments of taxpayers relating to works contract/construction services.

2.3.4 Scope and methodology of audit

The Subject Specific Compliance Audit (SSCA) involved examination of returns and records of taxpayers engaged in works contract/construction services with special attention to construction services, for compliance related to:

- filing of returns,
- payment of self-assessment tax,
- Input Tax Credit (ITC),
- tax paid under Reverse Charge Mechanism (RCM),
- ITC availed/utilised, and
- provisions related with place of supply/time of supply and other provisions of the HGST Act.

The field audit was conducted from December 2024 to March 2025. Review of the scrutiny of returns by the Department and verification of taxpayer's records covered the period from April 2020 to March 2022 while the audit of the functions of selected Departmental field formations (DETCs) covered the period for the years 2020-21 to 2023-24.

Before the start of field audit, an entry conference was held on 8 August 2024 with Commissioner of State Tax, Excise and Taxation Department, Government of Haryana in which the audit objectives, sample selection, audit scope and methodology were discussed. The matter was brought to the notice of the Department in April 2025 and to the Government in May 2025. An exit conference was conducted with Commissioner and Secretary to Government of Haryana, Excise and Taxation Department on 30 June 2025. The replies submitted by the Department to the draft report have been suitably incorporated in the relevant paragraphs.

2.3.5 Audit sample

The SSCA comprises two distinct parts:

(i) Part I- Detailed audit of taxpayers returns and associated financials

(a) Financial Materiality:

The taxpayers were stratified based on financial materiality into four categories covering the top 10 *per cent* of taxpayers on the basis of their turnover. The fifth category comprised the remaining taxpayers.

(b) Scoring mechanism- Risk Parameters

A set of 12 risk parameters were considered for sample selection as detailed in **Table 2.3**:

Table 2.3 : Risk Parameters

Sl. No.	Risk parameter
1.	Non declaration of new construction project in case of SAC 99541 and non-removal of completed projects i.e. where Occupation Certificate is received in REG 06
2.	Ratio of tax paid at concessional rates (i.e. 1-1.5 *per cent*/5-7.5 *per cent*/ 12 *per cent*) to the normal rates i.e. 18 *per cent*
3.	Ratio of taxable value on which tax paid at concessional rates (i.e. 1-1.5 *per cent*/ 5-7.5 *per cent*) to the total taxable value a vis-a-vis ITC reversed/availed under Rule 42 and 43 CGST Rules 2017
4.	Mismatch in TDS credit in table 9 of GSTR 2A vis a vis the taxable value declared in GSTR 3B
5.	a) Exemption/concessional rates availed under HSN 995433 (Excavating and earthmoving Services)
	b) Exemptions/concessional rates availed under HSN 99546 (Installation services)
6.	ITC availed after the limitation period
7.	Ratio of Nil rated/ Exempted/ Non-GST supply/ Total Outward supply
8.	Ratio of credit notes (tax) to tax paid
9.	Tax paid under Reverse Charge Mechanism (RCM) in GSTR 3B is nil or ratio of total taxable value (GSTR 1) to taxable value on inward supplies liable to tax under RCM (GSTR 3B) is very high
10.	Ratio of tax paid against unregistered suppliers under RCM is less than 20 *per cent* as compared to ITC availed
11.	Registration date and value of ITC taken is more than ₹ 20 lakh within 3 months of registration
12.	To check whether the Input Service Distributor credit has been correctly availed?

Based on risk scores assigned to each parameter, 30 taxpayers from eight DCSTs[2] were selected for detailed audit (Appendix 2.1).

[2] Ambala, Bhiwani, Faridabad (East), Gurugram (East), Gurugram (South), Hisar, Rewari and Sonipat.

(ii) Audit of DCSTs/Departmental field formations

The departmental field formations that have jurisdiction over the selected sample of cases for detailed audit were considered as samples of field formations for evaluation of their functions. Not more than one departmental field formation was selected from Range. As such, five DCSTs[3] (departmental field formation) were selected for audit of adequacy and effectiveness of the system prevailing in the department.

2.3.6 Audit criteria

The sources of audit criteria comprised the provisions contained in the HGST Act, IGST Act, and Rules made thereunder. The significant provisions are given in **Table 2.4**.

Table 2.4: Source of criteria

General Audit criteria		
Sr. No.	**Audit Area**	**Provisions of the Act/ Rules/ Notification**
1	Filing of returns	Section 37,38, 39 of HGST Act
		Rule 59, 60, 61, 80 of HGST Rules
2	Undischarged liability	Section 9 and 49 of HGST Act, Rule 85 to 88 of HGST Rules
3	Registration	Section 22 to 25 of HGST Act
		Rules 8 to 26 of HGST Rules
4	Classification and Rate of Tax	Notification 11/2017-CT-R dated 28 June 2017 as amended from time to time
5	Nature of supply	Section 7 of the HGST Act
6	Time of supply	Section 12 and 13 of the HGST Act
7	Value of supply	Section 15 of the HGST Act
8	Place of supply	Section 12(3) and 13(4) of the IGST Act
9	Payment of tax	Section 11(2), 32(1), 49 to 52 and Section 76 of the HGST Act
10	Reverse Charge Mechanism	Section 9(3) of the HGST Act and Section 5(3) of the IGST Act 2017 read with Notification No. 13/2017 (CTR) and 8/2017 (CTR) both dated 28 June 2017
11	Input Tax Credit (ITC)	Section 16 and 17 of the HGST Act
12	Effectiveness of Internal Audit	Section 65 and 66 of the HGST Act and Rule 101 of the CGST/HGST Rules

[3] Ambala, Bhiwani, Faridabad (East), Gurugram (South) and Sonipat.

2.3.7 Audit findings

Audit reviewed the aspects of discharge of tax and availment of ITC by the taxpayers involved in works contract/construct supplies as well as the functions of the circles with respect to the taxpayers registered under SAC code 9954 and the findings have been grouped into following two categories:

1. Compliance issues specific to work contract/construction services.
2. Functional audit of DCSTs.

Compliance issues specific to work contract/construction services

In a self-assessment regime, the onus of compliance with law is on the taxpayer. The role of the department is to establish and maintain an efficient tax administration mechanism to provide oversight. An IT driven compliance model enables maintaining a non-discretionary regime of governance on scale and facilitates a targeted approach to enforce compliance.

Audit focused on a data-driven risk-based approach. Thus, based on identification of inconsistencies/deviations in GST returns through pan-State data analysis detailed audit of GST returns of 30 taxpayers was conducted as a part of this SSCA. The methodology adopted involved conducting a desk review of GST returns and financial statements filed by the taxpayers, as part of the GSTR 9C and other records, available in the back-end system to identify the mismatch/inconsistencies/deviations and red flags. Based on desk review results, Detailed Audit was conducted in field formations of the Excise and Taxation Department, Haryana by requisitioning corresponding granular records of taxpayers such as financial ledgers, invoices of selected months etc. to identify causative factor of the identified risks and to evaluate compliance by taxpayers.

Non-compliance by taxpayers at various stages ultimately impacts the veracity of returns filed, utilisation of ITC and discharge of tax payments. The audit findings are therefore categorised under a) Returns b) Utilisation of ITC and c) Discharge of tax liability.

2.3.7.1 Scope limitation (Non-production of records)

During the desk review of taxpayers' records available in the back-end system, Audit identified the risks related to mismatch in ITC and tax liability mismatches for detailed examination. On the ITC dimension, the mismatches were identified by comparing GSTR 3B with GSTR 2A and GSTR 9, and the declarations made in Table 12 and 14 of GSTR 9C. On the tax liability dimension, the mismatches were identified by comparing GSTR 3B with GSTR 1 and GSTR 9. Audit requisitioned granular records such as invoices of selected months, financial statements along with notes and schedules, debit/credit notes, list of creditors, supplementary financial ledgers, agreement copies etc. required for examining the causative factor for mismatches of ITC and tax liability of the taxpayers through the DCSTs concerned.

a) Granular records related to 30 taxpayers were requisitioned, of which records of 18 cases were not produced, due to which identified risks relating to irregular/mismatch of ₹ 37.69 crore in ITC availment and UDL could not be examined in detail by Audit. The jurisdiction-wise non-production of records is summarised in **Table 2.5**.

Table 2.5: Non-production of records reported by Field Audit Offices

Jurisdictional formation	Sample	Non-production
	Number of taxpayers	Number of taxpayers
Ambala	3	3
Bhiwani	4	4
Faridabad (East)	5	5
Gurugram (East)	3	2
Gurugram (South)	5	4
Hisar	4	0
Rewari	3	0
Sonipat	3	0
Total	**30**	**18**

The taxpayer wise and year wise listing of non-production of records are given in Appendix 2.2.

During exit conference held in June 2025, the Department admitted the facts for 15 taxpayers and stated that notices had been issued to four taxpayers to produce the records and for 11 taxpayers, the department stated that it was not the custodian of the third party information.

In respect of three taxpayers, the department stated that information of two taxpayers had been provided to Audit and for remaining one taxpayer, data available on GST common portal was produced to Audit. The reply was not tenable as all the requisitioned granular records were not made available to Audit and further requisitioned records were not available on GST common portal.

2.3.7.2 Undischarged tax liability

The introduction of the GST in 2017 has simplified the taxation of works contract services by subsuming both the Service Tax and the VAT into a single tax regime. Under GST, composite supply of works contract is classified as "supply of services" at entry 6 (a) in Schedule II of HGST Act, 2017.

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

In case of works contract services provided to Government authorities, concessional rates are applicable subject to fulfilment of conditions as specified in various notifications issued by the CBIC/Excise and Taxation Department (ETD), Haryana.

Audit observations with regard to Undischarged Tax liability are detailed below:

2.3.7.2 (a) Incorrect availment of exemptions/concessional rates on works contract/construction services

CBIC Notification 11/2017 dated 28 June 2017 and Haryana State Government Notification No.46/ST-2, dated 30 June 2017, as amended from time to time, notifying the rate of the state tax is a key notification issued under the GST framework for GST rates. It primarily deals with the tax rates applicable to services under the GST regime especially those related to works contract/construction services. The notification provides for concessional rates of tax or exemptions relating to works contract/construction services subject to the fulfilment of conditions specified therein. Haryana State Tax Department had issued.

The notification provides for concessional rates of tax for construction of affordable housing[4] subject to specific conditions i.e. credit of input tax charged on goods and services used in supplying the service has not been taken, tax at the rate specified shall be paid in cash by debiting the electronic cash ledger

[4] Affordable housing comprises homes with a carpet area of up to 60 square meters (approx. 645 square feet) in metro cities and 90 square meters (approx. 960 square feet) in non-metro cities. Homes with a value up to INR ₹ 45,00,000 in both, metro and non-metro cities) are considered affordable housing. Metro cities are Bengaluru, Chennai, Delhi NCR (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Hyderabad, Kolkata and Mumbai {(whole of Mumbai Metropolitan Region (MMR)}.

only etc. It also provides for payment of tax at different rates on gross rate[5] or effective rates[6] as per the specified conditions. In case of works contract services provided by contractors/subcontractors to government projects, this notification provides for exemptions/concessional rates of tax.

Scrutiny of records of three DCSTs[7] revealed compliance deficiencies amounting to ₹ 23.39 crore in seven cases of four taxpayers due to taxpayers wrongly availing exemptions/concessional rates of tax, thereby not discharging the tax liability (Appendix-2.3).

During exit conference held in June 2025, the Department admitted the facts in six cases related to three taxpayers and stated that DRC-01 had been issued in three cases and the remaining three cases had been taken up for scrutiny assessment under section 61 of the HGST Act.

An illustrative case is detailed below:-

- A taxpayer[8] in Gurugram (East) dealing in SAC code 995411[9] and 995414[10] discharged the tax liability for the years 2019-20 and 2021-22 (Table 9 of GSTR 9C) at the rate of 18 *per cent*. However, during the year 2020-21, the taxpayer discharged tax liability at the rate of 7.5 *per cent* on taxable value of ₹ 191.72 crore resulting in short realisation of tax of ₹ 20.13 crore.

The Department stated that taxpayer was supplying both residential and commercial construction services and as per notification No. 03/2019, taxpayer had correctly discharged liability at the rate of 7.50 *per cent* and 18 *per cent* respectively for residential and commercial REP works construction supply. The reply was not tenable as no supporting documents were furnished to Audit which established that the taxpayer dealt in other than affordable housing project.

In any case, the taxpayer was liable to reverse proportionate ITC amounting to ₹ 23.70 crore on the taxable supply of other than affordable houses. As per GSTR 3B table 4B (1), taxpayer reversed ITC of only ₹ 4.61 crore. Thus, there

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5 Gross rate is the rate specified in the respective entry.

6 Effective rate is after one third deduction from the total value towards the value of land.

7 Faridabad (East), Gurugram (East) and Sonipat.

8 As per profile available on boweb portal (GST portal) the taxpayer had only one GSTIN on PAN within or outside State and there was one additional place of business declared.

9 995411: Construction services of single dwelling or multi dwelling or multi storied residential buildings.

10 995414: Construction services of commercial buildings such as office buildings, exhibition & marriage halls, malls, hotels, restaurants, airports, rail or road terminals, parking garages, petrol and service stations, theatres and other similar buildings.

was short reversal of ITC of ₹ 19.09 crore. Apart from this, there was exempted supply of ₹ 0.47 crore on which ITC of ₹ 0.06 crore was to be reversed. Overall, there was short reversal of ITC of ₹ 19.15 crore. Also, as per GSTR-9C, tax liability on taxable value of ₹ 191.72 crore was ₹ 14.38 crore whereas tax paid in cash as per GSTR-3B was ₹ 12.55 crore only. Therefore, short tax payment in cash of ₹ 1.83 crore was also noticed.

2.3.7.2 (b) Non/short payment of tax

Section 13 of the HGST Act provides that the liability to pay tax on services shall arise at the time of supply, which shall be treated earliest of the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed or the date of receipt of payment, whichever is earlier.

GSTR-9C is a reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return as per section 44 of the HGST Act.

Table 11 of GSTR-1 captures the information about advance received and adjustment of advances along with amendments. Table 4 (Column 4F) of GSTR9 captures the details of advance received and tax liability discharged thereagainst during the financial year.

(I) Tax liability on advance received

Scrutiny of records of DCSTs Bhiwani, Faridabad (East) and Gurugram (East) revealed that in seven cases of four taxpayers, the taxpayers had undischarged tax liability amounting to ₹ 361.11 crore (Appendix 2.4) due to non-adherence to the time of supply provisions on advances received.

During exit conference held in June 2025, the Department admitted the facts relating to one taxpayer and stated that notice had been issued to the taxpayer.

An illustrative case is detailed below:-

- A taxpayer of Gurugram (East) had declared advance of ₹ 1,131.44 crore (advances received from customers ₹ 1,129.74 crore and from related parties ₹ 1.69 crore) during the year 2021-22 respectively, whereas advance received including amendments declared in GSTR 1 was only ₹ 118.10 crore in 2021-22. This resulted in short declaration of tax liability of ₹ 182.40 crore at the rate of 18 *per cent* on differential amount of ₹ 1,013.33 crore during the year 2021-22.

The Department replied that advances were from related parties as loan and did not attract GST. The reply was not supported by records to substantiate that these advances were loans from related parties as well as to explain the amount shown as advance received from Customers under the schedule for other current liabilities in the financial statements.

(II) Suppression of taxable turnover

Scrutiny of records in DCSTs, Faridabad (East) and Gurugram (East) revealed that there was short realisation of tax amounted to ₹ 1.90 crore in two cases related to two taxpayers (Appendix 2.5) due to suppression of taxable turnover (TTO). These cases are discussed below:

- A taxpayer in DCST, Faridabad (East) in 2021-22 had shown work done of ₹ 346.74 crore as per contractor ledger whereas the turnover in GSTR-9 (including credit notes and exempt supply) was ₹ 338.61 crore thereby suppressed the taxable turnover of ₹ 8.13 crore which resulted in short realisation of tax to the tune of ₹ 1.46 crore.

- A taxpayer in DCST, Gurugram (East) in 2020-21 had shown taxable supplies of ₹ 12.48 crore as per GSTR-3B. The taxpayer had shown credit note as 'nil' in GSTR-1 whereas the turnover in GSTR-9 (including credit notes and exempt supply) was ₹ 10.08 crore thereby suppressed the taxable turnover of ₹ 2.41 crore which resulted in short realisation of tax to the tune of ₹ 0.43 crore.

During exit conference held in June 2025, the Department admitted the facts in one case related to a single taxpayer and stated that notice had been issued to the taxpayer. In remaining case of another taxpayer, the Department stated that there is no inconsistency in tax liability as declared and discharged reported in GSTR 1 and GSTR 9 of F.Y. 2020-21. The reply was not tenable as the taxpayer had shown debit/credit notes in GSTR-1 as 'nil'.

(III) On sale of fixed assets

Scrutiny of records in DCST, Faridabad (East) revealed that in two cases of a taxpayer, the taxpayer had sold fixed assets worth ₹ 4.99 crore {as per Note 10 (schedule of fixed assets)} during the year 2020-21 and 2021-22 on which tax was not levied. This resulted in short levy of tax amounting to ₹ 0.90 crore (Appendix 2.6).

During exit conference held in June 2025, the Department admitted the facts for the year 2021-22 and stated that notice had been issued to the taxpayer. However, no reply had been received for the year 2020-21.

2.3.7.2 (c) Non/short payment of tax on legal & professional charge/ royalty/freight charges under RCM

Under section 9(3) of CGST/HGST Act and section 5(3) of IGST Act, the Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he was the person liable for paying the tax in relation to the supply of such goods or services or both.

Notification No.13/2017 dated 28 June 2017 provides various categories of services supplied by a person on which GST shall be paid on reverse charge basis by the recipient of such services.

Scrutiny of records in DCSTs Bhiwani and Faridabad (East) revealed that in four cases related to two taxpayers, both the taxpayers had booked expenses of ₹ 4.36 crore on account of legal and professional charges, royalty and freight charges in balance sheet. GST on these services should be paid by the recipient at the rate of 18 *per cent* on reverse charge basis. It was noticed that taxpayers had not discharged or short discharged tax on RCM basis amounting to ₹ 0.64 crore resulting short payment of tax (Appendix 2.7).

An illustrative case is detailed below:-

- A taxpayer of Faridabad (East) paid legal & professional charge of ₹ 1.05 crore & ₹ 0.22 crore and royalty fee of ₹ 1.51 crore & ₹ 0.99 crore during the year 2020-21 and 2021-22 respectively. GST on these services should be paid by the recipient at the rate of 18 *per* cent on reverse charge basis. It was noticed in table 9 of GSTR-9C of both years that taxpayer had discharged RCM tax liability at the rate of 18 *per* cent on ₹ 0.29 crore and ₹ 0.49 crore respectively. Thus, the taxpayer discharged short liability of RCM of tax of ₹ 0.54 crore (₹ 0.41 crore+ ₹ 0.13 crore) at the rate of 18 *per cent* on total fee in both years.

During exit conference held in June 2025, the Department admitted the facts in four cases related to two taxpayers and stated that all the cases have been taken up for scrutiny assessment.

2.3.7.3 Input tax credit

(i) Irregular availment of ITC

Section 16 (2) of the Act and Rule 36 prescribes the conditions for availing ITC. The pre-requisite for availing ITC is that the taxpayer should be in possession of tax invoice or any other specified tax paying document, must have received the goods or services, tax has actually been paid by the supplier and taxpayer has furnished the return to avail the ITC. The value of the goods or services along with the tax should have been paid to the supplier within 180 days from the date of issue of invoice. No ITC shall be availed beyond September of the following financial year to which invoice pertains or date of filing of annual return, whichever is earlier.

(a) Non-reversal/short reversal of ITC

Section 17 (2) of the HGST Act read with Rule 42 and 43 states that where the goods or services or both are used by the registered person partly for effecting taxable supplies including zero-rated supplies and partly for effecting exempt supplies, the amount of credit shall be restricted to so much of the input tax as is attributable to the said taxable supplies including zero-rated supplies. Further, in case of services relating to construction of buildings, civil structures intended for sale to a buyer, the value of exempt supply has to be calculated project wise.

Scrutiny of records in DCST Bhiwani and Faridabad (East) revealed that in five cases of three taxpayers had shown exempt supply in returns (GSTR-9/9C) but ITC reversal was not done for exempt supply under rule 42/43 in GSTR-3B {Table 4B(i)} resulting in non-reversal/short reversal of ITC amounting to ₹ 0.66 crore (Appendix 2.8).

Two illustrative cases are detailed below:-

- In DCST, Bhiwani, one taxpayer declared ₹ 0.93 crore as exempted, 'nil' rated, non-GST supplies (As per GSTR 9) out of taxable turnover of ₹ 83.07 crore during the year 2020-21. This resulted in non/short reversal of ITC of GST of ₹ 0.15 crore on the basis of proportion of ITC claimed to taxable turnover.
- In DCST, Faridabad (East), one taxpayer declared ₹ 2.39 crore as non-GST and exempted supply (As per GSTR 9) out of taxable turnover of ₹ 214.60 crore during the year 2020-21. This resulted in non/short reversal of ITC of GST of ₹ 0.25 crore on the basis of proportion of ITC claimed to taxable turnover.

During exit conference held in June 2025, the Department admitted the facts and stated that notices had been issued in four cases related to two taxpayers and remaining one case of a single taxpayer had been taken up for scrutiny assessment under section 61 of the HGST Act.

