सत्यमेव जयते

Report of the
Comptroller and Auditor General of India
on
Compliance Audit - II

for the year ended 31 March 2022

SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Government of Punjab

Report No. 3 of the year 2024

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Preface

This Report of the Comptroller and Auditor General of India on Compliance Audit for the year ended 31 March 2022 has been prepared for submission to the Governor of Punjab under Article 151 (2) of the Constitution of India.

The instances mentioned in this Report are those which came to notice in the course of test audit done during the period 2021-22 as well as those which came to notice in earlier years but could not be reported in previous Audit Reports.

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 one Subject Specific Compliance Audit (SSCA) titled 'Department's Oversight on GST Payments and Return Filing', one Information Systems Audit of Integrated Financial Management System and 15 observations involving money value of ₹ 881.36 crore[1].

Chapter-I: General

The total receipts of the State Government for the year 2021-22 were ₹ 78,168.31 crore. The Government raised ₹ 42,110.63 crore comprising tax revenue of ₹ 37,326.86 crore and non-tax revenue of ₹ 4,783.77 crore. The State Government received ₹ 15,288.79 crore as State's share of divisible Union taxes and ₹ 20,768.89 crore as Grants-in-aid from the Government of India.

Five-year trend of revenue receipts shows that the share of State's own revenue decreased from 65.54 *per cent* of total receipts in 2017-18 to 53.87 *per cent* in 2021-22. While share of net proceeds of divisible Union taxes and duties slightly reduced from 20.03 *per cent* in 2017-18 to 19.56 *per cent* in 2021-22, Grants-in-Aid increased from 14.43 *per cent* (₹ 7,651.01 crore) in 2017-18 to 26.57 *per cent* (₹ 20,768.89 crore) in 2021-22. Overall, the State's own revenue has shrunk and dependency on Grants-in-Aid has increased in the last five years. However, during the year 2021-22, Grants-in-Aid reduced by 14.20 *per cent* in comparison to the preceding year. At the same time, the tax revenue increased by 24.20 *per cent* and non-tax revenue increased by 15.21 *per cent* in comparison to the preceding year, showing increase in the State's own receipts to total receipts.

(Paragraph 1.2, Page 1)

Test check of records of 108 units related to tax revenue comprising Sales Tax/Value Added Tax, State Excise, Taxes on Motor Vehicles, Stamp Duty and Land Revenue conducted during the year 2021-22 showed under assessment/short levy/loss of revenue aggregating ₹ 189.17 crore in 65,960 cases. The Departments recovered ₹ 9.84 crore in 1,473 cases during 2021-22, of the cases pointed out in audit upto the year 2021-22.

(Paragraph 1.4, Page 10)

In Tax-Revenue Departments, 108 Inspection Reports were issued to Heads of Departments for the year 2021-22. Out of those, Audit did not receive reply to 93 Inspection Reports within the stipulated time of four weeks. Further, the Inspection Reports issued for the years up to March 2022 showed that

[1] **Chapter-II**: **₹ 872.20 crore** (***Limited Audit:*** Recovered - ₹ 2.13 crore, SCN issued - ₹ 34.71 crore, ASMT-10 - ₹ 120.65 crore, Under correspondence with taxpayers – ₹ 5.71 crore, Audit rebuttals – ₹ 656.97 crore ***Detailed Audit***: Recovered – ₹ 0.14 crore, Taken up for scrutiny - ₹ 24.85 crore, SCN issued – ₹ 1.15 crore, Under correspondence with taxpayers – ₹ 25.89 crore)
Chapter-IV: **₹ 9.16 crore**

10,069 observations involving ₹ 4,050.79 crore relating to 2,311 Inspection Reports remained outstanding at the end of June 2022.

(Paragraph 1.5, Page 11)

In three audit committee meetings held with the Excise and Taxation Department, 14 observations involving money value of ₹ 33.90 crore were settled during the year 2021-22.

(Paragraph 1.5.1, Page 12)

Chapter-II: Department's Oversight on GST Payments and Return Filing

The Subject Specific Compliance Audit 'Department's Oversight on GST Payments and Return Filing' was conducted in three parts viz. 'Circle Audit', 'Centralised Audit' and 'Detailed Audit'.

'Circle Audit' brought out deficiencies in oversight of returns such as lack of action on late filers or non-filers of returns, slow pace of scrutiny of returns and delay in audit by tax authorities.

'Centralised Audit' brought out deviations/inconsistencies in 408 cases involving ₹ 66,817.97 crore, which was conducted by analysing datasets of taxpayers provided by GSTN. The Department's responses were received in 401 cases. Of these, 73 cases constituting 18.20 *per cent*, turned out to be clear compliance deficiencies with a revenue implication of ₹ 163.20 crore, which represent a mismatch of turnover of ₹ 61.88 crore in two cases and mismatch of tax liability/input tax credit of ₹ 101.32 crore in 71 cases. A relatively higher rate of deficiencies was noticed in short/non-payment of interest, input tax credit mismatch, availing of input tax credit under Reverse Charge Mechanism without discharging corresponding tax liability, incorrect turnover declarations and short payment of tax. While data entry errors caused the inconsistencies in 30.67 *per cent* of the cases, the Department had already taken proactive action in 7.98 *per cent* of the cases. The Department did not respond to seven cases of inconsistencies, which had an identified risk exposure of ₹ 79.06 crore including a mismatch of turnover of ₹ 71.48 crore in one case.

'Detailed Audit' brought out compliance deficiencies in 50 cases involving 128 instances with a revenue implication of ₹ 193.00 crore. Out of these, audit observations involving ₹ 52.03 crore in 43 instances were accepted by the Department including recoveries of ₹ 0.14 crore in nine instances. The main causative factors were availing of ineligible and irregular input tax credit, and incorrect discharge of tax under reverse charge mechanism as well as forward charge mechanism.

(Paragraph 2.1 to 2.8, Page 17)

Chapter-III: Information Systems Audit of Integrated Financial Management System

The Information Systems Audit of Integrated Financial Management System (IFMS) was conducted on the new IFMS (being developed by the NIC) for the period April 2020 to March 2022.

The audit brought out deficiencies in project planning. Exit Management Plan was not executed due to disagreement on pending payments between the State Government and M/s. Tata Consultancy Services (TCS) – the earlier System Integrator (SI). Further, there was no such Exit Management Plan available in respect of the new IFMS being developed by the National Informatics Centre (NIC) i.e. new System Integrator.

No formal Memorandum of Understanding (MoU) or agreement was entered into with NIC for implementation of new IFMS in the State of Punjab, even after lapse of more than two years of commencing the work by SI from November 2019 onwards. Though the timelines for the new IFMS (i.e. by March 2022) as per the project proposal could not be adhered and the system was still in the development phase, payment for the extended period (April 2022 onwards) was being made to NIC without any revised proposal or signing of MoU.

In spite of financial data being critical in nature, even after more than two years of implementation of the new IFMS solution with effect from April 2020, the requisite data could not be migrated fully from TCS-IFMS to NIC-IFMS and even the knowledge transfer was not shared by the previous SI due to some disputes on pending payments. Without proper data migration and backup strategies, critical information may be at risk of being permanently damaged or lost.

No Change Management Policy was available with the Department with regard to changes/modifications being made in the new IFMS solution. Absence thereof could result in poor communication with regard to the reasons for change, expected impact, and the benefits. Without a clear process for managing changes, there is a higher likelihood of project delays. Further, unplanned or uncontrolled changes can disrupt project timelines and deliverables.