2.3.8 Other compliance issues

2.3.8.1 Non declaration of new SAC code in Registration Certificate

As per Rule 24 (2) (a) of CGST Rules regarding migration of persons registered under the existing law, every person who has been granted a provisional registration under sub-rule (1) shall submit an application electronically in FORM GST REG–26, duly signed or verified through electronic verification code, along with the information and documents specified in the said application, on the common portal either directly or through a Facilitation Centre notified by the Commissioner. Under rule 2(b) of the rules, the information asked for clause (a) shall be furnished within a period of three months or within such further period as may be extended by the Commissioner in this behalf. Under rule 2(c), if the information and the particulars furnished in the application are found by the Proper Officer to be correct and complete, a certificate of registration in FORM GST REG-06 shall be made available to the registered person electronically on the common portal. Further, as per Rule 24 (3) where the particulars or information specified in sub-rule (2) have either not been furnished or not found to be correct or complete, the Proper Officer shall, after serving show cause notice in FORM GST REG-27 and after affording the person concerned a reasonable opportunity of being heard, cancel the provisional registration granted under sub-rule (1) and issue an order in FORM GST REG-28.

Scrutiny of records of seven DCSTs[11] revealed that 13 out of 30 taxpayers, the taxpayers had mentioned the old service tax code (00440XXX) instead of the new SAC relating to Works Contract/Construction services (9954XX) (Appendix 2.9).

During exit conference held in June 2025, the Department admitted the facts and stated that in case of one taxpayer, penalty of ₹ 50,000 was levied and recovered. In case of another taxpayer, penalty of ₹ 50,000 was levied, however, the recovery was pending. Notices had been issued for updation of new HSN/SAC code in three cases involving three taxpayers and the case of another taxpayer had been sent to Revisional Authority for necessary action. In remaining seven cases involving seven taxpayers, corrective action had been taken by replacing the old code with new SAC code under GST.

2.3.8.2 Non/short payment of interest

Section 50 of the Act stipulates that every person 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 interest at the rate notified.

The extent of short payment of interest on account of delayed remittance of tax during the years 2020-21 to 2021-22 was identified using the tax paid details in GSTR 3B and the date of filing of the GSTR 3B. Only the net tax liability (cash component) has been considered to work out the interest payable.

[11] Ambala, Bhiwani, Faridabad (East), Gurugram (South), Hisar, Rewari and Sonipat.

Scrutiny of records of six DCSTs[12] revealed that in 65 instances i.e. monthly GSTR-3B returns, the 11 taxpayers had discharged their tax liabilities by late filing the GSTR-3B with delay ranging from one day to 78 days. This had resulted in short payment of interest amounting to ₹ 0.47 crore (Appendix 2.10). During exit conference held in June 2025, the Department admitted the facts and stated that one case of a single taxpayer would be examined u/s 65 of SGST, notices had been issued in three cases related to three taxpayers and in remaining seven cases of seven taxpayers, an amount of ₹ 0.04 crore had been recovered from the taxpayers.

An illustrative case is detailed below:-

- One taxpayer in DCST, Gurugram (East) had discharged its tax liability during the years 2020-21 and 2021-22 by late filing the monthly return (GSTR-3B) for five tax-periods and the delay was ranging from five days to 36 days respectively resulting in non/short payment of interest of ₹ 0.38 crore.

The Department replied (June 2025) that interest for the year 2020-21 had been deposited by the taxpayer. Further, the case would be examined by conducting audit under Section 65.

2.3.8.3 Availment and utilisation of ITC based on returns

Under section 61 of the Act, various returns filed by taxpayers have to be scrutinised by the Proper Officer (ETO of State Tax) to verify the correctness of the returns and suitable action has to be taken on any discrepancies or inconsistencies reflected in the returns as depicted in **Table 2.6**.

Table 2.6: Mismatches in availment of ITC and discharge of tax payments

Dimensions	Mismatches identified			Action taken by the department		Department reply awaited/Rebutted	
	Number of taxpayers	Number of cases	(₹ in crore)	Number of cases admitted (Number of taxpayers)	(₹ in crore)	No of cases (Number of taxpayers)	(₹ in crore)
Excess availing of ITC as mis-match in GSTR-2A[13] and GSTR-3B[14] (Appendix -2.11).	2	2	4.27	2 (2)	4.27	0	0
Excess availing of ITC as mis-match	4	5	1.40	4(3)	1.37	1(1)	0.03

12 Bhiwani, Gurugram (East), Gurugram(South), Faridabad(East), Hisar and Sonipat.
13 Auto-populated Statement of Input supplies and available ITC of the taxpayer.
14 Table 4 of GSTR-3B indication ITC availed.

Dimensions	Mismatches identified			Action taken by the department		Department reply awaited/Rebutted	
	Number of taxpayers	Number of cases	(₹ in crore)	Number of cases admitted (Number of taxpayers)	(₹ in crore)	No of cases (Number of taxpayers)	(₹ in crore)
in GSTR 9 column-8D[15] (Appendix -2.12).							
Excess availing of ITC as mis-match in GSTR 9 column-6J[16] (Appendix-2.13)	8	14	30.44	10(6)	9.41	4(2)	21.03
Excess availing of ITC as mis-match in GSTR-2A and GSTR-9 (column-8A[17]) (Appendix-2.14)	6	8	0.68	5(4)	0.66	3(2[18])	0.02
Short declaration of tax liability as per returns (GSTR-1/3B/9) (Appendix-2.15)	6	7	0.61	3(2)	0.27	4(4)	0.34
Short discharge of tax under RCM (Appendix-2.16)	2	3	0.29	2 (1)	0.02	1(1)	0.27
Total	**28[19]**	**39**	**37.69**	**26 (18)**	**16.00**	**13 (10)**	**21.69**

Audit requisitioned additional records such as works contracts/agreement between parties, sale invoices and purchase invoices of selected months, trial balance, ITC reversal working sheet, details of supplies received under RCM etc. from the Department to ascertain the reasons for the mismatches in respect of these 39 cases related to 28 taxpayers. The Department did not produce the records in these cases. However, it admitted inconsistencies/mismatches in 26 cases with mismatches of ₹ 16.00 crore. Audit is of the view that a mechanism has to be instituted to obtain underlying records of taxpayers and provide them to Audit so as to enable analysis of the causative factors that contribute to the mismatches.

In 13 cases, the departmental replies were either not supported by documents to substantiate its contention or were untenable when checked with available records i.e. returns (GSTR-1/3B/9/9C), notifications issued by Department.

15 Difference between ITC as per GSTR-2A/2B given in Table 8A of GSTR-9 and sum of Table 6B and 6C of GSTR-9 indicating details of ITC availed in annual return.

16 Difference between ITC availed in monthly return GSTR-3B as shown in table 6A of GSTR-9 and details of ITC availed as declared in table 6B to 6H of GSTR-9.

17 ITC as per GSTR-2A/2B.

18 In two cases of a single taxpayer, the reply was not as per audit observation.

19 12 Unique Taxpayers.

2.3.9 Functional audit of DCSTs

Section 59 of the Haryana GST Act (HGST), 2017 stipulates GST as a self-assessment-based tax, whereby the responsibility for calculating tax liability, discharging the computed tax liability and filing returns is vested on the taxpayer. The GST returns must be filed online regularly on the common GST portal, failing which penalties will be payable. Even if the business has had no tax liability during a particular tax period, it must file a nil return mandatorily. Further, section 61 of the Act read with Rule 99 of HGST Rules stipulate that the proper officer may scrutinise the return and related particulars furnished by taxpayers, communicate discrepancies to the taxpayers and seek an explanation.

Five DCSTs[20] were selected to evaluate the functions of departmental field formations (DCSTs) to assess the effectiveness of scrutiny and assessments and compliance on Director General of Analytics and Risk Management (DGARM)/Tax Research Unit (TRU) reports relating to works contract/ construction services. Audit findings of audit of DCSTs are as follows:

2.3.9.1 Scrutiny of returns

(i) Non-production of information related to scrutiny of return

Under Rule 99 of CGST Rules, where any return furnished by a registered person is selected for scrutiny, the Proper Officer shall scrutinise the same in accordance with the provisions of section 61 of HGST Act with reference to the information available with him, and in case of any discrepancy, he shall issue a notice to the said person in FORM GST ASMT-10, informing him of such discrepancy and seeking his explanation thereto within such time, not exceeding thirty days from the date of service of the notice or such further period as may be permitted by him and also, where possible, quantifying the amount of tax, interest and any other amount payable in relation to such discrepancy.

The registered person may accept the discrepancy mentioned in the notice issued under sub-rule (1), and pay the tax, interest and any other amount arising from such discrepancy and inform the same or furnish an explanation for the discrepancy in FORM GST ASMT-11 to the Proper Officer. Where the explanation furnished by the registered person or the information submitted under sub-rule (2) is found to be acceptable, the Proper Officer shall inform him accordingly in FORM GST ASMT-12. In case the explanation furnished is not found to be satisfactory or taxpayer fails to take corrective measures like fails to pay unpaid tax or fails to pay wrongly availed ITC, then Proper Officer shall initiate proceedings under section 73/74 of the HGST Act to determine tax and other dues.

[20] Ambala, Bhiwani, Faridabad(East), Gurugram(South) and Sonipat.

Audit received (July 2024) from the office of Excise and Taxation Commissioner, Panchkula (i.e. Head office), lists of cases selected centrally by the Excise and Taxation Department for scrutiny and audit during the years 2020-21 to 2023-24 (i.e. for FY 2017-18 and 2018-19) for five selected DCSTs covered in functional audit of DCSTs. A total of 2,206 cases for scrutiny and 149 cases for audit were selected by the department in five DCSTs (Appendix- 2.17).

During functional audit of DCSTs, Audit requisitioned from five DCSTs the details of scrutiny conducted by them and their final conclusion (i.e. date of ASMT-10 etc.), particularly for those cases where taxpayer was involved in works contract/construction services. However, the same was not provided by any of these DCSTs.

Due to non-production of required details, Audit was unable to comment on the overall mechanism adopted by the Department to take action in respect of works contract/construction services taxpayers to protect revenues of the State and whether revenue of the exchequer was protected by the GST department of the State (Appendix-2.18).

During exit conference held in June 2025, the Department admitted the facts and stated that GST is a web driven system wherein all the proceedings including registration, amendment, cancellation, revocation, scrutiny, audit, recovery etc. are conducted online on boweb portal and all the related data is maintained in digital mode on boweb portal. All the proceedings including issuance of SCN, filing of reply by taxpayer and final adjudication order are issued online. Further, the audit party had access to the common boweb portal and all the digital records were accessible to them. The reply is not tenable as, while the records of individual taxpayers can be accessed through boweb portal, the summary information sought for by Audit relating to number of cases selected for scrutiny and results of scrutiny of returns of taxpayers involved in works contract/constructions services are not accessible in boweb portal and when requisitioned, were not provided to Audit.

Notwithstanding the above, Audit selected 25 taxpayers/cases (five cases in each DCST) from the list of scrutiny and audit cases provided by head office on the basis of profile of taxpayer dealing in works contract (new SAC code 9954/old code 0044) and highest total turnover (Appendix-2.19).

(ii) Inadequacies in scrutiny of returns

Under section 61 of the HGST Act, various returns filed by taxpayers have to be scrutinised by the Proper Officer to verify the correctness of the returns and suitable action has to be taken on any discrepancies or inconsistencies reflected in the returns.

(a) Short levy of tax due to suppression of taxable turnover

Section 9 (2) of the HGST Act envisages levy of tax on all supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at the rates notified by the competent authority and amended from to time on the recommendations of the Council and shall be paid by the taxable person.

Scrutiny of records of DCST, Gurugram (South) for the period 2018-19 revealed that the taxpayer had declared his TTO of ₹ 52.49 crore in Table 12 of GSTR 1. While comparing the same with GSTR3B in Table 3 and GSTR-9 Table 4(A+B) the total TTO was found in audit to be ₹ 78.78 crore. Thus, the total taxable value was higher than the total declared value by ₹ 26.29 crore which resulted in short realisation of tax to the value of ₹ 3.15 crore (Appendix-2.20).

However, the short realisation of tax was not pointed out in the notice in form ASMT-10 (dated 02 January 2023) and in the Show Cause Notice in form DRC-01 (dated 23 December 2023) issued to the taxpayer.

During exit conference held in June 2025, the Department stated that the taxpayer is engaged in the development of affordable society related construction activities. Taxable value declared in GSTR 3B includes consideration attributable to the land component alongside the construction services. This results in effective GST rate of eight *per cent* on taxable consideration. The reply was not acceptable as the Department did not provide supporting documents to substantiate its contention. The Department further stated that detailed reply would be provided to Audit after examination.

(b) Non- levy of tax on advances received

Section 13 of the HGST Act provides that the liability to pay tax on services shall arise at the time of supply, which shall be treated earliest of the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed or the date of receipt of payment, whichever is earlier. GSTR-9C is a reconciliation of turnover declared in audited annual financial statement with turnover declared in annual return as per section 44 of the HGST Act. Table 11 of GSTR-1 captures the information about advance received and adjustment of advances along with amendments. Column 4F of GSTR9 captures the details of advance received and tax liability discharged thereagainst for the financial year.

Scrutiny of records of DCSTs Faridabad (East) and Bhiwani revealed that in two cases related to two taxpayers, the taxpayers had undischarged tax liability on account of advances received amounting to ₹ 0.16 crore (Appendix-2.21). The Proper Officer failed to levy tax on advance received resulting into non-levy of tax during scrutiny assessment.

An illustrative case is detailed below:-

- In DCST Faridabad, Audit noticed that the taxpayer had reduced taxable turnover by ₹ 1.19 crore on account of 'Advances on which tax has been paid but invoice has not been issued' in GSTR 9(4F) during the year 2018-19. When cross checked with GSTR 1, it was noticed that in 2017-18, Table 11- advances received was ₹ 0.97 crore and adjustment of advances was made for ₹ 0.35 crore. Thus, unadjusted advances were ₹ 0.63 crore. However, in the year 2018-19, taxpayer had shown 'advances received' as nil (GSTR-1) and advances adjustment in Table 4F of GSTR 9 as ₹ 1.19 crore thereby availing excess adjustment of ₹ 0.56 crore in 2018-19. Thus, the taxpayer was liable to pay tax of ₹ 0.10 crore on differential taxable turnover at the rate of 18 *per cent*.

During exit conference held in June 2025, the Department admitted the facts and stated that in one case of a single taxpayer, DRC-01 has been issued and in remaining case of another taxpayer, notice had been issued.

(c) Unreconciled turnover/taxable turnover in Table 5R/7G of GSTR-9C

GSTR9C is a reconciliation statement to be filed by the taxpayer under section 44 of the HGST Act. Table 5 of GSTR 9C is the reconciliation of turnover declared in audited annual financial statement with turnover declared in annual turnover (GSTR 9). Column 5R of this Table captures the unreconciled turnover between the annual return GSTR 9, and that declared in the financial statement for the year after the requisite adjustments. Similarly, Table 7 of GSTR 9C is the reconciliation of taxable turnover. Column 7G of this Table captures the unreconciled taxable turnover between the annual return GSTR 9.

The certified reconciliation statement submitted by the taxpayer as required under Rule 80 (3) in form GSTR 9C for the year 2018-19 was analysed and Audit observed that in two cases related to two taxpayers of DCST Ambala, there was unreconciled turnover amounting to ₹ 30.89 crore in GSTR-9C (Table 5R/7G) (Appendix-2.22). During scrutiny of these cases, this issue was not raised by the proper officer in ASMT-10.

An illustrative case is detailed below:-

- In DCST Ambala, it was observed in audit that the taxpayer had declared un-reconciled turnover of ₹ 19.30 crore in Table 5R of GSTR 9C and in Table 6 of GSTR-9C the company depicted the value of supply as ₹ 15.44 crore, due to change in GST implementation stating the fact that it had entered into agreement with NHAI before the GST regime and therefore tax effect would not be applicable on it.

During exit conference held in June 2025, the Department admitted the facts and stated that both the cases had been sent to the Revisional Authority for initiating revision proceedings.

(d) Difference between DRC-01 and DRC-05

Haryana GST returns scrutiny manual provides for procedural aspect with regards to the scrutiny of returns of taxpayers as per the HGST Act, 2017 i.e. issuance of notice, communication of discrepancies to taxpayers, verification of records etc. by the proper officer. As per point 11(5) of the manual, adjudication proceeding against a taxpayer is envisaged by issuance of notice in DRC-01[21]. The notice shall contain detailed description of issues/discrepancies. As per point 11(9) read with point 13, if the proper officer is satisfied with submissions of taxpayer including payment of tax, interest and penalty, the proceedings is to be concluded by issuing speaking order in DRC-05[22].

Scrutiny of records of DCST, Gurugram (South) revealed that in three cases of a single taxpayer for the period 2018-19, the Proper Officer had issued DRC-01 in December 2023 to the taxpayer and later DRC-05 was issued by concluding proceedings against the taxpayer. However, it was noticed that there were several points viz. interest on liability difference in GSTR-3B and GSTR-9, interest and late fees on delayed filing of GSTR-3B and penalty for delayed filing of GSTR-9C raised in DRC-01 which were not addressed in DRC-05 before concluding proceedings resulting in tax implication of ₹ 0.07 crore (Appendix-2.23).

During exit conference (June 2025), the Department admitted the facts and stated that summons under section 70 of the HGST Act, 2017, had been issued.

(e) Short levy of interest

Section 50 of the HGST Act stipulates that every person 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

[21] DRC-01 is summary of show cause notice to the taxpayer.

[22] DRC-05 is intimation of conclusion of proceedings to the taxpayer.

prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay interest at the rate notified.

Scrutiny of records of DCSTs, Gurugram (South) and Sonipat revealed that in six cases pertaining to three taxpayers, there was short levy of interest amounting to ₹ 0.82 crore either due to short discharge of tax liability through GSTR-3B in a month or miscalculation of interest due by the Proper Officer (Appendix-2.24).

These cases are detailed below:-

- In DCST Sonipat, in respect of a taxpayer, Audit observed that the Proper Officer had levied interest for year 2017-18, on mismatch in tax liability between GSTR 1 and GSTR 3B, mismatch in ITC availed/claimed between GSTR 2A and GSTR 3B, mismatch in RCM tax liability declared and RCM ITC claimed in GSTR 3B calculated for the period 21 September 2022 up to 04 August 2023 i.e. date of DRC-01 notice. The interest was to be leviable w.e.f. due date of GSTR 9 filing for 2017-18 which was 05 February 2020 as per Notification No.06/2020–Central Tax New Delhi, the 3 February 2020. This resulted in short levy of interest of ₹ 0.63 crore.

- In DCST Sonipat, in respect of a taxpayer, Audit observed that the taxpayer had IGST ITC balance in Electronic Credit Ledger (ECL) of ₹ 0.15 crore at the end of November 2018 after discharging the tax liability for the period of May 2018. Tax liability for the month of June 2018 was ₹ 0.37 crore (IGST ₹ 45,872, CGST ₹ 18,47,800 and SGST ₹ 18,47,800) due for discharge on 20 July 2018 but discharged on 04 May 2019 with a delay of 288 days from ITC. Interest of ₹ 0.03 crore was liable on balance tax liability of ₹ 0.23 crore (45,872+18,47,800+18,47,800-14,77,146) @18% *per annum* for 288 days.

Further, the taxpayer claimed ITC of IGST- ₹ 10,45,60,288, CGST- ₹ 5,45,05,471 and SGST-₹ 5,45,05,471 for the month of September 2018 as per ECL and similar amount (CGST- ₹ 5,20,84,887, SGST- ₹ 5,20,84,887 & IGST- ₹ 10,47,95,665) had been reversed in GSTR 9/3B. It may be noticed that ECL had only IGST balance of ₹ 1,42,92,687 after discharging the tax liability for the month of August 2018 on 4 May 2019. As per tax liability declared in GSTR 3B for the month of September 2018 which was due for discharge on 25 October 2018 but discharged on 9 May 2019 with a delay of 196 days from ITC, ITC was not available sufficiently in Electronic Credit Ledger (ECL) to cover for the tax liability. The interest of ₹ 0.07 crore was liable on balance tax liability of ₹ 0.72 crore (50,460+1,06,98,112+1,06,98,112-1,42,92,687) @18% *per annum* for 196 days.

The taxpayer has not paid interest for the year 2018-19. However, this issue was not detected in scrutiny as the notice in form ASMT 10, SCN in form DRC-01 and the final order in form DRC-05, issued to the taxpayer did not address this issue.

Department admitted the audit observations (April 2025) and issued rectification order in DRC-08 in three cases and DRC-01 in two cases.

- In DCST, Gurugram (South), though, there was no overall tax liability difference between GSTR1 and GSTR3B noticed at the end of financial year as per comparison summary of 2018-19 related to the taxpayer, yet there was mismatch in tax liability declared between GSTR-1 (₹ 2,04,26,337) and GSTR-3B (₹ 1,30,01,513) of ₹ 0.74 crore in October 2018. While scrutinising the Electronic Credit/Cash Ledger (ECL) for 2018-19, it was found that ₹ 1.30 crore (Credit ₹ 63,11,306.00 + cash IGST ₹ 43,99,311.00+CGST ₹ 11,45,448+SGST ₹ 11,45,448) was paid as per GSTR3B liability. The due date for GSTR3B for the October 2018 was 20 November 2018. The tax liability was to be discharged for the greater of the liability between GSTR1 and GSTR3B in the absence of reconciliation. There was zero balance in ECL (Credit) at the end of October 2018.

It was further, noticed that the overall tax liability was reconciled ₹ 0.75 crore in the month of March 2019 by increasing the GSTR3B tax liability ₹ 3.00 crore compared to GSTR1 tax liability ₹ 2.25 crore. The proper officer while issuing ASMT-10, DRC 01 & DRC-07 in this case failed to raise this point. Thus, this resulted in short payment of tax liability during the months of October 2018-March 2019. The return/payment GSTR3B for March 2019 was made on 23 July 2019. As per 88B (2) of above notification, interest of ₹ 0.09 crore was leviable.

On being pointed out, the Department stated (June 2025) that SCN has been issued in this case.

(f) Excess Input Tax Credit availed

GSTR 2A is a purchase related dynamic tax return that is automatically generated for each business by the GST portal, whereas GSTR 3B is a monthly return in which summary of outward supplies along with ITC declared and payment of tax are self-declared by the taxpayer. To examine the veracity of the ITC availed, the relevant data from GSTR 2A along with the relevant amendments were compared with the ITC availed in GSTR 3B.

Scrutiny of records of DCST, Faridabad (East) revealed that a taxpayer, ITC availed as per GSTR 3B was more than ITC available as per GSTR 2A for the year 2018-19. During scrutiny of the assessment file of the dealer through web portal, Audit observed that as per comparison sheet, the taxpayer had availed ITC of ₹ 10.93 crore in GSTR 3B as compared to available ITC ₹ 10.32 crore in GSTR 2A which resulted in total mismatch of ₹ 0.61 crore. However, department issued notice (March 2022) for mismatch of ₹ 0.59 crore in GSTR 3B-2A. As per information available on boweb portal, GSTR-2A includes cess ITC of ₹ 0.01 crore which cannot be claimed by the taxpayer. Hence, the actual ITC of CGST, SGST and IGST available in GSTR 2A was ₹ 10.30 crore which resulted in actual mismatch (CGST, SGST and IGST) of ₹ 0.63 crore in GSTR 3B-2A. The Proper Officer failed to raise this point in ASMT-10 and issued ASMT-12 (case dropped). This resulted into excess availment of ITC amounted to ₹ 0.63 crore (Appendix-2.25).

During exit conference held in June 2025, the Department admitted the facts and stated that DRC-01 had been issued to the taxpayer.

2.3.9.2 Action not initiated against non-filers

Section 46 of the CGST Act read with Rule 68 of the CGST Rules stipulates issue of a notice in FORM GSTR-3A requiring filing of return within 15 days if the taxpayer had failed to file the return within the due date. In case the taxpayer fails to file the returns even after such notice, the Proper Officers may proceed to assess the tax liability of the said person to the best of their judgement, taking into account all the relevant material which is available or gathered and issue an assessment order in FORM ASMT-13. A summary of such order should be uploaded in the system in FORM DRC-07.

The ETD, Haryana has issued a Standard Operating Procedure (SOP) to be followed in case of non-filers of returns vide memo No. 45/GST-2 dated 9 January 2020. As per the SoP, if the said return remains unfurnished within the statutory period of 30 days from issuance of assessment order in FORM ASMT-13, the Proper Officer may initiate proceeding under Section 78 and recovery under section 79 of the Act. However, the Commissioner may resort to provisional attachment to protect revenue under Section 83 of the Act before issuance of FORM ASMT-13, in deserving cases, based on the facts of the case. Filing of returns (GSTR 3B) is related to payment of tax as the due date for both the actions are the same, which implies risk of non-payment of tax in the case of non-filers. Similarly, there is risk of late payment in the case of late-filers.

Audit examined the records of five DCSTs[23] for the years 2020-21 to 2023-24. The MIS Reports available on boweb portal relating to non-filers and best judgement assessment on return defaulters were reviewed and Audit observed that best judgment assessment in ASMT-13 were not issued to taxpayers in all five selected DCSTs (Appendix 2.26). It was further seen that MIS reports specific to taxpayers involved in works contract services were not available.

During exit conference held in June 2025, the Department stated that the return filing status of top tax payers & other large taxpayers was being monitored at ward level and at district level regularly. There is inbuilt mechanism of issuance of SCN for cancellation of registration who have not furnished returns continuously for six months {Rule (21 h & I)}. Further, Rule 56 (6) is in-force since 01 September 2021 which restricts filing of GSTR-1/IFF after two months of default. As per Rule 138 E (B), taxpayer not filing monthly returns up to last two tax periods will not be able to generate E-Way Bill. Additionally, action was taken against any red-flags noticed during this period. Thus, there was effective and adequate mechanism for monitoring non-filers and late filers of returns. The reply of the Department did not address the aspect of effective follow up action on defaulters after identification as non-filers and late filers of returns.

2.3.9.3 Internal control mechanism to ensure effectiveness in processing and payment of refund claims

GST refunds are governed by the CGST Rules, 89 to 97A. Under Rule 89 (1), any person, except the persons covered under notification issued under section 55 claiming refund of any balance in the Electronic Cash Ledger (ECL) in accordance with the provisions of sub section (6) of section 49 or any tax, interest, penalty, fees or any other amount paid by him, other than refund of integrated tax paid on goods exported out of India, may file ECL in accordance with the provisions of sub-section (6) of section 49 or subject to the provisions of Rule 10B, an application electronically in FORM GST RFD-01 through the common portal. Further, in GST regime Proper Officer-cum-assessing authority has sole power to sanction refund as per Rule 92 of the CGST Rules.

In all five DCSTs selected for evaluation of functions of departmental field formations, Audit requisitioned information and related records about GST refund mechanism and whether post-check were carried out on refund sanctioned (RFD-06) of amount more than ₹ one lakh by authority superior to Proper Officer (Appendix-2.27). Due to non-production of required details or files, Audit is unable to comment on the overall mechanism adopted by the

[23] Ambala, Bhiwani, Faridabad (East), Gurugram (South) and Sonipat.

Department and could not examine the efficacy of the GST refund mechanism in the department.

The department stated that instructions have been issued vide memo No. 610/ GST-II dated 22 November 2022 mandating prior approval from DETC before sanctioning any refund of amount more than ₹ two crore and the said monetary limit has been changed to ₹ 10 lakh vide letter No. 539/ GST-II, Panchkula dated 03 June 2024. Further, DETCs (ST) have been specified as inter-district link officers in GST to conduct post audit of refund orders issued by Proper Officers of other District vide instruction No. 03/2024/GST-I irrespective of any monetary limit.

Since the departmental field formations did not produce required details of refunds issued to taxpayers during the audit period, audit could not verify and comment on refunds cases.

2.3.9.4 Maintenance of records

Audit raised requisitions pertaining to all five DETCs selected for evaluation of functions of departmental field formations (Appendix-2.28). Audit found that the DCSTs did not maintain records either in physical mode or in digital mode that could readily be available for internal departmental review or audit.

During exit conference held in June 2025, the Department admitted the facts and stated that GST is a web based driven system wherein all the proceedings including registration, amendment, cancellation, revocation, scrutiny, audit, recovery etc. are conducted online on boweb Portal & all the related data is maintained in digital mode on boweb Portal. Further, all the proceeding including issuance of SCN, filing of reply by taxpayer and final adjudication order are issued online. The department stated during exit conference (June 2025) that instructions would be issued very shortly to DCSTs to avoid non production of records.

2.3.10 Conclusion

The Subject Specific Compliance Audit (SSCA) on Works Contract/ Construction Services under GST in Haryana was conducted to examine whether tax administration was effective in ensuring compliance by the taxpayers involved in works contracts/construction services and to assess the effectiveness of scrutiny and assessments of taxpayers relating to works contract/construction services by the Department.

Based on 12 risk parameters, 30 taxpayers from eight DCSTs were selected for detailed audit. However, granular records of taxpayers were not produced in 18 cases due to which identified risks relating to irregular/mismatch of

₹ 37.69 crore in ITC availment and undischarged tax liability could not be examined in detail by Audit.

Notwithstanding the scope limitation, Audit observed instances of incorrect availing of exemptions and concessional rates, and non-payment of tax on advances and fixed assets and short payment of interest cumulatively leading to compliance irregularities of ₹ 389.07 crore. Audit also observed instances of improper scrutiny, which had resulted in short payment of tax, suppression of turnover, mismatch of ITC and short levy of interest in functional audits, amounting to ₹ 4.83 crore.

Taxpayer non-compliance and weakness in departmental action collectively undermine the veracity of GST returns and effectiveness of tax administration in the risk prone works contract/construction sector. Unless addressed through stricter enforcement, robust internal controls, and consistent monitoring, such deficiencies pose a risk to the protection of state revenue.

2.3.11 Recommendations

The Government may consider:

1. *instituting a mechanism for obtaining and providing granular taxpayer records to Audit;*
2. *ensuring strict application of the provisions of Acts and Rules by all the concerned tax authorities in respect of works contract/construction services;*
3. *ensuring that the Department verify the correctness of the returns, ITC availed and initiating suitable action on discrepancies or inconsistencies reflected in the returns; and*
4. *ensuring that the Department takes proper action against non-filers of GSTR 3B returns, for which MIS reports are already available on boweb portal.*

2.4 Non levy of tax on Closing Stock

The Assessing Authority while finalising the assessment did not verify details of sales of five dealers with reference to closing stock resulting in non-levy of tax of ₹ 6.67 crore.

As of 30 June 2017, a dealer registered under the Haryana Value Added Tax (HVAT) Act 2003 who possessed closing stock but has not migrated to the Goods and Services Tax (GST) regime was to be treated as having discontinued their business under the VAT regime. Accordingly, the closing stock was to be taxed by removing all previous tax credits, so that the full VAT value on goods is recovered before the dealer exited the system.

Section 17 of the HVAT Act dealing with reassessment of tax was amended in September 2015, to increase the time limit within which assessing authority could reassess the tax. Thereby, the Commissioner was allowed to reassess at any time before the expiry of eight years following the close of that year or before the expiry of three years following the date when the assessment for that years becomes final, whichever is later.

Scrutiny of records (August 2023) of the office of Deputy Excise and Taxation Commissioner (Sales Tax), {DETC (ST)}, Gurugram (East) revealed that five dealers at the end of first quarter for the year 2017-18 had shown closing stock of ₹ 73.93 crore in their returns. The tax on these dealers were assessed (between July 2018 and March 2021) by the AA under section 15 (4)[24] of the HVAT Act. Audit found that while passing the assessment order, AA had not cross checked migration of these dealers to GST on the GST portal. As a result, the closing stock for the year 2017-18 was not taxed resulting in non-levy of tax of ₹ 6.67 crore.

On this being pointed out, the ETO-cum-AA, Gurugram (East) accepted (April 2025) the audit observation and stated that re-assessment proceedings have been initiated under section (u/s) 17 of the HVAT Act by creating additional demand and VAT N-2[25] has been issued to the dealer and final outcome would be intimated accordingly.

[24] The Section 15(4) of the HVAT Act 2003, states that if a dealer fails to furnish returns by the prescribed date, or if the Assessing Authority is not satisfied that the returns are correct and complete, they may assess the tax due to the best of their judgment.

[25] Form VAT-N2 is a statutory notice issued by the Assessing Authority to a dealer for the purpose of assessment or re-assessment of tax liability. It legally requires the dealer to appear in person or through an agent and produce the necessary records to support their final VAT return or declaration of stock.

The matter was referred to the Excise and Taxation Department in January 2025 and reported to the Government in April 2025; their replies were awaited (February 2026).

2.5 Under assessment of tax due to application of lower rate of tax/not levied tax

The Assessing Authority, while finalising the assessments applied lower rate of tax than the applicable rate of tax on sale of goods, resulting in under assessment of tax of ₹ 3.31 crore besides interest of ₹ 2.47 crore was also leviable.

Section 7 of the HVAT Act provides for levy of tax on turnover of sales of goods as specified in the schedules 'A' to 'G'. As per Section 7 (1) (a) (iv) of the HVAT Act, any commodity other than the commodities classified in any of the schedules is taxable at the rate of 12.5 *per cent* with effect from 1 July 2005. Surcharge at the rate of five *per cent* on the tax and interest was leviable under Section 7 (A) of HVAT Act (2 April 2010) and Section 14 (6) of the HVAT Act, respectively.

Scrutiny of records (between July 2023 and March 2024) of four DETCs[26] (ST) revealed that AAs while finalising the assessments (between November 2019 and March 2021) in respect of 11 cases pertaining to 11 dealers for the years 2016-17 to 2017-18 applied lower tax rates[27] than the applicable rate of tax on sale of goods. This resulted in under assessment of tax of ₹ 3.31 crore. In addition, interest of ₹ 2.47 crore was also leviable.

On this being pointed out, AA Faridabad (North) and AA Gurugram (East) stated that reassessment had been done and additional demand of ₹ 3.72 crore had been created in six cases and notices for recovery had been served upon the dealers. In two cases, AA Gurugram (East) stated that notices for reassessment under section 17 had been issued. In two cases, AA Mewat and Fatehabad stated that the cases had been sent to Revisional Authority for initiating revisional action. In one case, AA Gurugram (East) stated that the de-novo assessment was under proceedings and final outcome of the case would be intimated to audit accordingly.

The matter was referred to the Excise and Taxation Department in January 2025 and reported to the Government in March 2025; their replies were awaited (February 2026).

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26 Faridabad (North), Fatehabad, Gurugram (East) and Mewat.

27 4.2 to 5.25 *per cent* in five and zero in six cases instead of 5.25 to 13.125 *per cent.*

2.6 Under assessment of tax due to allowing concessional rate of tax against invalid forms 'C' resulting in undue benefit to the dealers

The Assessing Authorities, while finalising the assessments, allowed concessional rate of tax without verification of statutory forms, resulting in under assessment of tax of ₹ 0.98 crore. In addition, penalty of ₹ 2.93 crore was also leviable.

Section 8 (4) of the Central Sales Tax Act, 1956 (CST Act) provided that concession under sub section (1) shall not apply to any sale in the course of inter-State trade or commerce unless the dealer selling the goods furnishes to the Assessing Authority (AA), a declaration duly filled and signed by the registered dealer to whom the goods are sold containing the prescribed particulars in a prescribed form obtained from the prescribed authority. Further, Section 38 of the HVAT Act provides for penal action (three times of tax avoided/benefit claimed) for claims on the basis of false information and incorrect accounts or tax. Further, as per Standard Operating Procedure (SoP) (January 2018) issued by Government of Haryana, in the cases where verification report is not received within six months from the date of assessment order or from the dispatch of verification letter whichever is later, AA should levy tax and penalty as provided in the HVAT Act or Rules.

Scrutiny of records (between June 2023 and March 2024) revealed that four dealers in seven cases in the office of DETCs (ST) Hansi, Jhajjar (Bahadurgarh) and Narnaul for the years 2016-17 to 2017-18 claimed concessional rate of tax on their inter-State sales amounting to ₹ 8.77 crore. In support of the claims, the dealers submitted seven 'C' forms[28]. The concerned AAs finalised the assessments between June 2019 and March 2021 and allowed the concessional rate of tax against the declaration forms filed without verification as per instructions ibid.

On verification of forms on website of the issuing authority (Delhi Value Added Tax), it was noticed that in two cases related to Hansi and Narnaul, the registration of the purchasing dealers had been cancelled prior to the date of transactions. In five cases related to DETC (ST) Jhajjar (Bahadurgarh), 'C' forms found cancelled/not genuine. Thus, allowing concessional rate of tax without due verification resulted in under assessment of tax of ₹ 0.98 crore. In addition, penalty of ₹ 2.93 crore was also leviable.

On this being pointed out, ETO Hisar, ETO Jhajjar at Bahadurgarh and ETO Narnaul admitted the facts (June 2025) and stated that five cases of Jhajjar

[28] Bahadurgarh-1, Hansi-1, Jhajjar (Bahadurgarh)-4 and Narnaul-1.

(Bahadurgarh) and Hansi had been re-assessed by creating demand of tax of ₹ 4.09 crore including penalty ₹ 3.06 crore. Notice for recovery had been issued to the dealers and efforts would be made to recover the outstanding amount. In the remaining two cases of Bahadurgarh and Narnaul, dealer had opted OTS Scheme and deposited ₹ 5.18 lakh. However, documents in support of the claim were not available on record.

The matter was referred to the Excise and Taxation Department in November 2024 and reported to the Government in February 2025; their replies were awaited (February 2026).

2.7 Inadmissible/excess benefit of Input Tax Credit

The Assessing Authorities, allowed benefit of input tax credit without verification which resulted in incorrect grant of ITC of ₹ 2.32 crore, including penalty.

Section 8 of the HVAT Act (amended in 2015) provides that input tax in respect of any goods purchased by a VAT dealer shall be the amount of tax paid to the State on sale of such goods to him. Further, as per notification issued by Government of Haryana in September 2015, input tax means the tax actually paid to the State in respect of goods sold to a VAT dealer, which such dealer is allowed to take credit of as actual payment of tax by him, in accordance with the provision of Section 8 of HVAT Act. Excise and Taxation Commissioner, Haryana issued instructions in March 2006 and July 2013 that cent *per cent* verification of ITC up to the stage of actual payment of tax shall be done. Further, Section 38 of HVAT Act provides for penal action (three times of tax avoided as penalty) for claims on the basis of false information and incorrect accounts or documents etc.

Scrutiny of records (between August 2023 and February 2024) of three DETCs (ST) Gurugram (East), Gurugram (North) and Mewat revealed that Assessing Authorities (AAs) while finalising the assessments (between April 2019 and March 2021) in respect of five cases pertaining to four dealers for the years 2016-17 to 2017-18 allowed benefit of ITC of ₹ 65.86 lakh without verification of purchases and actual payments of tax from the selling dealers.

On cross verification of sale/purchase lists of concerned dealers by audit, it was noticed that in three cases the selling dealers had not shown any sale to the purchasing dealers and in two cases dealers had claimed inadmissible ITC due to opting for Rebate of State Levies on Export of Garments (ROSL) scheme and against tax free sales. This resulted in incorrect grant of ITC of ₹ 65.86 lakh, besides penalty of ₹ 1.67 crore was also leviable as per HVAT Act.

On this being pointed out, the DETCs in five cases[29] admitted the facts and stated (February 2026) that additional demand of ₹ 1.28 crore had been raised in these cases. Recovery proceedings had been initiated and notices for recovery had been issued to the dealers between March 2025 and January 2026.

The matter was referred to the Excise and Taxation Department in April 2025 and reported to the Government in December 2025; their replies were awaited (February 2026).

2.8 Under assessment of tax due to allowing sale against form VAT-D1 issued to ineligible dealer

The Assessing Authorities allowed concessional sale to three dealers against VAT-D1 issued to ineligible dealers, resulting in under assessment of tax amounting to ₹ 2.16 crore.

Under Section 7 (2) (b) and 7 (3) (a) read with Rule 17 of the HVAT Act, the tax payable by a dealer on his taxable turnover in so far as such turnover relates to goods of the description referred to in sub-section (4) sold to a VAT dealer shall be calculated at four *per cent* if the purchasing dealer furnishes a declaration duly filled in and signed by him containing the prescribed particulars in form VAT-D1 obtained from the prescribed authority. If any registered dealer closes down his business or his certificate of registration is cancelled for any other reason, he shall forthwith furnish part B of the used declaration forms and surrender the unused forms with him to the appropriate Assessing Authority and where he fails to furnish or surrender the forms, these shall be deemed to have been declared invalid from the date of closure of his business or from the date his certificate of registration is cancelled, as the case may be.

Scrutiny of records (between August 2023 and March 2024) of the office of DETC (ST), Charkhi Dadri, Gurugram (East) and Gurugram (North) for the year 2016-17 revealed that the AAs, while finalising the assessment (between August 2019 and January 2020) of three dealers, allowed concessional sale against VAT-D1 of ₹ 52.21 crore. On verification at the departmental portal, it was found that the purchasing dealers were retail traders and were not entitled for use of VAT-D1 form for purchasing goods at concessional rate of tax for trading of goods. The goods purchased against form VAT-D1 may not be used as per the provisions of the Act. Allowing concessional sale against VAT-D1 issued to ineligible dealers resulted in under assessment of tax amounting to ₹ 2.16 crore.

[29] Gurugram (East)-2, Gurugram (North)-2 and Mewat-1.

On this being pointed out, ETO Gurugram (North) stated (April 2025) that the notice for re-assessment has been issued to the dealer. ETO Gurugram (East) admitted the facts and stated (April 2025) that the original order had been reassessed under section 17 of the HVAT Act, by creating demand of ₹ 3.60 crore including penalty of ₹ 2.24 crore and the recovery proceedings had been initiated. ETO Charkhi Dadri stated (October 2024) that the case had been sent to the Revisional Authority for *suo motu* action.

The matter was referred to the Excise and Taxation Department in December 2024 and reported to the Government in April 2025; their replies were awaited (February 2026).

2.9 Non-levy/short levy of interest

The Assessing Authorities had either not levied or short levied interest on non-payment of tax, resulting in under assessment of tax of ₹ 0.94 crore.

Section 14 (6) of the HVAT Act, 2003, stipulates that if any dealer fails to make payment of tax, he would be liable to pay, in addition to the tax payable by him, simple interest at one *per cent* per month if the payment is made within ninety days, and at two *per cent* per month if the default continues beyond ninety days for the whole period, from the last date specified for the payment of tax till the date he makes the payment. However, the interest leviable under this Act shall not exceed the amount of tax or penalty on the non-payment or late payment of tax on which such interest is charged.

Scrutiny of records (between June 2023 and March 2024) of DETCs (ST), Bhiwani, Gurugram (North) and Jhajjar revealed that five dealers[30] had not paid tax in accordance with the provisions of the Act and Rules. While finalising the assessments (between June 2019 and January 2020) for the years 2016-17 and 2017-18, the AAs had either not levied or short levied interest in five cases. This resulted in non/short levy of interest of ₹ 0.94 crore.

On this being pointed out, AA Gurugram (North) admitted the facts and stated that reassessment had been made and dealer had opted OTS scheme and ₹ 5.82 lakh had been deposited in one case and in another case notice had been issued to the dealer. In one case AA Bhiwani admitted and stated that case had been sent to Revisional authority for *suo motu* action. Reply in respect of two cases of Jhajjar have not been received (February 2026).