In-house capacity building was not envisaged to identify and train responsible resource persons and the Department relied on NIC support for performing even petty activities. Without proper training, employees may struggle to use IT solutions efficiently. Besides, lack of capacity building can impede the transformation efforts, making it challenging for the organisation to adapt to new business models and processes.

Even after a lapse of more than 11 years of shifting various financial functions of the State Government from manual platform to eSolutions (IFMS) from

July 2011 onwards, the existing financial codes *viz.* Punjab Financial Rules, Punjab Treasury Rules and Punjab Budget Manual were not amended to ensure synergy of business processes in the system.

Though three main modules of IFMS *viz.* eBudget, eTreasury and eReceipt were implemented, three important sub-modules thereunder i.e. Debt Management, eReconciliation and eSanction were still to be developed/ implemented.

During data analysis in IFMS, instances of generation of duplicate bill numbers, non-generation of token number during processing of bill, absence of flags to prioritise the processing/passing of bill, passing of bills flagged as rejected, mapping of head of accounts with types of bills, invalid Permanent Account Numbers, etc. were noticed. Generation of duplicate bill numbers and non-generation of token number could lead to the risk of double/fraudulent payments or unauthorised payments. Non-mapping of heads of account with type of bills may result in misreporting of expenditure for the respective object heads, besides making the reconciliation process difficult.

The integration of IFMS with other systems/applications being run in the State was inadequate, as is evident from various instances, such as generation of duplicate bill numbers in respect of POL bills prepared in Vehicle Management System (VMS), preparation of POL bills in IFMS instead of VMS in contravention of guidelines of the Finance Department, inadequate integration of IFMS with iHRMS, non-integration with Voucher Level Computerisation (VLC) of AG (A&E) Punjab office, unfreezing of previous months' accounts for making corrections therein after submission of the monthly accounts to AG office, etc. Besides, data inconsistencies with regard to mobile numbers were also found in the database. Requisite validation checks were lacking in the system to restrict such discrepancies.

Security audit of the implemented modules was conducted after more than two years of their hosting, which is a risk in view of the fact that the financial transactions of the State were being made through the system. Due to delayed/non-conducting of security audits, the Department may remain unaware of vulnerabilities in its systems and networks leading to potential security breaches, data leakages and unauthorised access.

In 3,389 out of 44,081 instances, IP_Location was not captured/stored by the System; and in 49 instances, IP_Location of the device was found to be outside India.

The Department was neither having any Disaster Recovery Policy nor was any Disaster Recovery site available in case of any exigency. Security incidents and disasters could lead to financial losses, potential legal actions, loss of business opportunities, etc.

(Paragraph 3.1 to 3.13, Page 63)

Chapter-IV: Compliance Audit Observations (Tax-Revenue Departments)

The Assessing Authorities in six ACsST raised additional demand of ₹ 5.18 crore in 29 assessment cases on account of non-submission of statutory declarations but did not levy interest of ₹ 2.08 crore.

(Paragraph 4.1, Page 102)

The Assistant Commissioners of State Tax, Mansa and Sangrur did not levy Punjab Infrastructure Development Fee of ₹ 1.09 crore on first stage purchase of cotton in three cases assessed between August 2019 and November 2020.

(Paragraph 4.2, Page 103)

The Assistant Commissioners of State Tax, Ludhiana-I and Mohali in two cases brought forward input tax credit of ₹ 0.60 crore in excess of what was determined in the assessment orders of the preceding year.

(Paragraph 4.3, Page 104)

The Assistant Commissioners of State Tax, Bathinda, Ludhiana-I, SAS Nagar and Jalandhar-II made omissions in assessment orders involving tax implication of ₹ 0.24 crore in four cases.

(Paragraph 4.4, Page 105)

The Assistant Commissioner of State Tax, Sangrur adjusted tax of ₹ 0.22 crore from final tax liability of two dealers without ensuring payment of advance tax made by the dealers.

(Paragraph 4.5, Page 107)

The Assistant Commissioner of State Tax, Ludhiana-III allowed benefit of concessional rate of tax of two *per cent* on inter-state sale on deficient 'C' forms in one case which resulted in short levy of tax of ₹ 0.15 crore.

(Paragraph 4.6, Page 108)

The Assistant Commissioner of State Tax, Ludhiana-I allowed input tax credit of ₹ 0.12 crore on goods which were not used towards taxable sale.

(Paragraph 4.7, Page 109)

The Assistant Commissioner of State Tax, Ludhiana-I allowed irregular concession of Central Sales Tax of ₹ 0.10 crore in one assessment case without ensuring that the 'C' forms submitted were genuine.

(Paragraph 4.8, Page 110)

The Joint Sub-Registrar, Zirakpur and Sub-Registrar, Derabassi did not levy stamp duty, registration fee and infrastructure development fee at applicable rates to conveyance, on power of attorney granting irrevocable and unequivocal rights to the developers for development, construction and sale of immovable property resulting in short levy of stamp duty, registration fee and infrastructure development fee of ₹ 1.74 crore.

(Paragraph 4.9, Page 111)

Five Sub-Registrars short-levied stamp duty, registration fee and infrastructure development fee of ₹ 1.20 crore in 36 cases due to misclassification of properties and incorrect application of Collector's rates.

(Paragraph 4.10, Page 112)

Sub-Registrar, Phagwara did not levy stamp duty and registration fee of ₹ 0.30 crore on mortgage against the loan of ₹ 28.00 crore secured by an industrial unit from a bank for the purpose of industrial production of poultry farm feed.

(Paragraph 4.11, Page 113)

Sub-Registrar, Phagwara short-levied stamp duty and registration fee of ₹ 0.27 crore (along with social infrastructure cess and infrastructure development fee) on an 'Agreement to Sell' with delivery of possession of the property.

(Paragraph 4.12, Page 114)

The State Transport Department did not collect motor vehicle tax and surcharge of ₹ 0.49 crore in respect of 18 tourist permit buses and 432 maxi/motor cabs. Further, Vahan 4.0 system had no provision of charging interest on delayed payments of motor vehicle tax in line with provisions of the Act.

(Paragraph 4.13, Page 115)

Eleven Regional Transport Authorities of Punjab short-recovered Motor Vehicle Tax and Social Security Surcharge of ₹ 0.37 crore from 1,076 goods vehicles.