[30] Bhiwani-1, Gurugram (North)-2 and Jhajjar-2.

The matter was referred to Excise and Taxation Department in May 2025 and reported to the Government in December 2025; their replies were awaited (February 2026).

Chapter 3

Stamp Duty

CHAPTER-3

STAMP DUTY

3.1 Tax administration

Receipts from stamp duty (SD) and registration fee (RF) are regulated under the Indian Stamp Act, 1899 (IS Act), the Registration Act, 1908 (IR Act), the Punjab Stamp Rules, 1934, (as adopted by the Government of Haryana), and the Haryana Stamp (Prevention of Undervaluation of Instruments) Rules, 1978. The Additional Chief Secretary (ACS), Revenue and Disaster Management Department, Haryana, is responsible for administering the registration of various deeds/documents. The overall control and supervision of the levy and collection of SD and RF rest with the Inspector General of Registration (IGR), Haryana. The IGR is assisted by Deputy Commissioners (DCs), Tehsildars, and Naib Tehsildars who act as Registrars, Sub Registrars (SRs), and Joint Sub Registrars (JSRs), respectively.

3.2 Results of audit

In 2023-24, test check of the records of 71 out of 143 units of the Revenue Department during 2023-24 revealed non/short levy of stamp duty and registration fee etc. and other irregularities amounting to ₹ 314.74 crore. These observations were identified in 2,004 cases, which fall under the following categories in **Table 3.1**.

Table 3.1: Results of audit

Sr. No.	Categories	Number of cases	Amount (₹ in crore)
1.	Non/short recovery of stamp duty and registration fee due to undervaluation of immovable property	1,031	195.14
2.	Short levy of stamp duty and registration fee on Collaboration agreement	147	64.41
3.	Short levy of stamp duty and registration fee on exemption of stamp duty on mortgage deed	158	15.27
4.	Short levy of stamp duty on exchange of land	83	12.44
5.	Short levy of stamp duty and registration fee due to non consideration of rate Prime *Khasra* Land	145	2.57
6.	Non/short levy of stamp duty and registration fee on release deeds	70	1.01
7.	Miscellaneous/Other irregularities	370	23.90
	Total	**2,004**	**314.74**

The Department acknowledged under assessment and other deficiencies amounting to ₹ 313.66 crore involved in 1,991 cases which were pointed out during the year and earlier years. The Department recovered ₹ 15.55 lakh in 24 cases, pertaining to earlier years.

Significant cases involving ₹ 85.37 crore are discussed in the following paragraphs.

3.3 Non/short levy of stamp duty and registration fee due to undervaluation of immovable properties

Stamp duty and registration fee of ₹ 49.60 crore was levied in 266 deeds, using the rates for agricultural land, however, land records (*Jamabandis)*, revealed that those were residential, commercial or industrial plots/lands. This led to a short realisation of ₹ 34.08 crore of stamp duty and registration fee.

Section 27 of the Indian Stamp Act, 1899 (IS Act) as applicable to Haryana provided that consideration and all other facts and circumstances affecting the chargeability of any instrument with duty or the amount of duty with which it is chargeable, should be fully or truly set forth therein. Further, as per section 47-A of the IS Act, if the registering officer has reasons to believe that the value of the property or the consideration, has not been truly set forth in the instrument, he may, after registering such instrument refer the same to the Collector for determination of the value or consideration and the proper duty payable.

Scrutiny of records (between May 2023 and April 2024) of 44 Sub Registrars/Joint Sub Registrars (SRs/JSRs) offices[1] for the years 2021-22 and 2022-23, revealed that 266 documents were registered (between April 2021 and December 2023) which were undervalued as agricultural or otherwise[2] instead of residential, commercial or industrial land/plot. In some cases, SD for covered area was either not levied or short levied. The value of these properties was to be assessed as ₹ 1,225.99 crore on which SD of ₹ 82.83 crore and RF of ₹ 85.42 lakh was required to be levied. However, the department assessed the value of these properties at ₹ 717.15 crore and levied SD of ₹ 48.97 crore and RF of ₹ 63.19 lakh. This resulted in short levy of ₹ 34.08 crore of Stamp duty and Registration Fee (SD of ₹ 33.86 crore and RF of ₹ 22.33 lakh).

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[1] Ambala Cantt., Badkhal, Badli, Badshahpur, Bahadurgarh, Balasamand, Bapoli, Barwala, Bawani khera, Charkhi Dadri, Chhachhrouli, Dabwali, Ellenabad, Faridabad, Farrukhnagar, Fatehabad, Ganaur, Gurugram, Hansi, Harsaru, Hodal, Jagadhri, Jhajjar, Jind, Kadipur, Kaithal, Kalka (Panchkula), Kharkhoda (Sonipat), Mahendergarh, Manesar, Narnaul, Palwal, Panipat, Pataudi, Radaur, Rai, Sadhoura, Safidon, Samalkha, Sonipat, Thanesar, Tigaon, Uklana and Wazirabad.

[2] 'Otherwise' means properties such as gairmumkin, Pahad etc.

On this being pointed out, all the SRs/JSRs stated (between May 2023 and March 2025) that cases had been/would be sent to the Collector under section 47-A of the IS Act for decision.

The matter was referred to the Government of Haryana, Revenue and Disaster Management Department in November 2025, reply was awaited (February 2026).

3.4 Short levy of stamp duty due to misclassification/undervaluation of collaboration agreements[3]

Misclassification/undervaluation of collaboration agreements in 59 cases, resulting in short levy of stamp duty and registration fee of ₹ 30.65 crore.

As per Government of Haryana notification issued in October 2013, any agreement that relates to giving authority or power to a promoter or a developer, by whatever name called, for construction on, development of or, sale or transfer (in any manner whatsoever) of, any immovable property shall be liable to stamp duty (SD) as is leviable on conveyance on the market value of the property mentioned in the agreement. The duty was amended (November 2017) to two *per cent* of the market value of the property or the amount of such consideration as set forth in the collaboration agreement, whichever is higher.

Scrutiny of records of 16 Sub Registrar offices[4] (June 2023 and February 2024) for the years 2020-2022 revealed that 59 collaboration agreements were registered between December 2020 and April 2023 and SD and RF of ₹ 17.99 crore were levied on them. Scrutiny of these agreements revealed that owners of land had authorised the developers to take possession of the land with the right to construct shop-cum-flats and residential houses. These agreements were, therefore, liable to be levied for stamp duty as per the notification. According to the rates fixed by the Collector, value of land transferred to the developers was calculated to be ₹ 2,417.76 crore on which SD and RF of ₹ 49.35 crore was leviable as per notification. However, misclassification/ undervaluation of collaboration agreements resulted in short levy of SD and RF of ₹ 30.65 crore as detailed below:

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3 An agreement between at least two parties looking to work together on a commercial project on a collaborative or cooperative basis. The agreement spells out the specific terms and conditions of the parties working relationship including allocation of responsibilities and division of revenues derived from the exploitation of the work.

4 Badshahpur, Ballabgarh, Faridabad, Farrukhnagar, Fatehabad, Gurugram, Harsaru, Kadipur, Kalka, Manesar, Sirsa, Sohna, Sonipat, Thanesar, Tigaon and Wazirabad.

a. In 51 deeds, collaboration agreements executed by developers, the Sub-Registrars assessed the land at lower values. Audit analysis revealed that this was due to consideration (agreed value) being higher than the value shown in the deed, market value exceeding the deed value owing to the land falling in the R-Zone, and adoption of agricultural rates instead of the prescribed rates for plotted, group housing, or commercial licensed land. This resulted in short levy of stamp duty and registration fee amounting to ₹ 28.38 crore.

b. In eight cases, collaboration agreement was wrongly classified as simple agreement and registered with SD of ₹ 2,613 causing a loss of SD and RF of ₹ 2.27 crore.

On this being pointed out, all the SRs/JSRs stated (between March 2025 and February 2026) that all cases had been/ would be sent to the Collector under section 47-A of the IS Act for decision.

The matter was referred to the Department and reported to the Government in December 2025, their replies have not been received (February 2026).

3.5 Non/short levy of stamp duty and registration fee and misclassification of Mortgage deed

In 53 instruments, documents of mortgage were registered wherein the stamp duty/registration fee was either under charged or not charged at all which resulted into non-levy of stamp duty & registration fee of ₹ 9.43 crore. Further, in case of 10 instruments, misclassification of simple mortgage documents resulted into short levy of stamp duty & registration fee of ₹ 50.27 lakh. Thus, there was non/short levy of stamp duty and registration fee of ₹ 9.93 crore.

Section 2 (17) of Indian Stamp Act, 1899 (IS Act) provided that a mortgage deed includes every instrument whereby, for the purpose of securing money advanced, or to be advanced, by way of loan, or an existing or future debt, or the performance of an engagement, one person transfers, or creates, to, or in favour of, another, a right over or in respect of specified property. Further, Section 29 provided that the stamp duty (SD) on Mortgage deeds shall be levied as per scheduled 1-A of IS Act and paid by the person who was drawing, making, or executing such instrument. Section 3 of the IS Act provided that no SD shall be chargeable in respect of any instrument executed by, or on behalf of or in favour of the Government.

i) Test check of the records (between June 2023 and March 2024) of offices of seventeen[5] Joint Sub Registrars/ Sub Registrars (JSRs/SRs) revealed that in 53 mortgage deeds registered between February 2021 and November 2023, the registering authority registered the documents as simple mortgage[6] with bank guarantee, and levied SD (between ₹ 100 to ₹ 20,000) of ₹ 0.29 lakh and registration fee (RF) of ₹ 1.13 lakh treating as mortgage with Government i.e. Town and Country Planning (TCP), Haryana. However, SD and RF of ₹ 9.44 crore (SD: ₹ 9.20 crore and RF: 0.24 crore) was to be levied on valuation of bank guarantee of ₹ 613.62 crore. This resulted in non/short levy of SD & RF of ₹ 9.43 crore (SD: ₹ 9.20 crore and RF: ₹ 0.23 crore).

ii) Test check of the records (between July 2023 and February 2024) of offices of five[7] JSRs/SRs revealed that the registering authority while registering the documents between February and June 2023 misclassified the simple mortgage as equitable mortgage[8] and levied SD & RF of ₹ 14.11 lakh instead of SD and RF leviable of ₹ 64.72 lakh resulting in short levy of SD and RF of ₹ 50.61 lakh.

On this being pointed out, all the JSR/SR stated (between November 2023 and March 2025) that the cases had been/would be sent to the Collector under section 47-A of IS Act for decision.

The matter was referred to the Revenue and Disaster Management Department in May 2025 and reported to Government in September 2025; their replies were awaited (February 2026).

3.6 Irregular exemption of stamp duty treating the non-bonafide decrees as bonafide

24 compromise decrees[9] which were not bonafide[10], were registered by charging nominal stamp duty and registration fee resulted in irregular exemption of stamp duty and registration fee of ₹ 4.90 crore.

Under Section 17 of the Registration Act, 1908, non-testamentary[11] instruments transferring or assigning any decree or order of a Court or any award when such decree or order or award purports or operates to create, declare, assign, limit or

5 Badshahpur, Bahadurgarh, Chachhrouli, Faridabad, Farukhnagar, Gurugram, Harsaru, Jagadhri, Kadipur, Kharkhoda, Manesar, Panipat, Rai, Sampla, Sohna, Sonipat and Wazirabad.

6 A mortgage where the borrower keeps possession of the property but promise to repay the loan personally. If the borrower fails to pay, the lender can have the property sold and use the sale proceeds to recover the loan amount (Section 58 (b) of the Transfer of property Act, 1882).

7 Faridabad, Gurugram, Jagadhri, Panipat and Sonipat.

8 A mortgage where a borrower hands over the original title deed of an immovable property to lender with the intention of using the property as security for a loan (Section 58 (f) of the Transfer of property Act, 1882).

9 Settlement of property by mutual consent.

10 Non Bonafide decree is one which is not genuine adjudication of right i.e. outside blood relation.

11 A non testamentary instruments is a document that is used to transfer ownership of real property.

extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, of the value of ₹ 100 and upwards, to or in immovable property are compulsory registrable documents.

Further, the Financial Commissioner and Secretary to Haryana Government, Revenue and Disaster Management Department (FCR) had issued instructions in September 1996, to all the registering authorities that mutated property registered on the basis of a compromise decree which was not bonafide, was liable to be charged as an instrument or conveyance as per the rates of SD against article 23A of Schedule 1-A of the IS Act. The SRs were directed to carefully examine each document so as to ensure that there was no deliberate attempt for evasion of SD and the same was properly stamped under the Act. Thus, a compromise decree which is not bonafide is liable to charged as an instrument of conveyance.

Scrutiny of the records of offices of four[12] SRs (between July and December 2023) revealed that 24 deeds of immovable properties, registered between September 2021 and March 2023, were transferred by order of court in favour of plaintiff. The registering authority registered the deeds as bonafide by charging nominal SD of ₹ 38,000 and RF of ₹ 2,400 on total consideration of ₹ 70.03 crore. Though, in these deeds, the land was transferred to plaintiff through a decree. These compromise decrees which were not bonafide were liable to be charged SD as an instruments or conveyance as per schedule I-A of the IS Act. Hence, SD and RF of ₹ 4.90 crore (SD: ₹ 4.81 crore + RF: ₹ 9.50 lakh) were leviable as per Schedule 1-A of the IS Act. The Registering Authority did not comply with the above instructions of September 1996 and allowed exemptions from payment of SD and RF without verifying the facts. This resulted in irregular exemption of SD and RF of ₹ 4.90 crore (SD of ₹ 4.80 crore and RF of ₹ 9.48 lakh).

On this being pointed out, all the SRs stated (between May and December 2024) that the cases had been sent to the Collector under section 47-A of the IS Act for decision.

The matter was referred to the Revenue and Disaster Management Department in May 2025 and reported to the Government in October 2025; their replies were awaited (February 2026).

12 Gohana, Jagadhri, Rai and Wazirabad.

3.7 Irregular exemption of stamp duty and registration fee on instruments executed in favour of Public Sector Undertakings

Registering Authorities allowed exemption from payment of stamp duty and registration fee of ₹ 2.18 crore to Dakshin Haryana Bijli Vitran Nigam Limited incorrectly treating it as Government entity.

As per provisions contained in Section 3 (1) of the Indian Stamp Act, 1899 (IS Act), as applicable to State of Haryana, no SD shall be chargeable in respect of any instrument executed by or on behalf of or in favour of Government. However, there is no provision in the Act/Rules for specific exemption/remission on the instruments executed in favour of State-owned enterprises or autonomous bodies.

Scrutiny of records of office of the four JSRs[13] revealed that 14 sale deeds were registered (April 2022 and March 2023) wherein land was registered in favour of Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) and exempted from SD and RF. The value of these immovable properties for levy of SD totals to ₹ 42.29 crore on which SD of ₹ 2.11 crore and RF of ₹ 0.07 crore were leviable, since DHBVNL is a State Public Sector Undertaking. This resulted in non-levy of SD and RF of ₹ 2.18 crore.

On this being pointed out, all the JSRs/SRs stated (between May and July 2024) that the cases had been sent to the concerned Collectors under section 47-A of the IS Act for decision.

The matter was referred to the Department in November 2024 and reported to the Government in January 2025; their replies were awaited (February 2026).

3.8 Short levy of stamp duty and registration fee on exchange of agriculture land

Registering Authorities while registering 32 exchange lands, levied stamp duty and registration fee of ₹ 16.10 lakh, however, stamp duty and registration fee of ₹ 1.92 crore was leviable as the exchange of land fell in different revenue estates or residential land. This resulted in short levy of stamp duty and registration fee of ₹ 1.76 crore.

As per Schedule 1-A (Article 31) of the Indian Stamp (IS) Act, 1899, as applicable to the State of Haryana, two parties can exchange their immovable properties and the same can be registered under category 'exchange' on which same rate of stamp duty as per conveyance No. 23 will be leviable on the greatest value of the property. Further, as per Notification dated 10 August 2021,

[13] Badshahpur, Kadipur, Manesar and Wazirabad.

Government of Haryana reduced the duty chargeable in respect of instrument of exchange of agricultural land i.e., cultivated land comprising of *Abi, Barani, Chahi and Nahri lands*[14], subject to the condition that the exchange of agricultural land should be in the same revenue estate and nominal duty at a rate of five thousand rupees per deed of registration will be chargeable.

Scrutiny of records (between July 2023 and March 2024) of nine offices of Sub-Registrars (SRs)[15] revealed that 32 exchange deeds were registered between December 2021 and March 2023. Registering Authorities while registering these exchange lands, considered the land in the same revenue estate or agricultural and levied stamp duty and registration fee of ₹ 16.10 lakh (SD: ₹ 8.06 lakh and RF:₹ 8.04 lakh). However, SD and RF of ₹ 1.92 crore (SD: ₹ 1.83 crore and RF: ₹ 0.09 crore) was leviable at higher rates as the exchange of land fell in different revenue estates or residential land. This resulted in short levy of SD and RF of ₹ 1.76 crore.

On this being pointed out, all the SRs stated (between May 2024 and February 2025) that the cases had been/would be sent to the Collector under section 47-A[16] of the IS Act for decision.

The matter was referred to the Revenue and Disaster Management Department in April 2025 and reported to the Government in August 2025, their replies were awaited (February 2026).

3.9 Irregular remission of Stamp Duty

Irregular remission of stamp duty in 21 instruments of transfer deeds executed in favour of persons other than blood relations, resulted in loss of revenue of ₹ 99.55 lakh to the State exchequer.

The State Government has the power to reduce, remit or compound duties as per Section 9 of the IS Act by rule or order, published in the Official Gazette. As per Government order dated 16 June 2014, the Government remits[17] the SD chargeable on an instrument pertaining to transfer of immovable property[18] within family by an owner during his lifetime to any of the blood relations namely parents, children, grandchildren, brother(s), sister(s) and between

14 Abi Land: irrigated by means other than canals and wells, Barani Land: dependent on rainfall, Chahi Land: irrigated from wells and Nahri Land: irrigated from canal.

15 Badshahpur, Fatehabad, Ganaur, Gohana, Jagadhri, Manesar, Palwal, Rai and Wazirabad.

16 If a registering authority under the Registration Act, 1908, has reason to believe that the property's value or consideration is not truly stated in the instrument, they can refer the matter to the Collector for proper valuation and duly determination even after registration.

17 'Remit' means exempting the stamp duty in whole executed in favour of blood relations mentioned as per Government order dated 16 June 2014.

18 As per section 2(6) of the Registration Act,1908 "Immovable property" includes land, buildings, hereditary allowances, rights to ways, lights, ferries, fisheries, or any other benefit to arise out of land, and things attached to the earth, or permanently fastened to anything which is attached to the earth, but not standing timber, growing crops nor grass.

spouses. However, in case of other transfer deeds, levy of SD continued as applicable in Schedule-I under Section 3 of the IS Act.

Scrutiny of records (May 2023 and March 2024) of the offices of 13 SRs/JSRs[19] for the years 2021-22 and 2022-23, revealed that SD and RF was remitted in 21 instruments of transfer deeds that were executed in favour of persons other than those allowed in the orders *ibid* of the Government. This irregular remission of SD and RF resulted in loss of revenue to the State exchequer of ₹ 99.55 lakh (SD: ₹ 92.91 lakh + RF: ₹ 6.64 lakh).

On this being pointed out, seven SRs/JSRs[20] stated (July 2023 and March 2024) that the cases would be sent to the concerned Collector under section 47-A of the IS Act for decision. Four JSRs[21] stated (July and October 2024) that all the cases had been sent to Collector under section 47-A of the IS Act for decision. Reply in respect of JSRs Badkhal and Gohana has not been received.

The matter was referred to the Department in February 2025 and reported to the Government in March 2025; their replies were awaited (February 2026).

3.10 Short levy of stamp duty due to application of non-prime rate on land containing Prime *Khasra* Land

Registering Authorities incorrectly assessed prime *khasra* land at normal rates fixed for agricultural land, resulting in short levy of stamp duty of ₹ 28.54 lakh.

Section 27 of the IS Act as applicable to the State of Haryana, provided that the consideration (if any) and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of the duty with which it is chargeable, should be fully and truly set forth therein. Government of Haryana vide instruction (November 2000) directed all the Registration Authorities of the state to identify the *Khasra* numbers of agricultural/ residential/commercial lands situated on National Highways, State Highways, and link roads by District Level Evaluation Committee. Further, Government of Haryana issued FCR Standing order No.74 in September 2013 to all registering authorities in the State, constituting 'Evaluation Committees' for fixation of minimum market value of properties in various areas of the State from time to time for the guidance of Registering Authorities. A copy of these rates is supplied to the registering authorities by the Department. The 'Evaluation Committees' had fixed separate rates for prime land in their respective

[19] Badkhal, Ballabgarh, Dabwali, Ellenabad, Gohana, Hodal, Jagadhri, Jind, Mohna, Panchkula, Panipat, Safidon and Sohna.
[20] Ballabgarh, Dabwali, Ellenabad, Hodal, Jind, Mohna and Safidon.
[21] Jagadhri, Panchkula, Panipat and Sohna.

jurisdictional areas. Based on the recommendations of the Committee, Collector rates are fixed for prime and non-prime land separately.

Scrutiny of records (between May 2023 and March 2024) of five offices of JSRs[22] revealed that 20 conveyance deeds were registered for sale at normal *khasra* rates for agricultural land during the period from June 2021 to March 2023. However, as *khasra* of these deeds as per land revenue records were prime *khasra* having higher land rates, the Collector rate for the land involved was ₹ 10.93 crore on which SD and RF of ₹ 73.90 lakh was leviable (SD ₹ 68.25 lakh + RF ₹ 5.65 lakh). The JSRs, assessed this land at rates fixed for normal *khasra* amounting to ₹ 6.69 crore and levied SD and RF of ₹ 45.36 lakh (SD ₹ 41.86 lakh + RF ₹ 3.50 lakh). This resulted in short levy of SD and RF of ₹ 28.54 lakh.

On this being pointed out, all the JSRs stated (between May 2023 and January 2025) that the cases had been/would be sent to the Collector under section 47-A of the IS Act for decision.

The matter was referred to the Revenue and Disaster Management Department in May 2025 and reported to the Government in October 2025; their replies were awaited (February 2026).

3.11 Short levy of stamp duty due to misclassification of sale deeds as conveyance deed

In eight instruments, value of deeds were assessed as per the original transaction amount agreed between the Coloniser/HUDA and in one case the land was not licensed, however, these instruments were required to be assessed as per Collector rate. Misclassification of sale deeds as conveyance deeds resulted in short levy of stamp duty and registration fee of ₹ 18.44 lakh.

As per clarification issued by FCR in May 1998 and further in July 2012 the registration of the first transaction between the Coloniser/HUDA and the original allottee is to be done on the basis of original sale price charged by the Coloniser/HUDA, and for subsequent transactions, the rates prescribed by the Collector should be kept in mind. However, in case the original allottee is substituted by some nominee or any person, then even for the first transaction by the Coloniser/HUDA, the Collector rate may be made applicable for the registration.

[22] Ambala Cantt., Beri, Hisar, Jagadhri and Tosham.

Scrutiny of records of the offices of SRs Badkhal, Faridabad and Rai (between December 2023 and February 2024) revealed that nine conveyance deeds registered between August 2021 and January 2023 were assessed for ₹ 2.85 crore based on original sale price charged by the Coloniser/HUDA and SD of ₹ 18.20 lakh and RF of ₹ 1.49 lakh was levied. In eight cases, Coloniser/HUDA has transferred the apartment/ property in favour of any other person (second allottee) and in one case the land was not licensed. Thus, the sale deeds were required to be registered at Collector rate prevalent at the time of registration in these deeds. The value of these deeds was required to be assessed as ₹ 5.58 crore and SD of ₹ 35.63 lakh and RF of ₹ 2.50 lakh was required to be levied as per Collector rate. Thus, misclassification of sale deed as conveyance deeds resulted in short levy of SD and RF of ₹ 18.44 lakh (SD ₹ 17.43 lakh + RF 1.01 lakh).

On this being pointed out, all the SRs stated between February and September 2024 that the cases would be/ had been sent to the Collector under section 47-A of the IS Act for decision. The reply was not admissible as Registering Authorities did not comply with the clarification issued in July 2012 and conveyance deeds were registered without confirming the facts that for all subsequent transactions, the Collector rate was to be taken into consideration.

The matter was referred to the Revenue and Disaster Management Department in March 2025 and reported to the Government in September 2025; their replies were awaited (February 2026).

3.12 Short levy of stamp duty due to undervaluation of immovable property with reference to agreement to sale

Registering Authorities assessed three conveyance deeds less than what had been agreed between the parties. Undervaluation of immovable properties in the conveyance deeds resulted in short levy of stamp duty and registration fee of ₹ 16.94 lakh.

Section 27 of the Indian Stamp Act, 1899 (IS Act), stipulates that consideration and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of duty with which it is chargeable, should be fully or truly set forth therein.

Scrutiny of records of the office of JSRs Badshahpur, Gurugram and Sonepat revealed that in three conveyance deeds registered between September 2021 and August 2022, SD and RF of ₹ 6.48 lakh (SD:₹ 5.98 lakh and RF: ₹ 0.50 lakh) was levied on the sale deeds of immovable properties valued at ₹ 1.37 crore. Cross verification of these sale deeds with the agreements executed between the parties concerned and the records of deed writers between September 2004 and

July 2021 showed that the total sale value was ₹ 3.18 crore in which SD and RF of ₹ 23.42 lakh (SD: ₹ 22.27 lakh and RF: ₹ 1.15 lakh) was leviable.

Thus, the conveyance deeds were executed and registered at a consideration less than what had been agreed to between the parties. Undervaluation of immovable properties in conveyance deeds resulted in short levy of SD and RF of ₹ 16.94 lakh.

On this being pointed out, all the JSRs stated (between October 2023 and January 2025) that the cases had been sent to the Collector under section 47-A of the IS Act for decision.

The matter was referred to the Revenue and Disaster Management Department in February 2025 and reported to the Government in March 2025; their replies were awaited (February 2026).

3.13 Short levy of stamp duty and registration fee due to wrong computation of Annual Average Rent on lease deeds

Registering Authorities levied stamp duty and registration fee of ₹ 49.04 lakh on lease deeds on the basis of wrongly calculated annual average rent instead of stamp duty and registration fee of ₹ 62.36 lakh leviable, resulting in short levy of SD and RF of ₹ 13.32 lakh.

Article 35 of Schedule 1-A of IS Act, provides for levy of SD on lease deeds at prescribed rates[23] or consideration equal to the amount or value of such fine or premium or advance in addition to the amount of the average annual rent reserved and on the basis of period of lease.

Scrutiny of records of the offices of six SRs/JSRs[24] (September 2023 to March 2024) revealed that 10 instruments of lease[25] were registered during September 2021 to February 2023. These deeds were liable to be assessed for ₹ 17.69 crore on the basis of annual average rent on which SD of ₹ 59.14 lakh and RF of ₹ 3.22 lakh was leviable. However, annual average rent was wrongly assessed for ₹ 14.12 crore and SD of ₹ 46.64 lakh and RF of ₹ 2.40 lakh was levied. This resulted in short levy of SD and RF amounting to ₹ 13.32 lakh.

On this being pointed out, all the concerned SR/JSRs stated (between September 2023 and January 2025) that the cases had been/would be sent to the Collector under section 47-A of the IS Act for decision.

23 Rate of Stamp Duty upto period of 5 years @1.5%, above five years and upto 10 years @3%, above 10 years and upto 20 years @6%, above 20 years and upto 30 years @ 9% and above 30 years @ 12%.

24 Badshahpur, Dabwali, Farukhnagar, Nangal Chaudhary, Rai and Rohtak.

25 For the period ranging between three to 95 years.

The matter was referred to the Department in March 2025 and reported to the Government in April 2025; their replies were awaited (February 2026).

3.14 Irregular exemption of stamp duty and registration fee in case of immovable properties purchased from compensation amount

Irregular exemption was allowed to the farmer whose land was acquired and compensation was awarded after January 2014 resulting in loss of revenue of stamp duty and registration fee to the extent of ₹ 10.73 lakh.

As per Government order issued in November 2010 under the IS Act the Government exempts the stamp duty (SD) & registration fee (RF) in respect of sale deeds executed by farmers whose land was acquired by Haryana Government for public purposes and who purchased agricultural land in the State within two years of the compensation received by them. The exemption will be limited to the compensation amount only and the additional amount involved in the purchase of agricultural land will be liable to SD as per rules.

Further, as per clarification issued by Revenue & Disaster Management Department in October 2019 that where statutory proceedings under section 4 and 6 for the acquisition under the Land Acquisition Act, 1894 were initiated well before the 1 January 2014 and enhanced compensation given/admissible with effect from 1 January 2014 or thereafter, no other additional benefits of Rehabilitation and Resettlement Policy, 2010 (R&R policy dated 9 November 2010) is admissible as per section 24(1) (a) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act (RFCT LARR Act), 2013.

Scrutiny of records of JSR Charkhi Dadri revealed that in one case land was purchased from compensation amount which was received in February 2021 and no exemption of SD and RF was applicable as per Act, 2013 ibid. The deed was liable to be assessed for ₹ 1,70,53,125 and SD and RF leviable at the rate of six *per cent* was ₹ 10.73 lakh (SD: 10.23 lakh + RF: 0.50 lakh). However, the department had not levied any SD & RF resulting in irregular exemption of SD & RF of ₹ 10.73 lakh.

On this being pointed out, JSR, Charkhi Dadri stated (February 2026) that case has been sent to the Collector under section 47-A of the IS Act for decision.

The matter was referred to the Department in February 2025 and reported to the Government in March 2025; their replies were awaited (February 2026).

Chapter 4

Taxes on Vehicles

CHAPTER-4

TAXES ON VEHICLES

4.1 Tax administration

Registration of motor vehicles, issue of permits, issue of driving/conductor licenses, levy and collection of token tax, permit fee and license fee are governed by the Motor Vehicles Act, 1988, (MV Act), the Central Motor Vehicles Rules, 1989 (CMVR), the Haryana Motor Vehicles Rules, 1993, the Punjab Motor Vehicles Taxation Act, 1924 (PMVT Act), as applicable to the State of Haryana and the Punjab Motor Vehicles Taxation Rules, 1925. The Additional Chief Secretary to Government of Haryana is the administrative head of the Transport Department and is assisted by the Transport Commissioner who exercises general superintendence over the functioning of the Department. The powers of Registering and Licensing Authority (RLA) are being exercised by Sub-Divisional Officers (Civil) in respect of non-transport vehicles, while Secretaries, Regional Transport Authorities (RTAs) are exercising the powers of RLA in respect of transport vehicles including goods vehicles.

4.2 Results of audit

In 2023-24, test check of the records of 13 out of 22 units of the Regional Transport Authorities (RTAs) and 22 out of 74 units of Registering Authority (MV), Additional Chief Secretary, Transport Department and State Transport Commissioner, Chandigarh during 2023-24 revealed non/short recovery of motor vehicle tax (MVT) from goods carriage vehicles, maxi/motor cabs, educational/institutional buses, fine from overloaded vehicles and non/short remittance of revenue receipts into Government Treasury and other irregularities involving ₹ 13.95 crore in 3,185 cases which fall under in the following categories as depicted in **Table 4.1**

Table 4.1: Results of audit

Sr. No.	Categories	Number of cases	Amount (₹ in crore)
1.	Non/short remittance of revenue receipts into Government	5	5.44
2.	Non/short recovery of motor vehicles tax from goods carriage vehicles /Institutional buses/ maxi/motor cab and state carriage buses	2,135	5.11
3.	Non recovery of fine from overloaded vehicles	223	1.03
4.	Non collection of renewal authorisation/ consolidated fees from vehicles holding national permit	125	0.44
5.	Non/short recovery of motor vehicles tax under Registering and Licensing Authority	40	0.27
6.	Miscellaneous irregularities	657	1.66
	Total	**3,185**	**13.95**

The department acknowledged non/short recovery of MVT and other deficiencies amounting to ₹ 13.95 crore involving in 3,163 cases which were pointed out during the year. The department recovered ₹ 3.25 lakh in 16 cases during the year 2023-24 pertaining to earlier years.

Significant cases involving ₹ 8.17 crore are discussed in the following paragraphs.

4.3 Suspected misappropriation of Government Receipt

Non-observance of the financial rules by the Controlling Officer in Regional Transport Authority, Panchkula resulting in suspected misappropriation of Government money of ₹ 5.43 crore.

Rule 2.1 (b) of the Punjab Financial Rules (PFR) as adopted by the Government of Haryana provided that every Government employee is personally responsible for the money which passes through his hands and for the prompt record of receipts and payments in the relevant account as well as for the correctness of the account in every respect. Rule 2.2 and 2.4 of the PFR as adopted by the Government of Haryana, requires a Drawing and Disbursing Officer (DDO) to satisfy himself that all the monetary transactions should be entered in the Cash Book as soon as they occur and attested by him. Rule 2.4 ibid provides that the head of office should see that all the departmental receipts collected during the day is deposited into the treasury/ bank on the same day or in the morning of the next day.

As per Rule 2.2 (iii) of PFR, the head of office is also required to verify all the entries including totals of all the entries in the Cash Book and initial that all entries are correct. As per Rule 2.2 (v), a consolidated receipt for all the remittance should be obtained from the treasury by the 15th of the following month and compare the payments though Treasury Officer's or Bank Receipt or the Challan or pass book with the entries in the cash book before attesting it and satisfy himself that the amount have been actually credited into the treasury or the Bank. Director General, Treasuries and Account {DG (T&A)} Department, Haryana, Chandigarh has also directed (January 2017) that DDO will verify all the receipts date wise available in e-GRAS of a particular period on monthly basis and send online to concerned Treasury officer/ Assistant Treasury officer (TO/ATO) who in turn will verify the same in the Module on receipt from DDO on real time basis. Department/ DDO will take print of verified CTR Receipt and send it to their Headquarter under his signature and duly countersigned by the concerned TO.

During scrutiny of records (August to September 2023) of Regional Transport Authority, Panchkula for the period April 2020 to March 2023, the following irregularities were noticed during audit:

(i) Audit noticed from the Daily Collection Register (DCR), Consolidated Treasury Receipt Register (CTR), Receipt books and Cash Book that an amount of ₹ 4.94 crore for the period April 2020 to August 2023 was collected on account of various fee and taxes[1] under Motor Vehicle Act. These collections were recorded in the Cash Book and e-challans of the said amount was also generated. However, the said amount was not deposited in Treasury/Government account even after lapse of more than three years of collection. The status of these challans were found pending on e-GRAS portal of State Government while verifying GRN Nos. with T&A, Finance Department, Government of Haryana. The controlling officer neither checked/signed the DCR for the period from April 2020 to March 2023 nor cross verified entries in the DCR with that of treasury receipt resulting in suspected misappropriation of ₹ 4.94 crore.

[1] Motor Vehicle Tax, Permit fee, Registration fee for vehicle, License fee, HSRP plate fee, Charges for offences and penalties, Vehicle fitness fee, Driving Training School fee and Pollution fitness center fee.

(ii) Further, analysis of data pertaining to July 2020, August 2020 and April 2021 revealed that in eight cases, amount received by the Department as per DCR was ₹ 38.66 lakh. Based on the totals of Cash Book/DCR, corresponding amount of ₹ 14.70 lakh was deposited into treasury resulting in short remittance of ₹ 23.96 lakh.

(iii) Audit also noticed that in 70 cases, an amount of ₹ 1.33 crore (₹ 132.82 lakh) was received against 332 challans by the Department on e-challan portal whereas, total of 279 challans amounting to ₹ 107.30 lakh were actually recorded in Cash Book and remitted into the Government Treasury resulting in non-accountal of Government receipt of ₹ 25.52 lakh resulting in suspected misappropriation to the State Government.

Thus, non-observance of the financial rules by the controlling officer resulted in suspected misappropriation of Government money of ₹ 5.43 crore. This lack of internal controls may lead to a serious misdemeanor related to huge amount received and their proper accountal in Cash Book and deposit in Government Account. The Government needs to immediately implement suitable control measures for prevention, detection and reporting of such cases of misappropriation.

On being pointed out by audit (August 2023), RTA Panchkula stated (July 2024, June 2026) that FIRs had been lodged (August 2023) against the delinquent officials and the cases are under consideration in the Hon'ble Court of Additional Session Judge, Panchkula.

The matter was referred to the Commissioner, Transport Department in April 2025 and reported to the Government in July 2025; their replies were awaited (February 2026).

4.4 Non/short realisation of Motor Vehicle Tax from goods carriages vehicle owners

Owners of 1,363 goods carriages vehicles had not paid motor vehicle tax which resulted non/short realisation of tax ₹ 2.52 crore.

Section 3 of Haryana Motor Vehicle Taxation Act, 2016 (HMVT Act) provided that tax shall be levied and collected on all motor vehicles used or kept for use in the State at such rates and penalties, as may be specified by the Government, by notification. The Government notified the rates[2] of motor vehicle tax (MVT) for all categories of vehicles registered in the State of Haryana by notification No.13/15/2010-6T(I) dated 29 September 2017 as amended on 31 May 2019

2 ₹ 300 (not exceeding 1.2 tonnes), ₹ 7,200 (exceeding 1.2 tonnes but not exceeding 6 tonnes), ₹ 9,600 (exceeding 6 tonnes but not exceeding 16.2 tonnes), ₹ 11,200 (exceeding 16.2 tonnes but not exceeding 18.5 tonnes), ₹ 17,300 (exceeding 18.5 tonnes but not exceeding 28 tonnes) and ₹ 25,300 (exceeding 28 tonnes).

and 5 August 2022. The transport vehicles already registered in the State should pay the tax quarterly/yearly within 30 days of the commencement of quarter/year. However, if the owner of a vehicle does not pay tax timely, then Note (d) of the notification provides for levy of penalty at the rate of 0.5 *per cent* of tax due for each day of delay. Further, notification dated 5 August 2022 provides for levy of penalty at the rate of 3 *per cent* per month for delay. The maximum amount of penalty will not exceed the amount of tax payable.

Scrutiny of records (between May 2023 and March 2024) of Motor Vehicle Register of the office of 13 Regional Transport Authorities (RTAs[3]) revealed that vehicle owners of 1,363 goods carriages vehicles either had not deposited or short deposited as MVT of ₹ 1.67 crore for the different periods between 2020-23. In addition, penalty of ₹ 0.85 crore were also leviable as per Act. Neither any demand notices had been issued by the Department nor was there any system for monitoring the recovery of dues. This resulted in non/short realisation of MVT of ₹ 2.52 crore.

On this being pointed out, all RTAs stated (between June 2023 to April 2025) that an amount of ₹ 43.80 lakh (including penalty of ₹ 11.33 lakh) had been recovered from 306 goods carriages vehicles owners in respect of eight RTAs[4] and notices had been/would be issued to recover the outstanding amount of ₹ 2.08 crore from the concerned 1,057 carriage vehicle owners.

The matter was referred to the Transport Department in April 2025 and reported to the Government in November 2025; their replies were awaited (February 2026).

4.5 Non realisation of Motor Vehicle Tax from maxi/motor cab owners

Owners of 356 maxi/motor cabs had not paid the motor vehicle tax which resulted into non realisation of tax ₹ 21.68 lakh.

Section 3 of HMVT Act, 2016 provides that tax shall be levied and collected on all motor vehicles used or kept for use in the State at such rate and penalty as may be notified by the Government from time to time. The Government notified the rates of MVT for all categories of vehicles registered in the State of Haryana by notification No.13/15/2010-6T(I) dated 29 September 2017 and 5 August 2022. The transport vehicles already registered in the State should pay the tax quarterly/yearly within 30 days of the commencement of

[3] RTA Ambala, Bhiwani, Fatehabad, Faridabad, Gurugram, Hisar, Jhajjar, Karnal, Kurukshetra, Nuh, Panchkula, Rewari and Rohtak.

[4] RTA Ambala ₹ 6.62 lakh, Bhiwani ₹ 3.32 lakh, Faridabad ₹ 13.22 lakh, Fatehabad ₹ 3.62 lakh, Karnal ₹ 7.34 lakh, Kurukshetra ₹ 3.45 lakh, Nuh ₹ 3.21 lakh and Rewari ₹ 3.02 lakh.

quarter/year. However, if the owner of a vehicle does not pay tax timely, then Note (d) of the notification provides for levy of penalty at the rate of 0.5 *per cent* of tax due for each day of delay. Further, notification dated 5 August 2022 provides for levy of penalty at the rate of 3 *per cent* per month for delay. The maximum amount of penalty will not exceed the amount of tax payable. The rates of tax for maxi/motor cabs vehicles are as given below:

Sr. No.	Description	Rate of Tax
1.	Upto three seats excluding driver	two *per cent* of the cost of the vehicle payable one time
2.	Having four and above seats excluding driver (three wheeler)	₹ 600 per seat per year payable monthly/quarterly
3.	Having four to six seats excluding driver (four wheeler)	₹ 625 per seat per year payable monthly/quarterly
4.	Seven to twelve seats excluding driver (four wheeler)	₹ 1450 per seat per year payable monthly/quarterly

Scrutiny of records (between June 2023 and March 2024) relating to passengers vehicles of the office of nine RTAs[5] for the year 2021-2023 revealed that 356 owners of maxi/motor cabs had not paid the MVT and penalty of ₹ 21.68 lakh. No action had been taken by the department to recover the tax. This resulted in non/short realisation of MVT of ₹ 21.68 lakh including penalty of ₹ 7.36 lakh leviable as per the Act.

On this being pointed out, all RTAs[6] stated (between February 2024 and July 2025) that an amount of ₹ 8.02 lakh (including penalty of ₹ 2.40 lakh) had been recovered from 142 owners of maxi/motor cab. Efforts would be made to recover the outstanding amount of ₹ 13.66 lakh (including penalty of ₹ 4.96 lakh) from the remaining 214 maxi/motor cab owners.

5 Ambala, Fatehabad, Gurugram, Hisar, Jhajjar, Karnal, Kurukshetra, Nuh and Rewari.

6 RTA, Ambala:₹ 0.03 lakh, Fatehabad :₹ 0.15 lakh, Gurugram ₹ 2.03 lakh, Hisar : ₹ 1.41 lakh, Jhajjar :₹ 0.96 lakh, Karnal :₹ 0.99 lakh, Kurukshetra :₹ 0.60 lakh, Nuh : ₹ 0.51 lakh and Rewari :₹ 1.34 lakh.

The matter was referred to the Transport Department in April 2025 and reported to the Government in October 2025; their replies were awaited (February 2026).