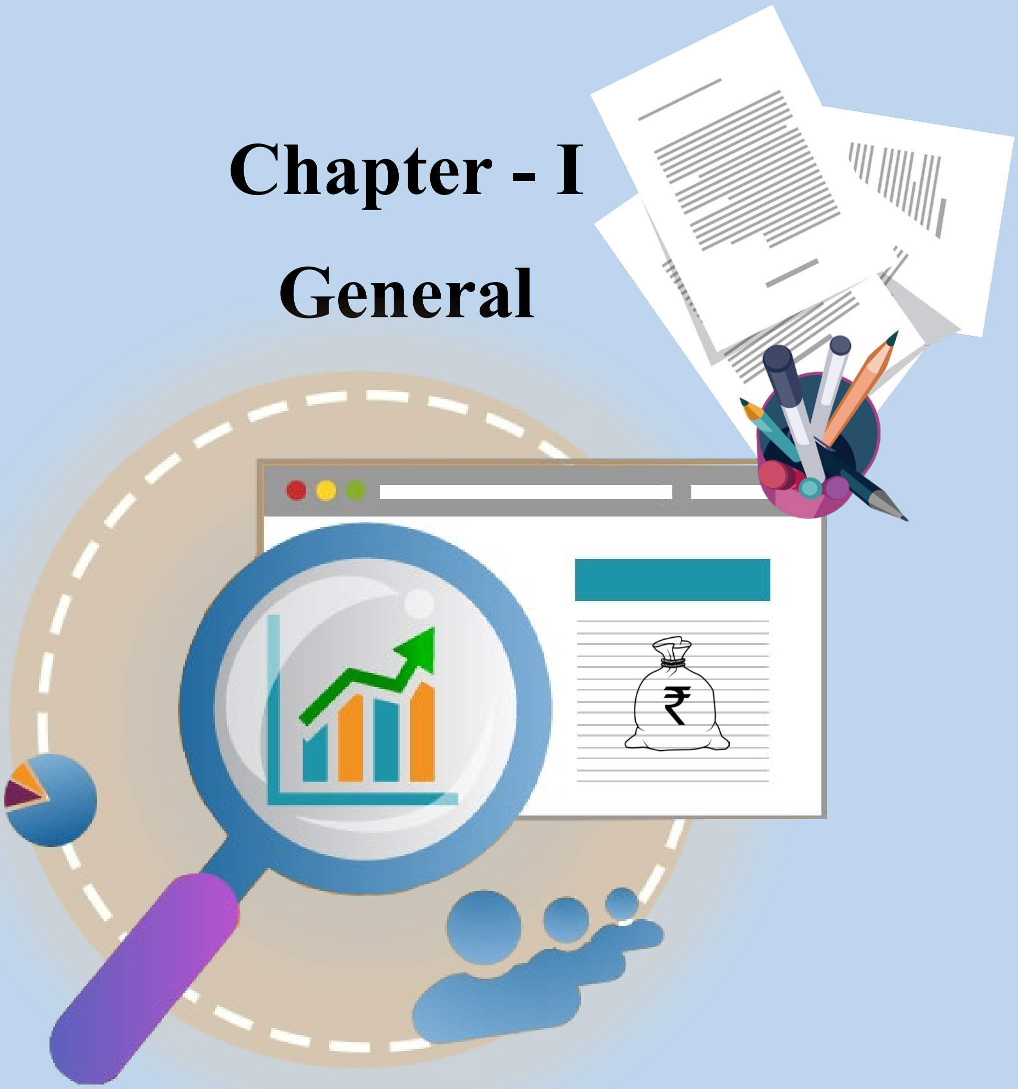
(Paragraph 4.14, Page 116)

Eleven Regional Transport Authorities of Punjab did not recover permit application fee and permit fee of ₹ 0.19 crore from 542 transport vehicles.

(Paragraph 4.15, Page 117)

Chapter - I

General



Chapter-I

General

1.1 Introduction

This Report covers matters arising out of the Compliance Audit of the Revenue Departments of the State Government. The primary purpose of this Report is to bring to the notice of the Legislature the important results of audit. Findings of the audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations contributing better governance.

The Report has been organised in four chapters as under:

- **Chapter-I** contains a profile of the State with the details of tax and non-tax revenue raised by the Government of Punjab, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year 2021-22, the authority of audit, audit jurisdiction, planning and conduct of audit, response of the Government to various audit products namely Inspection Reports and follow-up action on Audit Reports.

- **Chapter-II** contains observations of the Subject Specific Compliance Audit on 'Department's Oversight on GST Payments and Return Filing'.

- **Chapter-III** contains observations of the Information Systems Audit of 'Integrated Financial Management System'.

- **Chapter-IV** contains individual observations related to Compliance Audit of Revenue Departments.

1.2 Trend of revenue receipts

1.2.1 The tax and non-tax revenue raised by the Government of Punjab, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year 2021-22 and the corresponding figures for the preceding four years are depicted in **Table 1.1** and **Chart 1.1** below.

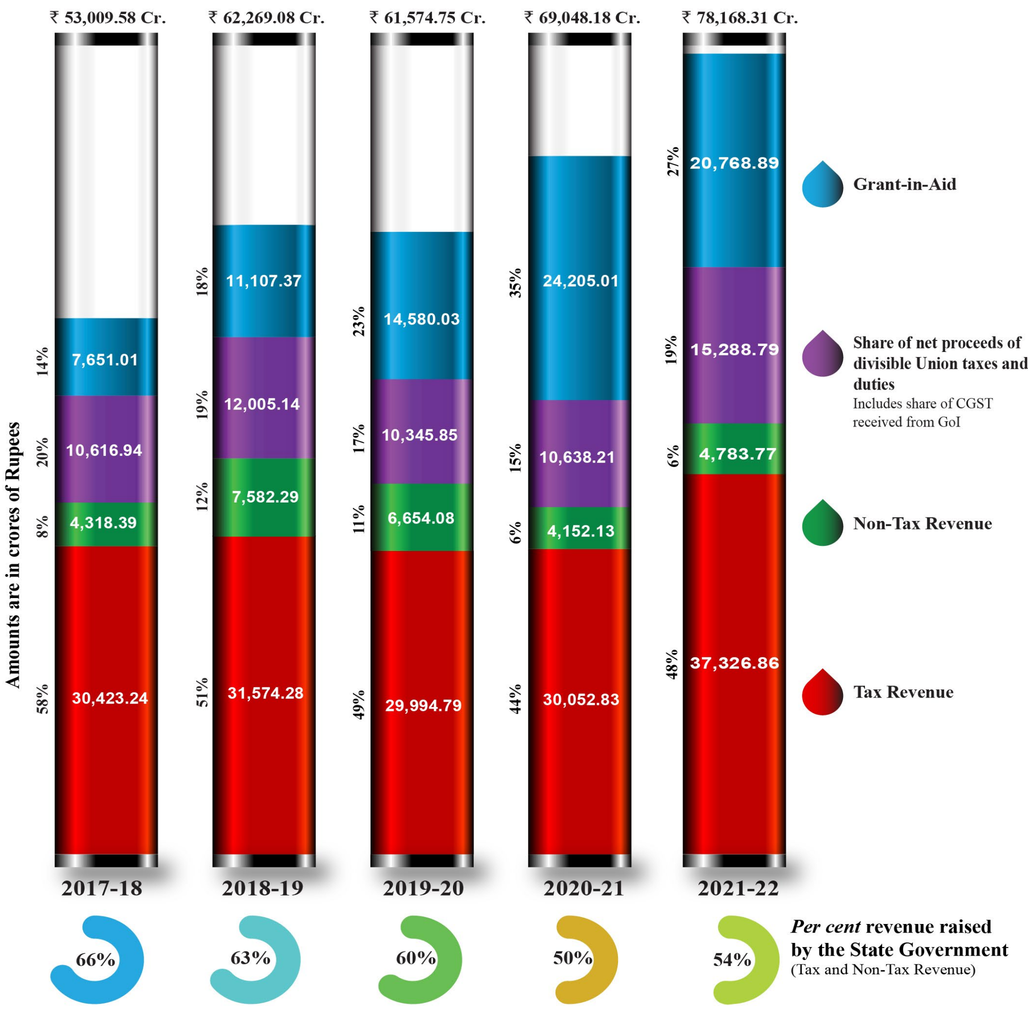
Table 1.1: Trend of revenue receipts

(₹ in crore)