Chandigarh **(ASHUTOSH SHARMA)**
The: 07 August 2026 **Principal Accountant General (Audit), Haryana**

Countersigned

New Delhi **(K. SANJAY MURTHY)**
The: 12 August 2026 **Comptroller and Auditor General of India**

Appendices

Appendix 1.1

(Reference: Paragraph 1.7.5; Page 15)

Details of PAC recommendations for CAG Report (Revenue Sector) outstanding as on 31 March 2025

Sr. No.	PAC Report	Year of Audit Report	PAC recommendations pending as on 31 March 2025
1.	22nd	1979-80	1
2.	23rd	1980-81	3
3.	25th	1981-82	1
4.	28th	1983-84	1
5.	29th	1984-85	5
6.	32nd	1985-86	2
7.	34th	1986-87	5
8.	36th	1987-88	1
9.	38th	1988-89	7
10.	40th	1989-90	13
11.	42nd	1990-91,1991-92,1992-93	20
12.	44th	1990- 91, 1991-92,1992-93	32
13.	46th	1993-94	7
14.	48th	1993-94,1994-95	8
15.	50th	1993- 94, 1994- 95,1995-96	22
16.	52nd	1996-97	26
17.	54th	1997-98	33
18.	58th	1998-99 and 1999-2000	55
19.	60th	2000-01	29
20.	62nd	2001-02	38
21.	63rd	2002-03	30
22.	64th	2003-04	42
23.	65th	2004-05	34
24.	67th	2005-06	44
25.	68th	2006-07 and 2007-08	82
26.	70th	2008-09	46
27.	71st	2009-10	42
28.	72nd	2010-11	20
29.	73rd	2011-12	19
30.	74th	2013-14	39
31.	75th	2012-13	33
32.	78th	2014-15	46
33.	82nd	2015-16	39
34.	84th	2016-17	39
35.	85th	2017-18	54
36.	86th	2018-19	33
37.	87th	2019-20	20
38.	90th	2020-21	33
		Total	**1,004**

Appendix 1.2

(Reference: Paragraph 1.7.5; Page 15)

Department wise details of PAC recommendations for CAG Reports (Revenue Receipts/Sector) outstanding as on 31 March 2025

Sr. No.	Name of Department	Total recommendations outstanding
1	Excise and Taxation	577
2	Revenue and Disaster Management	227
3	Mining & Geology	70
4	Agriculture	39
5	Irrigation	2
6	Power (Chief Electrical Inspector)	4
7	Public Health	1
8	P.W.D. (B&R)	1
9	Transport	40
10	Finance (Lotteries)	4
11	Co-operative	21
12	Forest	4
13	Home	6
14	Industries	3
15	General	1
16	Town & Country Planning	4
	Total	**1,004**

Appendix 1.3

(Reference: Paragraph 1.8.1; Page 15)

Position of Inspection Reports of Excise and Taxation Department (State Excise)

(₹ in lakh)

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
2014-15	116	201	72.47	35	93	84.78	24	49	22.58	127	245	134.67
2015-16	127	245	134.67	25	57	22.1	6	21	2.75	146	281	154.02
2016-17	146	281	154.02	22	50	39.06	23	79	31.43	145	252	161.65
2017-18	145	252	161.65	34	75	19.7	19	60	41.82	160	267	139.53
2018-19	160	267	139.53	25	72	48.61	6	18	18.89	179	321	169.25
2019-20	179	321	169.25	15	38	21.95	10	12	6.29	184	347	184.91
2020-21	184	347	184.91	33	74	85.05	11	17	4.85	206	404	265.11
2021-22	206	404	265.11	29	64	79.51	2	5	0.37	233	463	344.25
2022-23	233	463	344.25	20	119	199.66	4	85	135.42	249	497	408.49
2023-24	249	497	408.49	12	42	77.3	1	2	0.01	260	537	485.78

Appendix 1.4

(Reference: Paragraph 1.8.2; Page 16)

Recovery of accepted cases of Excise and Taxation Department (State Excise)

(₹ in crore)

Year of Audit Report	Number of Paragraphs/ Performance Audit included	Money value of the Paragraphs	Number of Paragraphs accepted	Money value of accepted Paragraphs	Amount recovered during the year of Report	Cumulative positions of recovery of accepted cases till date
2012-13	3	12.15	3	12.15	0.44	4.2
2013-14	2	24.87	2	24.87	0.37	6.91
2014-15	2	20.44	2	20.44	5.07	9.36
2015-16	01 (PA)	60.56	01 (PA)	60.56	11.58	21.23
2016-17	2	5.08	2	5.08	0.09	3.23
2017-18	5	9.59	5	9.59	0.26	4.57
2018-19	2	8.23	2	8.23	0.17	0.75
2019-20	2	1.97	2	1.97	0.26	1.03
2020-21	2	123.51	2	123.51	2.02	16.3
2021-22	1	7.46	1	7.46	-	4.17
Total	**21**	**213.3**	**21**	**213.3**	**8.68**	**50.52**
	01(PA)	**60.56**	**01(PA)**	**60.56**	**11.58**	**21.23**
Grand Total	**22 (Including one PA)**	**273.86**	**22**	**273.86**	**20.26**	**71.75**

26.20 *per cent* = 71.75/273.86X100

Appendix-2.1

(Reference: Paragraph 2.3.5; Page 21)

List of Detailed Audit Taxpayers

Sl. No.	GSTIN	DCST
1	06BDxxxxxxxC1Z0	AMBALA
2	06AAxxxxxxxA1ZR	AMBALA
3	06AAxxxxxxxJ1ZF	AMBALA
4	06AAxxxxxxxQ1Z5	BHIWANI
5	06AWxxxxxxxD1Z9	BHIWANI
6	06AXxxxxxxxN1Z8	BHIWANI
7	06AAxxxxxxxG1Z9	BHIWANI
8	06AAxxxxxxxM2ZN	FARIDABAD (EAST)
9	06AAxxxxxxxM1Z5	FARIDABAD (EAST)
10	06AAxxxxxxxR1ZH	FARIDABAD (EAST)
11	06AAxxxxxxxD1ZQ	FARIDABAD (EAST)
12	06AAxxxxxxxN1ZW	FARIDABAD (EAST)
13	06AAxxxxxxxD1ZQ	Gurugram (EAST)
14	06AAxxxxxxxG1ZP	Gurugram (EAST)
15	06AAxxxxxxxG1ZL	Gurugram (EAST)
16	06AAxxxxxxxB1ZY	Gurugram (SOUTH)
17	06AAxxxxxxxP1ZX	Gurugram (SOUTH)
18	06ADxxxxxxxL1ZM	Gurugram (SOUTH)
19	06AQxxxxxxxL1ZP	Gurugram (SOUTH)
20	06AAxxxxxxxF1ZG	Gurugram (SOUTH)
21	06ABxxxxxxxK1ZJ	HISAR
22	06AAxxxxxxxG1Z5	HISAR
23	06AAxxxxxxxJ1Z9	HISAR
24	06AAxxxxxxxQ1ZY	HISAR
25	06AAxxxxxxxH1Z8	REWARI
26	06BWxxxxxxxL2ZK	REWARI
27	06AYxxxxxxxQ1ZJ	REWARI
28	06AAxxxxxxxC1ZR	SONIPAT
29	06AAxxxxxxxC2Z4	SONIPAT
30	06AAxxxxxxxJ1ZS	SONIPAT

Appendix-2.2

(Reference: Paragraph 2.3.7.1; Page 24)

Total cases of Non-Production

No. of taxpayers	GSTIN	Commissionarate	Year	Excess availing of ITC as mis-match in R2A and R3B	Excess availing of ITC as mis-match in GSTR 9	Availed excess ITC in ECL than declared in annual return	Excess availing of ITC as mis-match in R2A and R9 (8A)	Total ITC availed	Short declaration of tax liability as per returns (GSTR1/ GSTR3B/GSTR9)	Short discharge of tax under RCM	Tax liability	List of records not produced
1	06BDxxxxxxxC1Z0	Ambala	2020-21	4,20,329	0	7,39,387	28,052	11,87,768	13,16,248	0	13,16,248	Agreement/ contract, sale invoice, purchase invoice, complete balance sheet, profit & loss account, trading account etc.
		Ambala	2021-22	0	0	5,579	9,748	15,327	85,037	0	85,037	
2	06AAxxxxxxxA1ZR	Ambala	2020-21	0	59,97,718	1,58,13,364	0	2,18,11,082	0	0	0	
		Ambala	2021-22	4,23,15,165	0	4,75,90,132	0	8,99,05,297	0	0	0	
3	06AAxxxxxxxJ1ZF	Ambala	2020-21	0	0	0	0	0	0	0	0	
		Ambala	2021-22	0	0	0	0	0	0	0	0	
4	06AAxxxxxxxQ1Z5	Bhiwani	2020-21	0	0	0	0	0	0	0	0	
		Bhiwani	2021-22	0	0	0	0	0	0	0	0	
5	06AWxxxxxxxD1Z9	Bhiwani	2020-21	0	0	0	0	0	0	0	0	
		Bhiwani	2021-22	0	0	0	0	0	0	0	0	
6	06AXxxxxxxxN1Z8	Bhiwani	2020-21	0	3,00,619	0	2,56,002	5,56,621	12,75,984	0	12,75,984	
		Bhiwani	2021-22	0	10,14,240	0	0	10,14,240	0	0	0	
7	06AAxxxxxxxG1Z9	Bhiwani	2020-21	0	0	3,82,074	3,67,856	7,49,930	0	0	0	
		Bhiwani	2021-22	0	0	21,64,210	0	21,64,210	0	0	0	
8	06AAxxxxxxxM2ZN	Faridabad (East)	2020-21	0	0	7,132	1,22,194	1,29,326	0	0	0	
		Faridabad (East)	2021-22	0	0	25,09,452	40,493	25,49,945	0	0	0	
9	06AAxxxxxxxM1Z5	Faridabad (East)	2020-21	0	0	0	0	0	0	0	0	
		Faridabad (East)	2021-22	0	0	3,51,684	0	3,51,684	0	0	0	
10	06AAxxxxxxxR1ZH	Faridabad (East)	2020-21	0	0	0	0	0	0	0	0	
		Faridabad (East)	2021-22	0	0	0	65,052	65,052	0	0	0	
11	06AAxxxxxxxD1ZQ	Faridabad (East)	2020-21	0	0	0	0	0	0	0	0	
		Faridabad (East)	2021-22	0	0	0	0	0	0	0	0	
12	06AAxxxxxxxN1ZW	Faridabad (East)	2020-21	0	0	0	0	0	0	0	0	
		Faridabad (East)	2021-22	0	64,36,630	0	59,22,949	1,23,59,579	0	0	0	
13	06AAxxxxxxxG1ZP	Gurugram (East)	2020-21	0	0	12,97,13,260	0	12,97,13,260	0	27,77,193	27,77,193	
		Gurugram (East)	2021-22	0	0	7,80,30,835	0	7,80,30,835	0	0	0	
14	06AAxxxxxxxG1ZL	Gurugram (East)	2020-21	0	0	41,16,889	0	41,16,889	0	27,500	27,500	

No. of taxpayers	GSTIN	Commissionarate	Year	Excess availing of ITC as mis-match in R2A and R3B	Excess availing of ITC as mis-match in GSTR 9	Availed excess ITC in ECL than declared in annual return	Excess availing of ITC as mis-match in R2A and R9 (8A)	Total ITC availed	Short declaration of tax liability as per returns (GSTR1/ GSTR3B/GSTR9)	Short discharge of tax under RCM	Tax liability	List of records not produced
		Gurugram (East)	2021-22	0	0	1,66,09,035	0	1,66,09,035	24,52,954	1,28,545	25,81,499	
15	06AAxxxxxxxB1ZY	Gurugram (South)	2020-21	0	0	0	0	0	2,34,333	0	2,34,333	
		Gurugram (South)	2021-22	0	0	63,51,622	0	63,51,622	0	0	0	
16	06AAxxxxxxxP1ZX	Gurugram (South)	2020-21	0	0	0	0	0	0	0	0	
		Gurugram (South)	2021-22	0	0	0	0	0	7,18,905	0	7,18,905	
17	06ADxxxxxxxL1ZM	Gurugram (South)	2020-21	0	2,70,081	0	0	2,70,081	13,730	0	13,730	
		Gurugram (South)	2021-22	0	0	0	0	0	0	0	0	
18	06AQxxxxxxxL1ZP	Gurugram (South)	2020-21	0	0	0	0	0	0	0	0	
		Gurugram (South)	2021-22	0	0	0	0	0	0	0	0	
			Total	**4,27,35,494**	**1,40,19,288**	**30,43,84,655**	**68,12,346**	**36,79,51,783**	**60,97,191**	**29,33,238**	**90,30,429**	

Appendix -2.3

(Reference: Paragraph 2.3.7.2 (a); Page 26)

Incorrect availment of exemptions/concessional rates on works contract/construction services

No. of taxpayers	No of cases	GSTIN	Office Name	Period	Taxable amount	Tax discharged	Tax liability to be discharged	Short discharged	OBS No.	Reply	Remarks
1	2	3	4	5	6	7	8	9=(8-7)	10	11	12
1	1	06AAxxxxxxxG1ZP	Gurugram (East)	2020-21	1,91,71,84,812	14,37,88,822	34,50,93,266.2	20,13,04,444	OBS-1836757	The department replied (June 2025) that taxpayer supplying both residential and commercial construction services and as per notification No 03/2019 taxpayer has correctly discharged liability @ 7.50 *per cent* and 18 *per cent* respectively for residential and commercial REP works construction supply.	Reply is not acceptable as the taxpayer had only GSTIN on PAN with and outside state and one additional place of business declared in profile. Besides this as per notification No. 03/2019 entry (ia) and (id) ITC is not available if taxpayer paid tax @ 7.50 *per cent* thus ITC should have been reversed proportionally but ITC reversal done was less than required in both years.
2	2	06AAxxxxxxxJ1ZS	Sonipat	2020-21	10,20,03,344	1,22,40,398	1,83,60,601.92	61,20,204	OBS-1858219	DRC-01 issued on 24 March 2025	Admitted
	3	06AAxxxxxxxJ1ZS	Sonipat	2021-22	2,52,86,681	3,03,44,01.72	45,51,602.58	15,17,201	OBS-1858219	DRC-01 issued on 24 March 2025	Admitted
3	4	06AAxxxxxxxM1Z5	Faridabad (East)	2020-21	14,85,59,075	74,27,953	2,67,40,633.5	1,93,12,681	OBS-1894081	The department replied (June 2025) that the case had been taken for scrutiny assessment u/s 61.	Admitted
	5	06AAxxxxxxxM1Z5	Faridabad (East)	2021-22	1,12,08,478	5,60,424	20,17,526.04	14,57,102	OBS-1894081	The department replied (June 2025) that the case had been taken for scrutiny assessment u/s 61.	Admitted
4	6	06AAxxxxxxxR1ZH	Faridabad (East)	2020-21	5,37,06,681.00	64,44,802	96,67,202.58	32,22,401	OBS-1894141	The department replied (June 2025) that DRC-01 u/s 74 was issued to the taxpayer.	Admitted
	7	06AAxxxxxxxR1ZH	Faridabad (East)	2021-22	1,68,97,372.00	20,27,686	30,41,526.96	10,13,841	OBS-1894141	The department replied (June 2025) that ASMT-10 was issued to the taxpayer.	Admitted
					₹ 2,27,48,46,443	**₹ 17,55,24,487**	**₹ 40,94,72,360**	**₹ 23,39,47,873**			

Appendix-2.4

(Reference: Paragraph 2.3.7.2 (b) (i); Page 27)

Undischarged tax liability on Advance received

No. of taxpayers	No of cases	GSTIN	Office Name	Period	Advance as per B/s or Ledger	Advance declared in Returns	Advance on which tax was payable as per GSTR-1 (11A-11B)	Advance on which tax paid in GSTR-9(4F)	Taxable amount	Tax @ 18 *per cent*	OBS No.	Reply status	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	1	06AAxxxxxxx1ZL	Gurugram (East)	2020-21	86,73,83,830	20,83,82,245			65,90,01,585	11,86,20,285.30	OBS-1836739	Department replied (June 2025) that advance from customer revenue is recognised as per relevant accounting standard however taxes paid as per time of supply received as per GST law.	Reply is not acceptable as the taxpayer has not paid due tax on the advance receipt from the customers.
	2	06AAxxxxxxx1ZL	Gurugram (East)	2021-22	32,94,65,000	6,02,28,459			26,92,36,541	4,84,62,577.38	OBS-1836739	Department replied (June 2025) that advance from customer revenue is recognised as per relevant accounting standard however taxes paid as per time of supply received as per GST law.	Reply is not acceptable as the taxpayer has not paid due tax on the advance receipt from the customers.

No. of taxpayers	No of cases	GSTIN	Office Name	Period	Advance as per B/s or Ledger	Advance declared in Returns	Advance on which tax was payable as per GSTR-1 (11A-11B)	Advance on which tax paid in GSTR-9(4F)	Taxable amount	Tax @ 18 *per cent*	OBS No.	Reply status	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14
2	3	06AAxxxxxxxG1ZP	Gurugram (East)	2020-21	9,99,16,24,416	99,99,29,309	-	-	8,99,16,95,107	1,61,85,05,119.26	OBS-1836753	The department replied (June 2025) that the advance were from related parties as loan and did not attract GST.	Reply is not accepted as advances received from the related parties is taxable under GST Act.
	4	06AAxxxxxxxG1ZP	Gurugram (East)	2021-22	11,31,43,68,000	1,18,09,75,286	-	-	10,13,33,92,714	1,82,40,10,688.52	OBS-1836753	The department replied (June 2025) that the advance were from related parties as loan and did not attract GST.	The reply was not supported by records to substantiate that these advances were loans from related parties as well as to explain the amount shown as advance received from Customers under the schedule for other current liabilities in the financial statements.
3	5	06AAxxxxxxxG1Z9	Bhiwani	2020-21	3,86,874	0			3,86,874	69,637.32	OBS-1894289	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted

No. of taxpayers	No of cases	GSTIN	Office Name	Period	Advance as per B/s or Ledger	Advance declared in Returns	Advance on which tax was payable as per GSTR-1 (11A-11B)	Advance on which tax paid in GSTR-9(4F)	Taxable amount	Tax @ 18 *per cent*	OBS No.	Reply status	Remarks
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**
	6	06AAxxxxxxxG1Z9	Bhiwani	2021-22	6,65,802	0			6,65,802	1,19,844.36	OBS-1894289	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
4	7	06AAxxxxxxxD1ZQ	Faridabad (East)	2020-21	-	-	78,54,693	5,66,557	72,88,136	13,11,864.48	OBS-1893901	Department replied (June 2025) that amendments not been considered.	The reply is not acceptable GSTR1 for the month of August 2020 and July 2021 has been cross checked no suitable amendment noticed to give effect the taxpayers claim.
									20,06,16,66,759	**3,61,11,00,017**			

Appendix-2.5

(Reference: Paragraph 2.3.7.2 (b) (ii); Page 28)

Undischarged tax liability due to suppression of taxable turnover

No. of taxpayers	No of cases	GSTIN	Office Name	Period	Work done as per Ledger/taxable turnover as per GSTR-3B	Turnover including credit note and exempt supply as per GSTR 9	Suppression in taxable turnover	Tax @ 18 *per cent*	OBS No.	Reply status	Remarks
1	2	3	4	5	6	7	8	9	10	11	12
1	1	06AAxxxxxxxN1ZW	Faridabad (East)	2021-22	3,46,73,65,170	3,38,60,79,796	8,12,85,374	1,46,31,367	OBS-1894048	The department replied (June 2025) that the audit observation had been admitted. The case had been taken up for scrutiny and assessment. A notice in the form of GST ASMT-10 was issued to the taxpayer.	Admitted
2	2	06AAxxxxxxxG1GL	Gurugram (East)	2020-21	12,48,42,339	10,07,62,675	2,40,79,664	43,34,340	OBS-1826657	The Department replied (June 2025) that there is no inconsistency in tax liability as declared and discharged reported in GSTR 1 and GSTR 9 of F.Y. 2020-21.	The reply is not tenable as the taxpayer has shown debit/credit notes in GSTR-1 as nil.
					3,59,22,07,509	**3,48,68,42,471**	**10,53,65,038**	**1,89,65,707**			

Appendix-2.6

(Reference: Paragraph 2.3.7.2 (b) (iii); Page 28)

Undischarged tax liability on fixed assets

No. of taxpayers	No. of cases	GSTIN	Office Name	Period	Fixed assets (Plant & Machinery) disposal	Tax @ 18 *per cent*	OBS No.	Reply status	Remarks
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
1	1	06AAxxxxxxxN1ZW	Faridabad (East)	2020-21	2,03,15,990	36,56,878	OBS-1894026	No departmental comments received for this amount.	Reply not received
	2	06AAxxxxxxxN1ZW	Faridabad (East)	2021-22	2,95,38,316	53,16,897	OBS-1894026	The department replied (June 2025) that the audit observation had been admitted. The case had been taken up for scrutiny and assessment. A notice in the form of GST ASMT-10 was issued to the taxpayer.	Admitted
					4,98,54,306	**89,73,775**			

Appendix -2.7
(Reference: Paragraph 2.3.7.2 (c); Page 29)
Non/short payment of tax on legal & professional charges/royalty/freight charges under RCM

No. of taxpayers	No of cases	GSTIN	Office Name	Period	Legal and Professional Charge	Royalty	Freight charges	Total taxable amount	Amount on which RCM paid @18 *per cent* as per GSTR-9C (Table 9)	Difference	Short payment of tax	OBS No.	Response of the Department	Remarks
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9=6+7+8**	**10**	**11=10-9**	**12=11*18 *per cent***	**13**	**14**	**15**
1	1	06AAxxxxxxxG1Z9	Bhiwani	2020-21	5,30,000		12,14,290	17,44,290	0	17,44,290	3,13,972	OBS-1894304/ OBS-1894299	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
	2	06AAxxxxxxxG1Z9	Bhiwani	2021-22	14,89,065		26,30,206	41,19,271	0	41,19,271	7,41,469	OBS-1894304/ OBS-1894299	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
2	3	06AAxxxxxxxN1ZW	Faridabad (East)	2020-21	1,05,14,604	1,50,94,278	-	2,56,08,882	29,37,205	2,26,71,677	40,80,902	OBS-1894015/ OBS-1893995	The department replied (June 2025) that the audit observation had been admitted. The case for FY 2020-21 has been taken up for scrutiny under section 61 of the Haryana Goods and Services Tax Act, 2017 and a notice in form of GST ASMT-10 was issued to the taxpayer. Final outcome would be intimated in due course.	Admitted
	4	06AAxxxxxxxN1ZW	Faridabad (East)	2021-22	22,29,565	98,80,365	-	1,21,09,930	48,50,726	72,59,204	13,06,657	OBS-1894015/ OBS-1893995	The department replied (June 2025) that the audit observation had been admitted. The case for FY 2020-21 has been taken up for scrutiny under section 61 of the Haryana Goods and Services Tax Act, 2017 and a notice in form of GST ASMT-10 was issued to the taxpayer. Final outcome would be intimated in due course.	Admitted
					1,47,63,234	**2,49,74,643**	**38,44,496**	**4,35,82,373**	**77,87,941**	**3,57,94,432**	**64,42,998**			

Appendix-2.8

(Reference: Paragraph 2.3.7.3 (a); Page 30)

Non-reversal/short reversal of ITC

No. of taxpayers	No of cases	GSTIN	Office Name	Period	Taxable turnover as per Table 5N of GSTR 9	Exempted/ Nil supplies as per Table 5D of GSTR 9	ITC claimed as per table 6A of GSTR 9	ITC to be reversed	ITC reversed as per GSTR-3B {(Table 4B (1)} as per rule 42 & 43	Short reversal of ITC	OBS No.	Response of the Department	Remarks
1	2	3	4	5	6	7	8	9=7*8/6	10	11=10-9	12	13	14
1	1	06AAxxxxxxxG1Z9	Bhiwani	2020-21	83,06,00,330	93,28,760	13,53,97,756	15,20,699	0	15,20,699	OBS-1894308	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
	2	06AAxxxxxxxG1Z9	Bhiwani	2021-22	82,60,10,424	89,13,867	13,86,55,012	14,96,291	0	14,96,291	OBS-1894317	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
2	3	06AXxxxxxxxN1Z8	Bhiwani	2020-21	29,81,82,196	61,80,200	3,19,52,007	6,62,245	0	6,62,245	OBS-1894328	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted

No. of taxpayers	No of cases	GSTIN	Office Name	Period	Taxable turnover as per Table 5N of GSTR 9	Exempted/ Nil supplies as per Table 5D of GSTR 9	ITC claimed as per table 6A of GSTR 9	ITC to be reversed	ITC reversed as per GSTR-3B {(Table 4B (1)} as per rule 42 & 43	Short reversal of ITC	OBS No.	Response of the Department	Remarks
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9=7*8/6**	**10**	**11=10-9**	**12**	**13**	**14**
	4	06AXxxxxxxxN1Z8	Bhiwani	2021-22	20,95,57,528	44,78,733	1,95,89,597	4,18,675	0	4,18,675	OBS-1894335	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
3	5	06AAxxxxxxxN1ZW	Faridabad (East)	2020-21	2,14,60,10,209	2,38,90,280	22,90,27,286	25,49,627	0	25,49,627	OBS-1894017	The department replied (June 2025) that the audit observation had been admitted. The case had been taken up for scrutiny assessment under section 61 of the Haryana Goods and Services Tax Act, 2017 and a notice in Form GST ASMT-10 has been issued.	Admitted
	Total				**4,31,03,60,687**	**5,27,91,840**	**55,46,21,658**	**66,47,539**	**0**	**66,47,539**			

Appendix-2.9

(Reference: Paragraph 2.3.8.1; Page 31)

Non declaration of new SAC code in Registration Certificate

No. of taxpayers	No of cases	GSTIN	Office Name	HSN/ SAC Code	OBS	Reply	Remarks
1	1	06AAxxxxxxxP1ZX	Gurugram (South)	440410	OBS-1820082	The department replied (June 2025) that based on the Audit objection, remedial action was taken against the taxpayer vide Show Cause Notice to update the SAC in its registration profile on the GST common portal. The taxpayer, in return, has applied for the amendment to update the SAC code which has duly been approved. Compliance has been made.	Admitted
2	2	06AQxxxxxxxL1ZP	Gurugram (South)	440410	OBS-1821880	The department replied (June 2025) that the taxpayer has updated new SAC code in his registration certificate. Compliance has been made.	Admitted
3	3	06AAxxxxxxxA1ZR	Ambala	440410	OBS-1885411	The department replied in May 2025 that audit observation is admitted and the case of 2020-21 has been sent to the Revisional Authority for initiating Revision Proceedings.	Admitted
4	4	06AAxxxxxxxC1ZR	Sonipat	440410	OBS-1858221	The department replied (June 2025) that audit observation is admitted. Further it is submitted that in pursuance of Audit observation, notice was issued to the taxpayer. The taxpayer has updated the HSN/SAC code as per the latest Service Accounting Code.	Admitted
5	5	06AAxxxxxxxG1Z9	Bhiwani	68101990	OBS-1894160	The department replied (June 2025) that notice was issued to the taxpayer for change of new SAC code in Registration certificate. Final outcome would be intimated later on.	Admitted
6	6	06AAxxxxxxxQ1Z5	Bhiwani	440410	OBS-1894246	The department replied (June 2025) that notice was issued to the taxpayer for change of new SAC code in Registration certificate. Reply from the taxpayer is awaited. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
7	7	06AAxxxxxxxH1Z8	Rewari	440410	OBS-1898129	The department replied (June 2025) that due to non-declaration of new SAC, penalty of ₹ 50,000 has been levied and recovered. Further, the taxpayer had also corrected HSN codes. Compliance has been made.	Admitted
8	8	06BWxxxxxxxL2ZK	Rewari	440294	OBS-1898137	The Department replied in June 2025 that due to non-declaration of new SAC, penalty has been levied and recovery is pending. Further, the taxpayer had also corrected new HSN codes.	Admitted
9	9	06AAxxxxxxxM2ZN	Faridabad (East)	440410	OBS-1892559	The department replied (June 2025) that the correction of correct accounting code has been made in Registration certificate. Compliance has been made.	Admitted
10	10	06AAxxxxxxxN1ZW	Faridabad (East)	440410	OBS-1893850	The department replied (June 2025) that the taxpayer has been directed to update the SAC code relating to Works contract/Construction service in GST registration.	Admitted
11	11	06AAxxxxxxxR1ZH	Faridabad (East)	440410	OBS-1893903	The department replied (June 2025) that the taxpayer had applied for amendment for correction of HSN code. Compliance has been made.	Admitted
12	12	06AAxxxxxxxG1Z5	Hisar	98010030, 00440410	OBS-1893647	The department replied (June 2025) that the taxpayer has applied for new SAC code in his amendment application on 02 May 2025. Compliance has been made.	Admitted
13	13	06ABxxxxxxxK1ZJ	Hisar	27131100	OBS-1893662	The department replied (June 2025) that the taxpayer has updated new SAC code in his registration certificate on 03 May 2025. Compliance has been made.	Admitted

Appendix-2.10

(Reference: Paragraph 2.3.8.2; Page 32)

Non/short payment of interest

No of tax-payers	No of cases	GSTIN	Office Name	No of returns (GSTR-3B) delayed	Delay in days (range)		IGST	CGST	SGST	Cess	Total	Interest	Interest paid as per GSTR-3B	Short payment of interest	Amount recovered	OBS Number	Response of the Department	Remarks
					Mini-mum	Maxi-mum												
	1	2	3	4	5	6	7	8	9	10	11= 7+8+ 9+10	12	13	14	15	16	17	18
1	1	06AAxxxxxxxG1ZP	Gurugram (East)	5	5	36	82,074	25,20,88,548	25,20,88,549	0	50,42,59,171	38,40,488	0	38,40,488.00		OBS-1836751	The department replied (June 2025) that interest for the year 2020-21 had been deposited by the taxpayer. Further, the case would be examined by conducting audit u/s 65.	Admitted
2	2	06AAxxxxxxxB1ZY	Gurugram (South)	2	13	36	2,36,744	50,70,783	4,28,76,088	0	4,81,83,615	3,09,049	0	3,09,049.16	2,85,105	OBS-1820066	The department replied in June 2025 that objection is accepted and recovery has been done from the tax payer	Admitted
3	3	06AAxxxxxxxG1Z9	Bhiwani	17	3	62	15,442	1,31,99,731	1,32,08,555	0	2,64,23,728	3,40,963	0	3,40,963.00		OBS-1894207	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
4	4	06AXxxxxxxxN1Z8	Bhiwani	5	6	65	0	17,81,507	40,20,114	0	58,01,621	32,706	0	32,706.00		OBS-1894240	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
5	5	06AAxxxxxxxQ1Z5	Bhiwani	3	14	74	0	3,44,331	3,44,331	0	6,88,662	12,453	0	12,453.00		OBS-1894283	The department replied (June 2025) that notice was issued to the taxpayer.	Admitted

No of tax-payers	No of cases	GSTIN	Office Name	No of returns (GSTR-3B) delayed	Delay in days (range)		IGST	CGST	SGST	Cess	Total	Interest	Interest paid as per GSTR-3B	Short payment of interest	Amount recovered	OBS Number	Response of the Department	Remarks
					Mini-mum	Maxi-mum												
	1	2	3	4	5	6	7	8	9	10	11= 7+8+ 9+10	12	13	14	15	16	17	18
6	6	06AAxxxxxxxJ1ZS	Sonipat	5	1	41	0	14,33,688	22,67,456		37,01,144	47,209	0	47,209.00	21,585	OBS-1863523	The department replied in June 2025 that objection is accepted and recovery has been done from the tax payer	Admitted
7	7	06AAxxxxxxxM2N	Faridabad (East)	10	1	78	40,859	61,60,279	1,02,62,358	0	1,64,63,496	1,35,802	81,543	54,259.00	22,668	OBS-1893269	The department replied (June 2025) that interest amount had been recalculated and due amount had been deposited. Facts verified. The audit observation may not be pursued further.	Admitted
8	8	06AAxxxxxxxD1ZQ	Faridabad (East)	7	1	37	11,303	24,73,545	76,13,939	0	1,00,98,787	23,789	0	23,789.00	19,565	OBS-1893884	The department replied (June 2025) that interest amount had been recalculated and due amount had been deposited. Facts verified. The audit observation may not be pursued further.	Admitted
9	9	06AAxxxxxxxR1ZH	Faridabad (East)	2	1	46	0	3,35,602	8,43,352	0	11,78,954	16,649	0	16,649.00	16,650	OBS-1893910	The department replied in June 2025 that objection is accepted and recovery has been done from the tax payer	Admitted
10	10	06AAxxxxxxxG1Z5	Hisar	2	14	19	0	17,31,997	17,31,997	0	34,63,994	20,318	0	20,318.00	20,318	OBS-1893656	The department replied (June 2020) that the audit observation is admitted and the desired amount has been deposited by the taxpayer vide DRC-03 dated 02 May 2025.	Admitted
11	11	06ABxxxxxxxK1ZJ	Hisar	7	1	38	47,811	14,61,451	17,94,793	0	33,04,055	15,526	0	15,526.00	15,526	OBS-1893668	The department replied (June 2020) that the audit observation is admitted and the desired amount has been deposited by the taxpayer vide DRC-03 dated 30 April.2025.	Admitted
				65								**47,94,952**		**47,13,409.16**	**4,01,417**			

Appendix-2.11

(Reference: Paragraph 2.3.8.3; Page 32)

Excess availing of ITC as mis-match in GSTR 2A and GSTR 3B

No. of taxpayers	No of cases	GSTIN	Office Name	Period	ITC as per GSTR 3B	ITC available in GSTR 2A (Table 3 + Table 4+ Table 5+ Table 6)	Difference	OBS No.	Reply	Remarks
1	**2**	**3**	**4**	**5**	**6**	**7**	**8=6-7**	**9**	**10**	**11**
1	1	06AAxxxxxxxA1ZR	Ambala	2021-22	17,75,15,733	13,52,00,568	4,23,15,165	OBS-1885409	The department replied in June 2025 that the audit observation is admitted and the taxpayer is a subsidiary of Government of India, the case for the year 2021-22 has been taken in Scrutiny.	Admitted
2	2	06BDxxxxxxxC1Z0	Ambala	2020-21	41,74,712	37,54,383	4,20,329	OBS-1885429	The department replied in June 2025 that the para is admitted. The case of 2020-21 is being sent to Revisional Authority vide this office memo no. 594, dt., 22 May 2025 for initiating Revision proceedings.	Admitted
					18,16,90,445	**13,89,54,951**	**4,27,35,494**			

Appendix-2.12

(Reference: Paragraph 2.3.8.3; Page 33)

Excess availing of ITC as mis-match in GSTR 9 column-8D

No. of taxpayers	No of cases	GSTIN	Office Name	Period	R9 8A (ITC as per GSTR2A)	R9 (8B+8C)	DIFFERENCE [R9 8D=8A-(8B+8C)]	OBS No.	Reply	Remarks
1	2	3	4	5	6	7	8=7-6	9	10	11
1	1	06ADxxxxxxxL1ZM	Gurugram (South)	2020-21	69,49,865	72,19,946	2,70,081	OBS-1822095	The department replied in June 2025 that for FY 2020-21 the taxpayer submits that audit has not considered ITC of FY 2019-20 GSTR 9 Table 8C and ITC reversed show in Table 12 & 7 of GSTR 9 FY 2020-21.	Facts and figures has been verified and reply not found in order, Table 12 contain figures of "Aggregate value of reversal of ITC which was availed in the previous financial year but reversed in returns filed for the months of April to September of the current financial year or date of filing of Annual Return for previous financial year , whichever is earlier shall be declared here. Table 4(B) of FORM GSTR-3B may be used for filling up these details". when cross verified in Table 4(B) of GSTR 3B for 2021-22, reversal was only for ₹ 9,047 only and not as claimed in Table of GSTR, 9 of FY 2020-21, Hence para may stand.
2	2	06AAxxxxxxxA1ZR	Ambala	2020-21	27,79,15,450	28,39,13,168	59,97,718	OBS-1885414	The Department replied in June 2025 that demand has been created.	Admitted
3	3	06AXxxxxxxxN1Z8	Bhiwani	2020-21	3,29,29,632	3,32,30,251	3,00,619	OBS-1894213	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
	4	06AXxxxxxxxN1Z8	Bhiwani	2021-22	1,87,23,330	1,97,37,570	10,14,240	OBS-1894213	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
4	5	06AAxxxxxxxN1ZW	Faridabad (East)	2021-22	36,04,45,344	36,68,81,974	64,36,630	OBS-1893842	The department replied (June 2025) that the audit observation has been admitted. Further, a notice in form of ASMT-10 has been issued.	Admitted
					69,69,63,622	**71,09,82,909**	**1,40,19,287**			

Mismatches identified			Action taken by the department		Department reply awaited/Rebutted	
No. of taxpayers	**No of cases**	**₹ in crore**	**No of cases admitted**	**₹ in crore**	**No of cases**	**₹ in crore**
4	5	1.4	4	1.37	1	0.03

Appendix -2.13

(Reference: Paragraph 2.3.8.3; Page 33)

Excess availing of ITC as mis-match in GSTR 9 column-6J

No. of tax-payers	No of cases	GSTIN	Office Name	Period	R9 (6A)	R9(6I)	Difference R9(6J)	OBS No.	Reply	Remarks
1	2	3	4	5	6	7	8=6-7	9	10	11
1	1	06AAxxxxxxxB1ZY	Gurugram (South)	2021-22	1,06,98,67,583	1,06,35,15,961	63,51,622	OBS-1818407	The Department replied in June 2025 that the para is admitted for ₹18.12 lakh. Further, the case has been selected for scrutiny assessment for FY 2021-22 by the department.	Admitted
2	2	06AAxxxxxxx1ZL	Gurugram (East)	2020-21	2,17,17,288	1,76,00,399	41,16,889	OBS-1836729	The department replied (June 2025) that the taxpayer has been summoned by the department.	Admitted
	3	06AAxxxxxxx1ZL	Gurugram (East)	2021-22	5,78,25,511	4,12,16,476	1,66,09,035	OBS-1836729	The department replied (June 2025) that the taxpayer has been summoned by the department.	Admitted
3	4	06AAxxxxxxxG1ZP	Gurugram (East)	2020-21	33,42,58,891	20,45,45,631	12,97,13,260	OBS-1836740	The department replied (June 2025) that reversal has not been considered by the Audit and no excess ITC has been availed.	The reply is not tenable as the dealer has admittedly paid tax @ 7.50 *per cent* on taxable amount as per notification No 03/2019 Entry no (ia) & (id) and ITC was not available and proportionately reversable. Table 6J difference in GSTR9 is due to taxpayer has availed excess ITC in GSTR 3B as indicated in Table 6A for which bifurcation in Table 6B to 6H was not given , thus excess ITC was availed by the taxpayer.
	5	06AAxxxxxxxG1ZP	Gurugram (East)	2021-22	41,78,97,472	33,98,66,637	7,80,30,835	OBS-1836740	The department replied (June 2025) that reversal has not been considered by the Audit and no excess ITC has been availed.	The reply is not tenable as the dealer has admittedly paid tax @ 7.50 *per cent* on taxable amount as per notification No 03/2019 Entry no (ia) & (id) and ITC was not available and proportionately reversable. Table 6J difference in GSTR9 is due to taxpayer has availed excess ITC in GSTR 3B as indicated in Table 6A for which bifurcation in Table 6B to 6H was not given , thus excess ITC was availed by the taxpayer.
4	6	06AAxxxxxxxA1ZR	Ambala	2020-21	25,71,33,003	24,13,19,639	1,58,13,364	OBS-1885417	The department replied in June 2025 that the para is admitted. The case of 2020-21 has been sent to the Revisional Authority for initiating Revision Proceedings. The case of the taxpayer for the year 2021-22 has been taken in Scrutiny assessment.	Admitted
	7	06AAxxxxxxxA1ZR	Ambala	2021-22	18,47,31,490	13,71,41,358	4,75,90,132	OBS-1885417	The department replied in June 2025 that the para is admitted. The case of 2020-21 has been sent to	Admitted

No. of tax-payers	No of cases	GSTIN	Office Name	Period	R9 (6A)	R9(6I)	Difference R9(6J)	OBS No.	Reply	Remarks
1	2	3	4	5	6	7	8=6-7	9	10	11
									the Revisional Authority for initiating Revision Proceedings. The case of the taxpayer for the year 2021-22 has been taken in Scrutiny assessment.	
5	8	06BDxxxxxxxC1Z0	Ambala	2020-21	40,37,383	32,97,996	7,39,387	OBS-1885438	The department replied in June 2025 that the para is admitted. The case of 2020-21 has been sent to Revisional Authority vide memo no591, dt: - 22.05.2025 for initiating Revision proceedings.	Admitted
	9	06BDxxxxxxxC1Z0	Ambala	2021-22	36,48,507	36,42,928	5,579	OBS-1885438	The department replied in June 2025 that the para is admitted, the case has been forwarded to Joint Excise and Taxation Commissioner (R) Ambala for granting permission to initiate proceeding u/s 61 of HGST Act, 2017.	Admitted
6	10	06AAxxxxxxxG1Z9	Bhiwani	2020-21	13,53,97,758	13,50,15,684	3,82,074	OBS-1894192	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
	11	06AAxxxxxxxG1Z9	Bhiwani	2021-22	13,86,55,013	13,64,90,803	21,64,210	OBS-1894192	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
7	12	06AAxxxxxxxM2ZN	Faridabad (East)	2020-21	2,81,96,645	2,81,89,513	7,132	OBS-1892567	The department replied (June 2025) that the difference in Table 6J of GSTR-9 is for ITC claimed for financial year 2019-20 and 2020-21 respectively.	The Departmental reply is not tenable as the taxpayer had difference in Table 8D of GSTR-9 for ₹ 1,19,451 for the financial year 2020-21 and an amount of ₹ 64,322 in the financial year 2019-20. These amounts should have been reversed by the taxpayer.
	13	06AAxxxxxxxM2ZN	Faridabad (East)	2021-22	2,01,55,853	1,76,46,401	25,09,452	OBS-1892567	The department replied (June 2025) that the difference in Table 6J of GSTR-9 is for ITC claimed for financial year 2019-20 and 2020-21 respectively.	The departmental reply is not tenable as the taxpayer had difference in Table 8D of GSTR-9 for ₹ 1,19,451 for the financial year 2020-21 and an amount of ₹ 64,322 in the financial year 2019-20. These amounts should have been reversed by the taxpayer.
8	14	06AAxxxxxxxM1Z5	Faridabad (East)	2021-22	14,70,117	11,18,433	3,51,684	OBS-1893887	The department replied (June 2025) that the audit observation is admitted. The case has been selected for scrutiny and assessment.	Admitted
					2,67,49,92,514	**2,37,06,07,859**	**30,43,84,655**			

Mismatches identified			Action taken by the department		Department reply awaited/Rebutted	
No. of taxpayers	**No of cases**	**₹ in crore**	**No of cases admitted**	**₹ in crore**	**No of cases**	**₹ in crore**
8	14	30.44	10	9.41	4	21.03

Appendix-2.14

(Reference: Paragraph 2.3.8.3; Page 33)

Excess availing of ITC as mis-match in GSTR 2A and GSTR 9 (Col. 8A)