Sr. No	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1.	**Revenue raised by the State Government**					
	Tax revenue	30,423.24	31,574.28	29,994.79	30,052.83	37,326.86
	Non-tax revenue	4,318.39	7,582.29	6,654.08	4,152.13	4,783.77
	Total	**34,741.63**	**39,156.57**	**36,648.87**	**34,204.96**	**42,110.63**
2.	**Receipts from the Government of India**					
	Share of net proceeds of divisible Union taxes and duties	10,616.94	12,005.14	10,345.85	10,638.21	15,288.79
	Grants-in-aid	7,651.01	11,107.37	14,580.03	24,205.01	20,768.89
	Total	**18,267.95**	**23,112.51**	**24,925.88**	**34,843.22**	**36,057.68**
3.	Total revenue receipts of the State Government *(1 and 2)*	**53,009.58**	**62,269.08**	**61,574.75**	**69,048.18**	**78,168.31**
Percentage of 1 to 3		**66**	**63**	**60**	**50**	**54**

Source: Finance Accounts

Chart 1.1 Trend of revenue receipts



Data Source : Finance Accounts

Five-year trend of revenue receipts shows that the share of State's own revenue decreased from 65.54 *per cent* of total receipts in 2017-18 to 53.87 *per cent* in 2021-22. While share of net proceeds of divisible Union taxes and duties slightly reduced from 20.03 *per cent* in 2017-18 to 19.56 *per cent* in 2021-22, Grants-in-Aid increased from 14.43 *per cent* (₹ 7,651.01 crore) in 2017-18 to 26.57 *per cent* (₹ 20,768.89 crore) in 2021-22.

During the year 2021-22, the State Government raised 54 *per cent* (₹ 42,110.63 crore) of the total revenue receipts. Balance 46 *per cent* (₹ 36,057.68 crore) of the receipts was from the Government of India as share of net proceeds of divisible Union taxes and duties and Grants-in-Aid. Overall, the State's own revenue has shrunk and dependency on Grants-in-Aid has increased in the last four years.

1.2.2 Details and trend of tax revenue raised during the period from 2017-18 to 2021-22 are depicted in **Table 1.2** and **Chart 1.2** below.

Table 1.2: Details of Tax Revenue

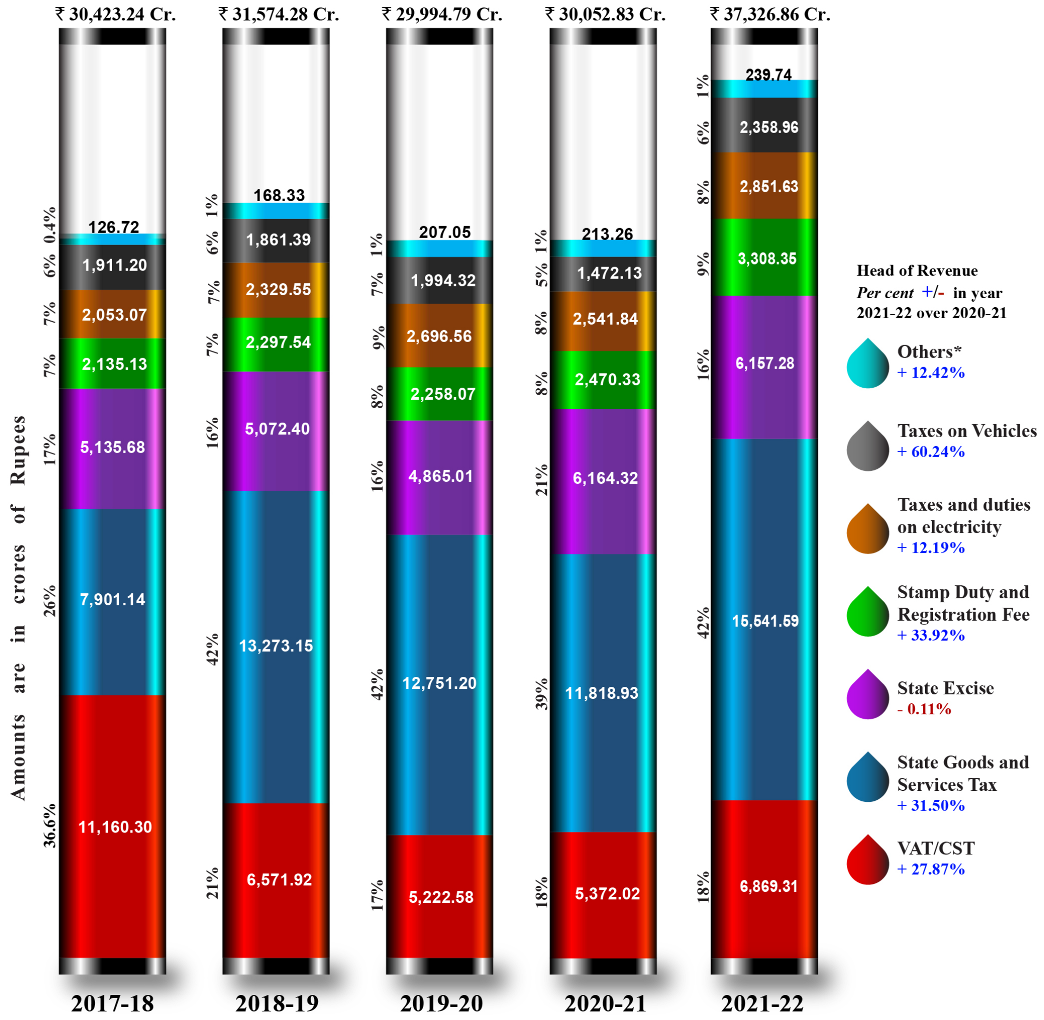
(₹ in crore)

Sr. No	Head of revenue	2017-18 Revenue (*Per cent of Total*)	2018-19 Revenue (*Per cent of Total*)	2019-20 Revenue (*Per cent of Total*)	2020-21 Revenue (*Per cent of Total*)	2021-22 Revenue (*Per cent of Total*)	Percentage increase (+) or decrease (-) of actual in 2021-22 over 2020-21
1	Taxes on Sales, Trades, etc.	11,160.30 *(36.68)*	6,571.92 *(20.81)*	5,222.58 *(17.41)*	5,372.02 *(17.87)*	6,869.31 *(18.40)*	(+) 27.87
	State Goods and Service Tax (SGST)	7,901.14 *(25.97)*	13,273.15 *(42.04)*	12,751.20 *(42.51)*	11,818.93 *(39.33)*	15,541.59 *(41.64)*	(+) 31.50
2	State Excise	5,135.68 *(16.88)*	5,072.40 *(16.06)*	4,865.01 *(16.22)*	6,164.32 *(20.51)*	6,157.28 *(16.50)*	(-) 0.11
3	Stamps and Registration Fees	2,135.13 *(7.02)*	2,297.54 *(7.28)*	2,258.07 *(7.53)*	2,470.33 *(8.22)*	3,308.35 *(8.86)*	(+) 33.92
4	Taxes and duties on Electricity	2,053.07 *(6.75)*	2,329.55 *(7.38)*	2,696.56 *(8.99)*	2,541.84 *(8.46)*	2,851.63 *(7.64)*	(+) 12.19
5	Taxes on Vehicles	1,911.20 *(6.28)*	1,861.39 *(5.90)*	1,994.32 *(6.65)*	1,472.13 *(4.90)*	2,358.96 *(6.32)*	(+) 60.24
6	Others[1]	126.72 *(0.42)*	168.33 *(0.53)*	207.05 *(0.69)*	213.26 *(0.71)*	239.74 *(0.64)*	(+) 12.42
Total		**30,423.24**	**31,574.28**	**29,994.79**	**30,052.83**	**37,326.86**	**(+) 24.20**

Source: Finance Accounts

[1] Revenue receipts of four heads of accounts i.e. **[1]** 'Other Taxes on Income and Expenditure' (₹ 155.89 crore, which is 9.24 *per cent* higher than the previous year's receipt of ₹ 142.70 crore), **[2]** 'Land Revenue' (₹ 83.54 crore which is 23.53 *per cent* higher than the previous year's receipt of ₹ 67.63 crore), **[3]** 'Taxes on Goods and Passengers' (₹ 0.0026 crore, which is 99.90 *per cent* lesser than the previous year's receipt of ₹ 2.71 crore) and, **[4]** 'Other Taxes and Duties on Commodities and Services' (₹ 0.31 crore, which is 40.91 *per cent* higher than the previous year's receipt of ₹ 0.22 crore) are less than one *per cent* of total Tax Revenue Receipts. Hence, Revenue receipts of these heads have been merged in 'Others'.