No. of taxpayers	No of cases	GSTIN	Office Name	Period	R9 8A (ITC AS PER GSTR2A) FIGURES TAKEN FROM TOOL KIT	ITC availed R2A FIGURES TAKEN FROM TOOL KIT	Difference (R9 8A - R2A)	OBS No.	Reply	Remarks
1	2	3	4	5	6	7	8=7-6	9	10	11
1	1	06BDxxxxxxxC1Z0	Ambala	2020-21	34,35,444.18	34,63,496.00	28,051.82	OBS-1885440	The department replied in June 2025 that the para is admitted. The case of 2020-21 has been sent to Revisional Authority vide this office memo no 593, dt:- 22 May 2025 for initiating Revision proceedings .	Admitted
	2	06BDxxxxxxxC1Z1	Ambala	2021-22	36,56,310.65	36,66,059.00	9,748.35	OBS-1885440	The department replied in June 2025 that the para is admitted. The case has been forwarded to Joint Excise and Taxation Commissioner (R) Ambala for granting permission to initiate proceeding u/s 61 of HGST Act, 2017.	Admitted
2	3	06AAxxxxxxxG1Z9	Bhiwani	2020-21	13,66,28,191.64	13,69,96,047.70	3,67,856.06	OBS-1894200	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
3	4	06AXxxxxxxxN1Z8	Bhiwani	2020-21	3,29,29,631.71	3,31,85,633.54	2,56,001.83	OBS-1894228	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
4	5	06AAxxxxxxxM2ZN	Faridabad (East)	2020-21	2,24,35,706.99	2,25,57,901.00	1,22,194.01	OBS-1892570		Department reply (June 2025) is not in order.
	6	06AAxxxxxxxM2ZN	Faridabad (East)	2021-22	1,22,02,761.74	1,22,43,254.57	40,492.83	OBS-1892570		Department reply (June 2025) is not in order.
5	7	06AAxxxxxxxN1ZW	Faridabad (East)	2021-22	36,04,45,344.43	36,63,68,293.00	59,22,948.57	OBS-1893843	The department replied (June 2025) that the audit observation had been admitted and the case has been taken up under scrutiny assessment. Further, a notice in the form of ASMT-10 was issued.	Admitted

No. of taxpayers	No of cases	GSTIN	Office Name	Period	R9 8A (ITC AS PER GSTR2A) FIGURES TAKEN FROM TOOL KIT	ITC availed R2A FIGURES TAKEN FROM TOOL KIT	Difference (R9 8A - R2A)	OBS No.	Reply	Remarks
1	2	3	4	5	6	7	8=7-6	9	10	11
6	8	06AAxxxxxxxR1ZH	Faridabad (East)	2021-22	14,60,467.27	15,25,519.13	65,051.86	OBS-1893908	The department reply (June 2025) replied that ITC has been reversed.	The reply is not tenable as ITC has not been reversed as per audit observation.
					57,31,93,858.61	**58,00,06,203.94**	**68,12,345.33**			

		Action taken by the department		Department reply awaited/Rebutted	
No of cases	**₹ in crore**	**No of cases admitted**	**₹ in crore**	**No of cases**	**₹ in crore**
8	0.68	5	0.66	3	0.02

Appendix-2.15

(Reference: Paragraph 2.3.8.3; Page 33)

Short declaration of tax liability as per returns (GSTR1/GSTR3B/GSTR9)

No of tax-payers	No of cases	GSTIN	Office Name	Period	R3BTAXPAID (6.1A) + GSTR 9 table 14	R1 Liability	R9 Liability Table (4N-4G+10-11)	Undischarged liability -R1 or R9 (whichever is more) - R3B	OBS No.	Department reply	Remarks
1	2	3	4	5	6	7	8	9 = 7 or 8 (whichever is higher)-6	10	11	12
1	1	06AAxxxxxxx1ZX	Gurugram (South)	2021-22	97,85,990	1,05,04,895	1,05,04,893	7,18,905	OBS-1820091	The department replied (June 2025) that the mismatch in outward liability is due to the adjustment of credit notes.	Reply is not tenable as no documentary evidence has been provided to audit.
2	2	06AAxxxxxxxB1ZY	Gurugram (South)	2020-21	1,10,41,18,179	1,10,43,52,512	1,10,41,18,181	2,34,333	OBS-1820064	The department replied in June 2025 that as per GSTR-1, liability, B2C amendments reported by the taxpayer has not been taken into account.	The reply is not tenable as amendment was not reflected in GSTR-1.
3	3	06ADxxxxxxxL1ZM	Gurugram (South)	2020-21	74,81,007	74,94,737	74,81,008	13,730	OBS-1822207	The department replied in June 2025 that as per GSTR-1, liability, B2C amendments reported by the taxpayer has not been taken into account.	The reply is not tenable as amendment was not reflected in GSTR-1.
4	4	06AAxxxxxxx1ZL	Gurugram (East)	2021-22	10,47,46,670	10,71,99,624	10,58,85,960	24,52,954	OBS-1836734	The department replied (June 2025) that as per GSTR-1/3B/9, the tax liability was ₹ 10,62,73,962.	Reply is not tenable as the taxpayer has shown his tax liability in GSTR-1 worth ₹ 11,02,27,397. Accordingly, the taxpayer paid short amount of GST.

No of tax-payers	No of cases	GSTIN	Office Name	Period	R3BTAXPAID (6.1A) + GSTR 9 table 14	R1 Liability	R9 Liability Table (4N-4G+10-11)	Undischarged liability -R1 or R9 (whichever is more) - R3B	OBS No.	Department reply	Remarks
1	2	3	4	5	6	7	8	9 = 7 or 8 (whichever is higher)-6	10	11	12
5	5	06BDxxxxxxxC1Z0	Ambala	2020-21	30,67,451	43,83,699	30,67,449	13,16,248	OBS-1885443	The department replied in June 2025 that the para is admitted. The case of 2020-21 has been sent to Revisional Authority vide this office memo no- 596 dt 22 May 2025 for initiating Revision Proceedings.	Admitted
	6	06BDxxxxxxxC1Z0	Ambala	2021-22	33,16,375	34,01,412	34,01,412	85,037	OBS-1885443	The department replied in June 2025 that the para is admitted. The case has been forwarded to Joint Excise and Taxation Commissioner (R) Ambala for granting permission to initiate proceeding u/s 61 of HGST Act, 2017.	Admitted
6	7	06AXxxxxxxxN1Z8	Bhiwani	2020-21	3,37,64,256	3,50,40,240	3,50,40,240	12,75,984	OBS-1894233	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
								60,97,191			

		Action taken by the department		Department reply awaited/Rebutted	
No of cases	**₹ in crore**	**No of cases admitted**	**₹ in crore**	**No of cases**	**₹ in crore**
7	0.61	3	0.27	4	0.34

Appendix-2.16

(Reference: Paragraph 2.3.8.3; Page 33)

Short discharge of tax under RCM

No. of taxpayers	No of cases	GSTIN	Office Name	Period	RCM Taxable Value in GSTR 2A	Tax payable under RCM	RCM Taxable value declared in GSTR 3B / GSTR 9	Taxpaid under RCM in GSTR 3B	Difference	OBS No.	Department reply	Remarks
1	2	3	4	5	6	7	8	9	10=7-9	11	12	13
1	1	06AAxxxxxxxG1ZP	Gurugram (East)	2020-21	1,64,95,716	28,72,729	5,30,750	95,536	27,77,193	OBS-1836750	The department replied (June 2025) that the supplier namely Modern construction services has supplied construction services to the taxpayer and not covered under RCM and supplier has actually paid tax under RCM.	Reply is not tenable as the taxpayer himself declared taxable amount/value in GSTR-2A. Accordingly, the taxpayer has not deposited tax under RCM
2	2	06AAxxxxxxx1ZL	Gurugram (East)	2020-21		27,500		0	27,500	OBS-1836735	The department replied (June 2025) that summons had been issued to the taxpayer.	Admitted
	3	06AAxxxxxxx1ZL	Gurugram (East)	2021-22		1,28,545		0	1,28,545	OBS-1836735	The department replied (June 2025) that summons had been issued to the taxpayer.	Admitted
						30,28,774		**95,536**	**29,33,238**			

Mismatches identified			Action taken by the department		Department reply awaited/Rebutted	
No. of taxpayers	**No of cases**	**₹ in crore**	**No of cases admitted**	**₹ in crore**	**No of cases**	**₹ in crore**
2	3	0.29	2	0.02	1	0.27

Appendix-2.17

(Reference: Paragraph 2.3.9.1; Page 35)

List of scrutiny and Audit cases

		2017-18		2018-19	
Sr. No.	**Name of DCST**	**Scrutiny cases**	**Audit cases**	**Scrutiny cases**	**Audit cases**
1	Ambala	206	19	79	14
2	Bhiwani	165	2	71	2
3	Faridabad (East)	287	18	161	10
4	Gurugram (South)	357	27	210	18
5	Sonipat	461	28	209	11
		1,476	**94**	**730**	**55**
	Total scrutiny case	**2,206**			
	Total Audit cases	**149**			

Appendix-2.18

(Reference: Paragraph 2.3.9.1 (i) Page 35)

Scrutiny of Record

S. No.	Office Name	OBS No. for non-production	OBS. No. for scrutiny records	Information w.r.t. ASMT-10 etc. furnished
1	**2**	**3**	**4**	**5**
1	Gurugram (South)	OBS-1822702	OBS-1758546	No
2	Sonipat	OBS-1870698	OBS-1865294	No
3	Ambala	OBS-1899974	Vide no. 102 dated 4 April 2025 after completion of field visit. Therefore, OBS not issued separately. Rebuttal of audit issued vide mail dated 7 April 2025.	No
4	Faridabad (East)	OBS-1892523		No
5	Bhiwani	OBS-1895752		No

Appendix-2.19

(Reference: Paragraph 2.3.9.1 (i); Page 35)

Selection of taxpayers for functional audit

No. of taxpayers	Case no.	Name of DCST	Financial Year	GSTIN
1	1	Gurugram (South)	2018-19	06AAxxxxxxxB2ZZ
2	2	Gurugram (South)	2018-19	06AAxxxxxxxC1ZX
3	3	Gurugram (South)	2018-19	06AAxxxxxxxR1ZD
4	4	Gurugram (South)	2018-19	06AAxxxxxxxC1Z1
5	5	Gurugram (South)	2017-18	06AAxxxxxxxN1Z8
6	1	Ambala	2018-19	06AAxxxxxxxC1ZB
7	2	Ambala	2018-19	06AAxxxxxxxA1ZR
8	3	Ambala	2018-19	06AAxxxxxxxB1ZA
9	4	Ambala	2017-18	06AAxxxxxxxP1ZJ
10	5	Ambala	2018-19	06AAxxxxxxxA1Z0
11	1	Sonipat	2018-19	06AAxxxxxxxP1ZR
12	2	Sonipat	2018-19	06AAxxxxxxxP1Z0
13	3	Sonipat	2017-18	06AAxxxxxxxD1ZI
14	4	Sonipat	2017-18	06BKxxxxxxxN1ZN
15	5	Sonipat	2017-18	06AAxxxxxxxH1ZA
16	1	Faridabad (East)	2018-19	06AAxxxxxxxH1ZU
17	2	Faridabad (East)	2018-19	06ABxxxxxxxE1ZZ
18	3	Faridabad (East)	2018-19	06AAxxxxxxxR1ZU
19	4	Faridabad (East)	2018-19	06AAxxxxxxxN1ZW
20	5	Faridabad (East)	2017-18	06AAxxxxxxxN1ZW
21	1	Bhiwani	2018-19	06AAxxxxxxxM1ZB
22	2	Bhiwani	2017-18	06EMxxxxxxxC1Z6
23	3	Bhiwani	2018-19	06AZxxxxxxxK1ZV
24	4	Bhiwani	2018-19	06AAxxxxxxxD2ZK
25	5	Bhiwani	2018-19	06AAxxxxxxxG1ZI

Appendix-2.20

(Reference: Paragraph 2.3.9.1 (ii) (a); Page 36)

Short levy of tax due to suppression of taxable turnover

No. of taxpayer	GSTIN	Office Name	Period	Taxable supply on which tax was to be paid asper table 4(A+B) of GSTR 9	Taxable supply on which tax was paid as per Table 12 of GSTR 1	Difference	Tax	OBS No.	Response of the Department	Remarks
1	2	3	4	5	6	7	8	9	10	11
1	06AAxxxxxxxC1Z1	Gurugram (South)	2018-19	78,77,81,001	52,48,92,419	26,28,88,582	3,15,46,630	OBS-1741334	The taxpayer is engaged in the development of affordable society-related construction activities, classified under HSN code 72044900 and SAC code 00440334, attracting a GST rate of 12 *per cent*. In the present case, the taxable value declared in GSTR3b includes the consideration attributable to the land component (constituting 1/3 of the total project value) alongside the construction services. This methodology results in the application of GST at an effective rate of 8 *per cent* on the total consideration, computed by restricting the tax liability to 12 *per cent* on the construction component (2/3 of the total value). The taxpayer has substantiated that this approach aligns with the statutory framework governing composite supplies involving land and construction services, particularly under Section 7 of the CGST Act, 2017, read with the relevant valuation provisions. In the GSTR-3b, the taxable value incorporates the consideration for land along with the tax payable on construction services, which resulted in apparent discrepancies between the returns filed under GSTR-1 and GSTR-3B. The taxpayer has duly established that such inclusion is in compliance with the applicable provisions of the GST laws.	The reply was not acceptable as the department had not provided supporting documents viz. sale invoices, licence number allotted by Haryana Real Estate Regulatory Authority (HRERA) etc. which proved that the taxpayer dealt in affordable housing project
				78,77,81,001	**52,48,92,419**	**26,28,88,582**	**3,15,46,630**			

Appendix-2.21

(Reference: Paragraph 2.3.9.1 (ii) (b); Page 37)

Non-levy of tax on Advances Received

No. of taxpayer	GSTIN	Office Name	Period	Advances received in GSTR 1 of 2017-18 Table 11(A)	Advances Adjustment in GSTR 1 of 2017-18 Table 11(A)	Unadjusted advance of 2017-18 (based on GSTR1)	Advance as per B/s	Advance received in 2018-19 as per GSTR 1	Adjusted in 4F of GSTR 9 of 2018-19	Excess adjusted Advances/Advance on which tax not paid	Short Tax @18 *per cent*	OBS No.	Reply	Remarks
1	06AAxxxxxxxR1ZU	Faridabad (East)	2018-19	97,46,724	34,67,763	62,78,961		Nil	1,19,26,049	56,47,088	10,16,475	OBS-1892424	The department replied (June 2025) that the audit observation had been admitted. DRC-01 was issued to the taxpayer.	Admitted
2	06EMxxxxxxxC1Z6	Bhiwani	2017-18	0	0	0	33,06,221			33,06,221	5,95,119	OBS-1895749	The department replied (June 2025) that notice was issued to the taxpayer. Further, proceeding would be initiated against the taxpayer as per provision under CGST Act, 2017.	Admitted
				97,46,724	**34,67,763**	**62,78,961**	**33,06,221**	**0**	**1,19,26,049**	**89,53,309**	**16,11,594**			

Appendix-2.22

(Reference: Paragraph 2.3.9.1 (ii) (c); Page 37)

Unreconciled turnover/taxable turnover in Table 5R/7G of GSTR-9C

No. of taxpayer	GSTIN	Office Name	Period	un-reconciled turnover	OBS No.	Reply status	Remarks
1	06AAxxxxxxxC1ZB	Ambala	2018-19	15,44,45,149	OBS-1899972	The department replied (June 2025) that case of 2018-19 has been sent to the Revisional Authority for initiating Revision Proceedings.	Admitted
2	06AAxxxxxxxB1ZA	Ambala	2018-19	15,44,45,149	OBS-1899973	The department replied (June 2025) that case of 2018-19 has been sent to the Revisional Authority for initiating Revision Proceedings.	Admitted
				₹ 30,88,90,298			

Appendix-2.23

(Reference: Paragraph 2.3.9.1 (ii) (d); Page 38)

Difference between DRC 01 and DRC 05 scrutiny records

No. of taxpayer	GSTIN	Office Name	Period	Remarks	Interest			Penalty		Late fee		Total amount	OBS	Department reply	Remarks
					IGST	CGST	SGST	CGST	SGST	CGST	SGST				
1	06AAxxxxxxxC1Z1	Gurugram (South)	2018-19	Interest & Late fees on delayed filing of GSTR-3B	3,257	799	5,19,615	0	0	36,850	36,850	5,97,371	OBS-1741340	The Department replied (June 2025) that a summons under Section 70 of the CGST/HGST Act, 2017, has been duly issued to the taxpayer to seek clarification on the impugned discrepancies.	Admitted
				Interest on liability difference in GSTR 9 & 3B	0	47,268	47,268	0	0	0	0	94,536	OBS-1741340		
				General Penalty for delayed filing GSTR-9C	0	0	0	25,000	25,000	0	0	50,000	OBS-1741340		
					₹ 3,257	**₹ 48,067**	**₹ 5,66,883**	**₹ 25,000**	**₹ 25,000**	**₹ 36,850**	**₹ 36,850**	**₹ 7,41,907**			

Appendix-2.24

(Reference: Paragraph 2.3.9.1 (ii) (e); Page 39)

Short levy of interest

No. of taxpayer	GSTIN	Office Name	Period	Delay in days (range)		Total	Interest	Interest charged in Assessment order	Difference	OBS Number	Response of the Department	Remarks
				Minimum	Maximum							
1	2	3	4	5	6	7	8	9	10	11	12	13
1	06AAxxxxxxxC1ZX	Gurugram (South)	2018-19		245	74,24,824	8,97,081		8,97,081	OBS-1741328	The Department stated (June 2025) that shown cause has been issued.	Admitted
2	06BKxxxxxxxN1ZN	Sonipat	2017-18		1,276	33,736	21,228	5,274	15,954	OBS-1865272	Observation admitted as per department's reply 08 April 2025. The rectification vide DRC-08 dated 08 April 2025 reference no. ZD060425015624M has been issued to the taxpayer.	Admitted
	06BKxxxxxxxN1ZN	Sonipat	2017-18		1,276	1,33,71,495	84,14,151	21,22,222	62,91,929	OBS-1865272		
	06BKxxxxxxxN1ZN	Sonipat	2017-18		1,276	1,77,121	1,11,455	1,00,809	10,646	OBS-1865272		
3	06AAxxxxxxxP1ZR	Sonipat	2018-19		288	22,64,326	3,21,596		3,21,596	OBS-1867439	The department replied (June 2025) that DRC-01 has been issued.	Admitted
	06AAxxxxxxxP1ZR	Sonipat	2018-19		196	71,53,997	6,91,488		6,91,488	OBS-1867439		
Total					**1,276**	**3,04,25,499**	**1,04,57,000**	**22,28,305**	**82,28,695**			

Appendix-2.25

(Reference: Paragraph 2.3.9.1 (ii) (f); Page 41)

Excess Input Tax Credit availed

No. of taxpayer	GSTIN	Office Name	Period	3B ITC claim	ITC In 2A	cess in 2A	Final 2A (2A-Cess)	DIFF 3B-2A	OBS No.	Reply	Remarks
1	06AAxxxxxxxR1ZU	Faridabad (East)	2018-19	10,92,93,169	10,31,91,798	1,85,593	10,30,06,205	62,86,964	OBS-1892424	The department replied (June 2025) that the audit observation had been admitted. DRC-01 was issued to the taxpayer. Final outcome would be intimated in due course.	Admitted

Appendix-2.26

(Reference: Paragraph 2.3.9.2; Page 42)

Not taking action against non return filers

S. No.	Office Name	Information furnished	OBS		2020-21	2021-22	2022-23	2023-24
1	Gurugram (South)	yes	OBS-1745433	No. of non-filers	223	316	78	57
				Non-filers Works contractors	0	0	0	0
				Count of Notice issued (GSTR-3A) at the end of March	893	743	295	348
				Count of cases assessed under best judgement at the end of March	0	0	0	0
2	Faridabad (East)	yes	OBS-1892523	No. of non-filers	153	62	29	74
				Non-filers Works contractors	0	0	0	0
				Count of Notice issued (GSTR-3A) at the end of March	0	0	0	0
				Count of cases assessed under best judgement at the end of March	0	0	0	0
3	Bhiwani	yes	OBS-1895752	No. of non-filers	426	518	161	295
				Non-filers Works contractors	0	0	0	0
				Count of Notice issued (GSTR-3A) at the end of March	0	0	0	0
				Count of cases assessed under best judgement at the end of March	0	0	0	0
4	Sonipat	yes	OBS-1865366	No. of non-filers	338	139	48	62
				Non-filers Works contractors	0	0	0	0
				Count of Notice issued (GSTR-3A) at the end of March	641	337	191	260
				Count of cases assessed under best judgement at the end of March	0	0	0	0
5	Ambala	Yes, vide no.102 dated 4.04.2025 after completion of field visit. Therefore, OBS not issued separately. The OBS in next column is for non-production of detailed/ list of information.	OBS-1899974	No. of non-filers	272	369	25	17
				Non-filers Works contractors	0	0	0	0
				Count of Notice issued (GSTR-3A) at the end of March	543	657	99	103
				Count of cases assessed under best judgement at the end of March	0	0	0	0

Appendix-2.27

(Reference: Paragraph 2.3.9.3; Page 42)

Internal control mechanism to ensure effectiveness in processing and payment of refund claims

Sr. No.	Office Name	Information furnished	OBS No.
1	Gurugram (South)	No	OBS-1758548
2	Sonipat	No	OBS-1865363
3	Ambala	No	OBS-1899974
4	Faridabad (East)	No	OBS-1892523
5	Bhiwani	No	OBS-1895752

Appendix-2.28

(Reference: Paragraph 2.3.9.4; Page 43)

Maintenance of records

S. No.	Office Name	OBS No.
1	2	3
1	Gurugram (South)	OBS-1822702
2	Sonipat	OBS-1870698
3	Ambala	OBS-1899974
4	Faridabad (East)	OBS-1892523
5	Bhiwani	OBS-1895752

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