Chart 1.2: Trend of Tax Revenue



* Others includes 'Land Revenue', 'Other Taxes and Duties on Commodities and Services', 'Other Taxes on Income and Expenditure', 'Taxes on Goods and Passengers'

Data Source : Finance Accounts

It is observed that 'Taxes on Sales, Trades, etc.', 'State Goods and Services Tax' and 'State Excise' are major contributors of revenue. During 2021-22, these heads of revenue contributed about 76.54 *per cent* of total revenue collection. There was decrease of 0.11 *per cent* in revenue from 'State Excise' in comparison to the previous year. The revenue under 'State Goods and Services Tax' registered increase of 31.50 *per* cent, whereas 'Taxes on Sales, Trades, etc.' registered increase of 27.87 *per* cent. The revenue from 'Taxes on Vehicles', 'Stamps and Registration Fee' and 'Taxes and Duties on Electricity' increased by 60.24 *per cent,* 33.92 *per cent* and 12.19 *per cent,* respectively.

The reasons for increase or decrease in revenue receipts as provided by the respective Departments are given below.

Taxes on Sales, Trades, etc.: The Department attributed (September 2022) the reasons for increase (27.87 *per cent*) in revenue to business activities resuming after the pandemic. There was increase in revenue from sale of diesel and petrol as well.

State Goods and Services Tax: The Department attributed (September 2022) the reasons for increase (31.50 *per cent*) in revenue to resumption of business activities in the financial year 2021-22 after the pandemic.

State Excise: The Department attributed (June 2022) the reason for decrease (0.11 *per cent*) in revenue to lesser collection of license fee[2] caused due to extension of the Excise Policy 2021-22 for three months up to 30 June 2022. Further, the Government had allowed relief to retail liquor vends due to Covid-19.

Stamps and Registration Fees: The Department attributed (July 2022) the reason for increase (33.92 *per cent*) in revenue receipts to higher number of registrations and increase in Collector's rates.

Taxes and Duties on Electricity: The Department attributed (May 2022) reasons for increase (12.19 *per cent*) in revenue to addition of electricity duty arrears for the year 2020-21.

Taxes on Vehicles: The Department attributed (June 2022) reasons for increase (60.24 *per cent*) in revenue receipts to increase in registration of vehicles and realisation of Motor Vehicle Tax from Punjab Road Transport Corporation and defaulter private stage carriage operators. Moreover, the reasons for less revenue during the previous year was due to exemption of Motor Vehicle Tax to commercial vehicles, stage carriage buses and educational institutions buses due to Covid-19 pandemic.

Others: It covers four heads of tax revenue viz. 'Other Taxes on Income and Expenditure', 'Land Revenue', 'Taxes on Goods and Passengers' and 'Other Taxes and Duties on Commodities and Services'.

- ***Other Taxes on Income and Expenditure***: The Department attributed (September 2022) increase (9.24 *per cent*) in revenue to concerted efforts of the Department to register persons who were qualified[3] as per provisions of the Punjab State Development Tax Act, 2018 but were yet not registered.
- ***Land Revenue***: The Department attributed (June 2022) the increase (23.53 *per cent*) in revenue to lesser impact of Covid-19 pandemic during 2021-22 as compared to the previous year.

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[2] Fixed license fee, additional license fee, renewal fee in respect of licenses L-1, L-1BB, L-1(Import) etc.

[3] Every person who is an income tax payee and is engaged in any profession, trade or employment and whose taxable income is more than zero, is liable to pay tax under the Punjab State Development Tax Act, 2018.

The reasons for increase of 40.91 *per cent* under 'Other Taxes and Duties on Commodities and Services' and decrease of 99.90 *per cent* under 'Taxes on Goods and Passengers' were not informed by the concerned departments.

1.2.3 The details and trend of non-tax revenue raised during the period 2017-18 to 2021-22 are depicted in **Table 1.3** and **Chart 1.3** below.

Table 1.3: Details of Non-Tax Revenue

(₹ in crore)

Sr. No	Head of Revenue	2017-18 Revenue (*Per cent of Total*)	2018-19 Revenue (*Per cent of Total*)	2019-20 Revenue (*Per cent of Total*)	2020-21 Revenue (*Per cent of Total*)	2021-22 Revenue (*Per cent of Total*)	Percentage increase (+) decrease (-) of actual in 2021-22 over 2020-21
1	Miscellaneous General Services[4]	1,478.97 *(34.25)*	4,851.51 *(63.98)*	2,743.87 *(41.24)*	2,208.41 *(53.19)*	2,375.91 *(49.67)*	(+) 7.58
2	Interest receipts	1,404.94 *(32.53)*	1,455.26 *(19.19)*	2,105.51 *(31.64)*	144.38 *(3.48)*	181.08 *(3.78)*	(+) 25.42
3	Other Administrative Services[5]	165.85 *(3.84)*	150.63 *(1.99)*	145.23 *(2.18)*	233.92 *(5.63)*	69.70 *(1.46)*	(-) 70.20
4	Police	61.78 *(1.43)*	73.38 *(0.97)*	60.93 *(0.92)*	89.76 *(2.16)*	142.34 *(2.98)*	(+) 58.58
5	Medical and Public Health	253.34 *(5.87)*	263.42 *(3.47)*	250.57 *(3.76)*	287.61 *(6.93)*	406.81 *(8.50)*	(+) 41.45
6	Irrigation[6]	71.40 *(1.65)*	24.22 *(0.32)*	94.32 *(1.42)*	94.35 *(2.27)*	134.73 *(2.82)*	(+) 42.80
7	Non-ferrous Mining and Metallurgical Industries	122.40 *(2.83)*	36.13 *(0.48)*	90.88 *(1.36)*	120.56 *(2.90)*	136.53 *(2.85)*	(+) 13.25
8	Public Works	83.30 *(1.93)*	28.81 *(0.38)*	21.71 *(0.33)*	14.26 *(0.34)*	11.34 *(0.24)*	(-) 20.48
9	Forestry and Wildlife	48.67 *(1.13)*	15.66 *(0.21)*	19.53 *(0.29)*	30.88 *(0.75)*	19.13 *(0.40)*	(-) 38.05
10	Co-operation	2.82 *(0.07)*	3.31 *(0.04)*	7.09 *(0.11)*	7.47 *(0.18)*	6.57 *(0.14)*	(-) 12.05
11	Education, Sports, Art and Culture	41.87 *(0.97)*	56.75 *(0.75)*	196.22 *(2.95)*	137.70 *(3.32)*	155.19 *(3.24)*	(+) 12.70
12	Others[7]	583.05 *(13.50)*	623.21 *(8.22)*	918.22 *(13.80)*	782.83 *(18.85)*	1,144.44 *(23.92)*	(+) 46.19
Total		**4,318.39**	**7,582.29**	**6,654.08**	**4,152.13**	**4,783.77**	**(+) 15.21**

Source: Finance Accounts

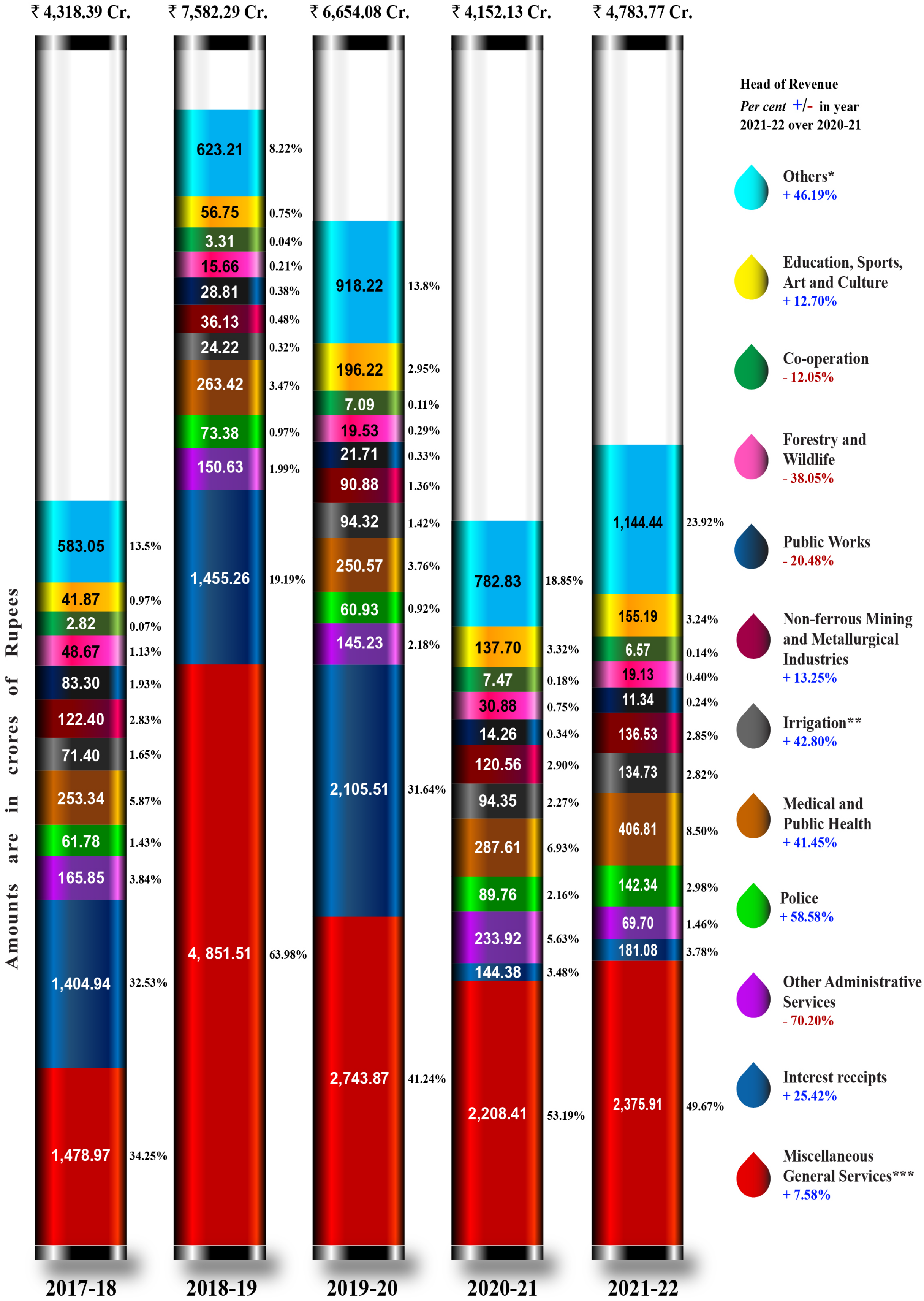
4 This head includes receipts from 'Unclaimed Deposits', 'Pre-Partition Receipts', 'State Lotteries', 'Guarantee Fee' and 'Other Receipts'.

5 This head includes receipts from 'Administration of Justice', 'Election' and 'Other Services' (Home Guards, Marriage Fees, Fee for Government Audit, Receipts from Guest Houses, etc.).

6 This head includes Major Irrigation, Medium Irrigation and Minor Irrigation. The receipt during 2021-22 under Major Irrigation, Medium Irrigation and Minor Irrigation was ₹ 99.41 crore, ₹ 8.73 crore and ₹ 26.59 crore respectively.

7 This includes 32 Heads of revenue, which are not covered under the Heads of revenue mentioned at Serial No. 1 to 11 of the table. The details of receipts for the year 2021-22 under Heads of Revenue included in 'Others' is available at Appendix 1.1 to this Report.

Chart 1.3: Trend of Non-Tax Revenue



* 'Others' includes 32 heads of revenue, details of which is available at Appendix 1.1 to this report.
** 'Irrigation' includes Major Irrigation, Medium Irrigation and Minor Irrigation.
*** 'Miscellaneous General Services' Includes receipts from 'Unclaimed Deposit', 'State Lotteries', 'Guarantee Fee' and 'Other Receipts'

Data Source : Finance Accounts

There was significant increase under 'Police' (58.58 *per cent*), 'Irrigation' (42.80 *per cent*), 'Medical and Public Health' (41.45 *per cent*) and 'Interest Receipts' (25.42 *per cent*) in 2021-22 as compared to 2020-21. The Departments which recorded significant decrease in revenue were 'Other Administrative Services' (70.20 *per cent*), 'Forestry and Wildlife' (38.05 *per cent*), 'Public Works' (20.48 *per cent*) and 'Co-operation' (12.05 *per cent*).

The reasons for variations in non-tax revenue receipts as provided by the respective departments and as per accounts analysis are given below.

Miscellaneous General Services: Overall increase (7.58 *per cent*) under Miscellaneous General Services was primarily due to increase in receipts under minor heads 'State Lotteries' and 'Guarantee Fee'. The Department attributed (June 2022) increase under minor head 'State Lotteries' to earnest money received against allotment of tenders for running lottery schemes. Reasons for increase under minor heads 'Guarantee Fee', 'Pre-Partition Receipts', 'Other Receipts' and decrease under 'Unclaimed Deposits' were not informed.

Interest Receipts: The Department did not furnish reasons for increase (25.42 *per cent*) in interest receipts. However, the increase was mainly due to collective increase of 27.07 *per cent* under two minor heads 'Interest realised on Investment of Cash Balances' and 'Other Receipts'.

Other Administrative Service: The Department did not furnish reasons for decrease (70.20 *per cent*) of revenue. However, this decrease was mainly due to 86.53 *per cent* lesser receipts under minor head 'Other Receipts' below sub-major head '60-Other Services' as compared to the previous year.

Police: The Department attributed (June 2022) increase (58.58 *per cent*) in revenue receipts to deposit of recruitment fees received from candidates on account of Police recruitment.

Medical and Public Health: The Director Health and Family Welfare attributed (August 2022) increase (41.45 *per cent*) in revenue receipts to higher receipts from Cancer and Drugs Rehabilitation Centers, late fee for birth and death registrations and deposit of outstanding receipt into Government treasury by the Directorate of Research and Medical Education pertaining to the previous year.

Irrigation: The Department attributed (June 2022) increase (42.80 *per cent*) in revenue receipts to increased canal water supply to industries, increase in water tariffs, compensation receipt of Gujarat gas pipe line under Ferozepur Faridkot canal, and additional receipts on account of auction and miscellaneous purposes.

Non-ferrous Mining and Metallurgical Industries: The Department attributed (June 2022) increase (13.25 *per cent*) in revenue receipt in the current year owing to lesser receipts in the preceding year due to the Covid pandemic outbreak.

Public Works: The Department attributed (July 2022) decrease (20.48 *per cent*) in revenue receipt to lesser number as well as low value projects during the year and reduction in agency charges received from National Highway Authority of India against the staff and services provided.

Forestry and Wildlife: The decrease (38.05 *per cent*) in revenue receipt was primarily due to 51.58 *per cent* lesser receipt on account of sale of timber and other forest produces as compared to the previous year.

Co-operation: The decrease (12.05 *per cent*) in receipt was mainly due to 91.33 *per cent* lesser receipt under minor head 'Other Receipts' as compared to the previous year.

Education, Sports, Art and Culture: The overall increase (12.70 *per cent*) of receipts under Education, Sports, Art and Culture was primarily due to increase of 188.18 *per cent* under 'Technical Education' and 66.55 *per cent* increase under 'Art and Culture' as compared to the previous year.

Others: 'Others' category covers 32 heads of non-tax revenue, other than those included in Table 1.3 at Sr. No. 1 to 11 **(Appendix 1.1)**. Under this category, there was overall increase in receipts by 46.19 *per cent* in comparison to the previous year. Out of the 32 heads, there was increase between 37.96 *per cent* and 9,24,800 *per cent* under 15 heads, whereas receipts under 14 heads decreased between 0.48 *per cent* and 100 *per cent*. Under three heads, the receipt neither increased nor decreased.

The reasons for variations under three heads as informed by respective Departments are mentioned below:

- ***Crop Husbandry***: The Department attributed (June 2022) decrease (6.30 *per cent*) in receipts to lesser number of new/renewal/modification of licenses for sale of certified seed, fertiliser and plant protection pesticides and weedicides and less receipt on account of cane cess due to court cases.
- ***Dairy Development***: The Department clarified (June 2022) that no revenue is earned by the Department. The decrease (92.50 *per cent*) in receipts during the current year was due to the fact that previous year monies remaining unspent due to the Covid-19 pandemic under various schemes were deposited in the treasury. The minor receipts during the current year were on account of miscellaneous receipts and sale of unserviceable items.
- ***Road Transport*:** The Department attributed (June 2022) decrease (9.44 *per cent*) to reduced number of bus fleet as compared to the previous year because new buses were not added to the fleet since 1995. All buses in the fleet had reached end-of-life and were being run on local routes instead of profitable inter-state routes. Further, the Government had

provided free bus travel facilities to women through transport buses for which expenses were to be reimbursed by the Social Security and Women & Child Development Department. However, claims made by the Department against free bus facilities provided to women were not received from the Social Security and Women & Child Development Department.

Other respective Departments did not intimate the reasons for variations in receipts of 2021-22 from that of the previous year under 29 heads[8] of non-tax revenue.

1.3 Authority for audit

Authority for audit by the Comptroller and Auditor General of India (CAG) is derived from Articles 149 and 151 of the Constitution of India and the CAG's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act). The CAG conducts audit of expenditure of State Government Departments under Section 13[9] of the CAG's DPC Act. In addition, CAG also conducts audit of other Autonomous Bodies which are substantially financed by the Government under Section 14[10] of DPC Act. Section 16 of the CAG's DPC Act authorises CAG to audit all receipts (both revenue and capital) of the Government of India and of Government of each State and of each Union Territory having a legislative assembly and to satisfy himself that the rules and procedures are designed to secure an effective check on the assessment, collection and proper allocation of revenue and are being duly observed. Principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts (Amendments), 2020 and Auditing Standards issued by the Indian Audit and Accounts Department.

1.4 Planning and conduct of audit

In Compliance Audit, the audit process commences with a risk assessment of Departments, schemes, considering the criticality/complexity of activities, level of delegated financial powers, internal controls, concerns of stakeholders and previous audit findings. Based on this risk assessment, the scope of audit is decided and an Annual Audit Plan is formulated.

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[8] (1) 0050-Dividend and Profits, (2) 0051-Public Service Commission (3) 0056-Jails (4) 0057-Supplies and Disposals (5) 0058-Stationery and Printing (6) 0071-Contributions and Recoveries towards Pension and Other Retirement Benefits (7) 0211-Family Welfare (8) 0215-Water Supply and Sanitation (9) 0216-Housing (10) 0217-Urban Development (11) 0220-Information and Publicity (12) 0230-Labour and Employment (13) 0235-Social Security and Welfare (14) 0250-Other Social Services (15) 0403-Animal Husbandry (16) 0405-Fisheries (17) 0415-Agricultural Research and Education (18) 0435-Other Agricultural Programmes (19) 0515-Other Rural Development Programmes (20) 0801-Power (21) 0802-Petroleum (22) 0851-Village and Small Industries (23) 0852-Industries (24) 1053-Civil Aviation (25) 1054- Roads and Bridges (26) 1275-Other Communication Services (27) 1452-Tourism (28) 1456-Civil Supplies (29) 1475-Other General Economic Services

[9] Audit of (i) all expenditure from the Consolidated Fund of the State; (ii) all transactions relating to Contingency Funds and Public Accounts; and (iii) all trading, manufacturing, profit and loss accounts, balance-sheets and other subsidiary accounts.

[10] Several non-Commercial Autonomous/Semi-Autonomous Bodies, established to implement Schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment, etc., and substantially financed by the Government, are audited under Section 14.

During the year 2021-22, there were 393 auditable units[11] related to tax revenue, of which 108 units[12] (27.48 *per cent*) were planned on the basis of risk analysis and were audited. Test-check of audited units revealed under assessment/short levy/loss of revenue aggregating ₹ 189.17 crore in 65,960 cases. The Departments recovered ₹ 9.84 crore in 1,473 cases during 2021-22, of the cases pointed out in audit upto the year 2021-22.

Besides the compliance audit mentioned above, a Subject Specific Compliance Audit (SSCA) titled 'Department's Oversight on GST Payments and Return Filing' and one Information Systems Audit of 'Integrated Financial Management System' were also conducted.

The SSCA titled 'Department's Oversight on GST Payments and Return Filing' brought out compliance deficiencies in 140 cases[13] involving ₹ 872.20 crore during examination of GST return scrutiny procedures, internal audit and other compliance functions of the Department's field formations. Out of these, recoveries of ₹ 2.27 crore[14] were made in 23 cases before finalisation of this Report.

The Information Systems Audit of 'Integrated Financial Management System' brought out deficiencies related to project planning, non-execution of Memorandum of Understanding, slow migration of legacy data to new system, absence of Change Management Policy, missing validation checks causing deficiencies in modules, delay in processing of bills, inconsistencies in integration with other systems, data inconsistencies, non-implementation of digital signature for authentication, non-adherence of password policy and absence of Disaster Recovery Plan.

1.5 Lack of response of Government to Audit

The Principal Accountant General (Audit), Punjab (PAG), conducts periodic inspection of the 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) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action.

The heads of the offices are required to comply with the observations contained in the IRs within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the heads of the Department and the Government.

[11] Land Revenue: 87 units, Stamp Duty: 178 units, State Excise: 60 units, Value Added Tax/GST: 55 units, Transport: 13 units

[12] Land Revenue: 5 units, Stamp Duty: 50 units, State Excise: 30 units, Value Added Tax/GST: 10 units, Transport: 13 units

[13] Centralised Audit: ₹ 820.17 crore in 97 cases, Detailed Audit: ₹ 52.03 crore in 43 cases

[14] Centralised Audit: ₹ 2.13 crore in 14 cases, Detailed Audit: ₹ 0.14 crore in 9 cases

In the Tax-Revenue Departments, 108 Inspection Reports[15] were issued to Heads of Departments for the year 2021-22. Out of those, Audit did not receive replies for 93 Inspection Report within the stipulated time of four weeks. Further, the Inspection Reports issued for the years up to March 2022 reveal that 10,069 observations[16] involving ₹ 4,050.79 crore[17] relating to 2,311 Inspection Reports[18] remained outstanding at the end of June 2022.

The year-wise position of outstanding Inspection Reports/observations along with their money value is given in **Table 1.4**.

Table 1.4: Outstanding Inspection Reports/Observations

Particulars	Prior to April 2017	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Inspection Reports	1,441	250	226	167	119	108	2,311
Observations	5,623	988	987	922	713	836	10,069
Money value (₹ in crore)	2,931.68	177.01	264.48	292.85	190.85	193.92	4,050.79

Source: Office records

The purpose of audit is to check whether prescribed rules, laws and procedures are being adhered to, and to highlight cases of non-compliance, systemic weaknesses, and failures. The large number of pending IRs and audit observations pending settlement indicate inadequate response to audit observations. The lack of action on these audit observations weakens accountability and raises the risk of loss of revenue. Increasing pendency of audit paragraphs merits urgent attention of the Government for addressing the issues consistently raised by Audit. The departmental officers failed to take action on observations contained in IRs within the prescribed time frame, resulting in erosion of accountability. It is recommended that the Government should ensure prompt and proper response to audit observations.

1.5.1 Departmental audit committee meetings

The Government has set up departmental audit committees to monitor and expedite progress of the settlement of the audit observations contained in the Inspection Reports.

During the year 2021-22, 14 observations involving money value of ₹ 33.90 crore were settled in three audit committee meetings held with the Excise and Taxation Department.

The Government may ensure holding audit committee meetings at regular intervals for all Revenue Departments.

[15] Land Revenue: 5 units, Stamp Duty: 50 units, State Excise: 30 units, Value Added Tax/GST: 10 units, Transport: 13 units

[16] **Observations:** Entertainment and Luxury Tax (215), Land Revenue (1,005), Motor Vehicle Tax (1,786), State Excise (396), Stamp Duty (4,921) and VAT (1,746).

[17] **Money Value:** Entertainment and Luxury Tax (₹ 16.54 crore), Land Revenue (₹ 1,957.54 crore), Motor Vehicle Tax (₹ 339.62 crore), State Excise (₹ 388.23 crore), Stamp Duty (₹ 619.48 crore) and VAT (₹ 729.38 crore).

[18] **Inspection Reports:** Entertainment and Luxury Tax (95), Land Revenue (275), Motor Vehicle Tax (207), State Excise (286), Stamp Duty (1,111) and VAT (337).

1.6 Response of Departments to Draft Audit Observations and Detailed Compliance Audit Observations

Regulations on Audit and Accounts (Amendments), 2020 stipulate that responses to draft audit observations proposed for inclusion in the Report of the Comptroller and Auditor General of India should be sent within the specified period.

In the last few years, Audit has reported on several significant deficiencies in revenue realisations, tax assessments as well as on the quality of internal controls that adversely impact the efficiency and functioning of the Departments. The audit offered suitable recommendations to the Executive for taking corrective action and improving revenue realisations.

The draft audit observations proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the Principal Secretaries/Secretaries of the Departments concerned drawing their attention to the audit findings and requesting them to send their response within specified period of six weeks. The fact of non-receipt of replies from the Departments/Government is invariably indicated at the end of such observations included in the Audit Report.

1.7 Follow-up on Audit Reports

The follow-up on Audit Reports have been found to be inadequate as given below:

1.7.1 Non-submission of Action Taken Notes

According to the Rules and Procedure for the Public Accounts Committee (PAC), all administrative departments are to initiate *suo motu* action on all Compliance Audit observations and Performance Audits featuring in the Audit Reports of the Comptroller and Auditor General of India, regardless of whether these are taken up for examination by the PAC or not. They are also to furnish detailed notes, duly vetted by audit, indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the Audit Reports to the State Legislature.

In spite of these provisions, the explanatory notes on audit observations of the Reports were being delayed inordinately. A total of 108 paragraphs (including Performance Audits) included in the Reports of the Comptroller and Auditor General of India on the Revenue Sector of the Government of Punjab for the years ended 31 March 2016 to 2021 were placed before the State Legislative Assembly between 29 March 2017 and 7 March 2023.

Out of 108 paragraphs, the Action Taken Notes (ATNs) in respect of 13 paragraphs[19] were to become due on 6 June 2023. Out of the remaining 95 paragraphs, 38 ATNs were received with average delay ranging between three and 65 months, whereas 57 ATNs were not received up to the end of March 2023. The details of ATNs received with delays and those not received are depicted in **Tables 1.5** and **1.6** respectively.

Table 1.5: Delay in receipt of ATNs

Sr. No.	Year of Audit Report	No. of paragraphs (including Performance Audit)	ATNs received	Date of laying of Audit Report in legislature	ATNs received during the period	Delay in receipt of ATN
1.	2015-16	22	12	29-03-2017	2018 to 2022	09 to 65 months
2.	2016-17	23	19	22-03-2018	2018 to 2022	03 to 53 months
3.	2017-18	18	7	27-02-2020	2021 to 2023	09 to 32 months
Total			**38**			

Source: Office records

Table 1.6: Non-receipt of ATNs as on 31 March 2023

Sr. No.	Year of Audit Report	Department	ATNs not received		Date of presentation of Audit Report in the State Legislature
			Para No.	Para Count	
1.	2015-16	Department of Excise and Taxation	2.3, 2.4, 2.6, 2.7, 2.8, 2.13, 3.3, 6.5	8	29-03-2017
		Four Departments[20]	6.4	1	
		Department of Revenue, Rehabilitation and Disaster Management	6.6	1	
2.	2016-17	Department of Excise and Taxation	2.9, 2.13, 2.15, 6.4	4	22-03-2018
3.	2017-18	Department of Excise and Taxation	2.6, 2.7, 2.9, 2.10, 2.12	5	27-02-2020
		Department of Revenue, Rehabilitation and Disaster Management	4.3, 4.4, 4.5, 4.6, 4.7, 4.8	6	

[19] Report for the year 2020-21 having 13 paragraphs for Revenue Departments was presented in State Legislature on 7 March 2023.

Department	Para No.	Para Count
Department of Excise and Taxation	Ch-III, Ch-IV, 7.9, 7.10, 7.11, 7.12, 7.13, 7.14, 7.15	9
Department of Revenue, Rehabilitation and Disaster Management	7.16, 7.17	2
Department of Transport	7.18, 7.19	2
Total		**13**

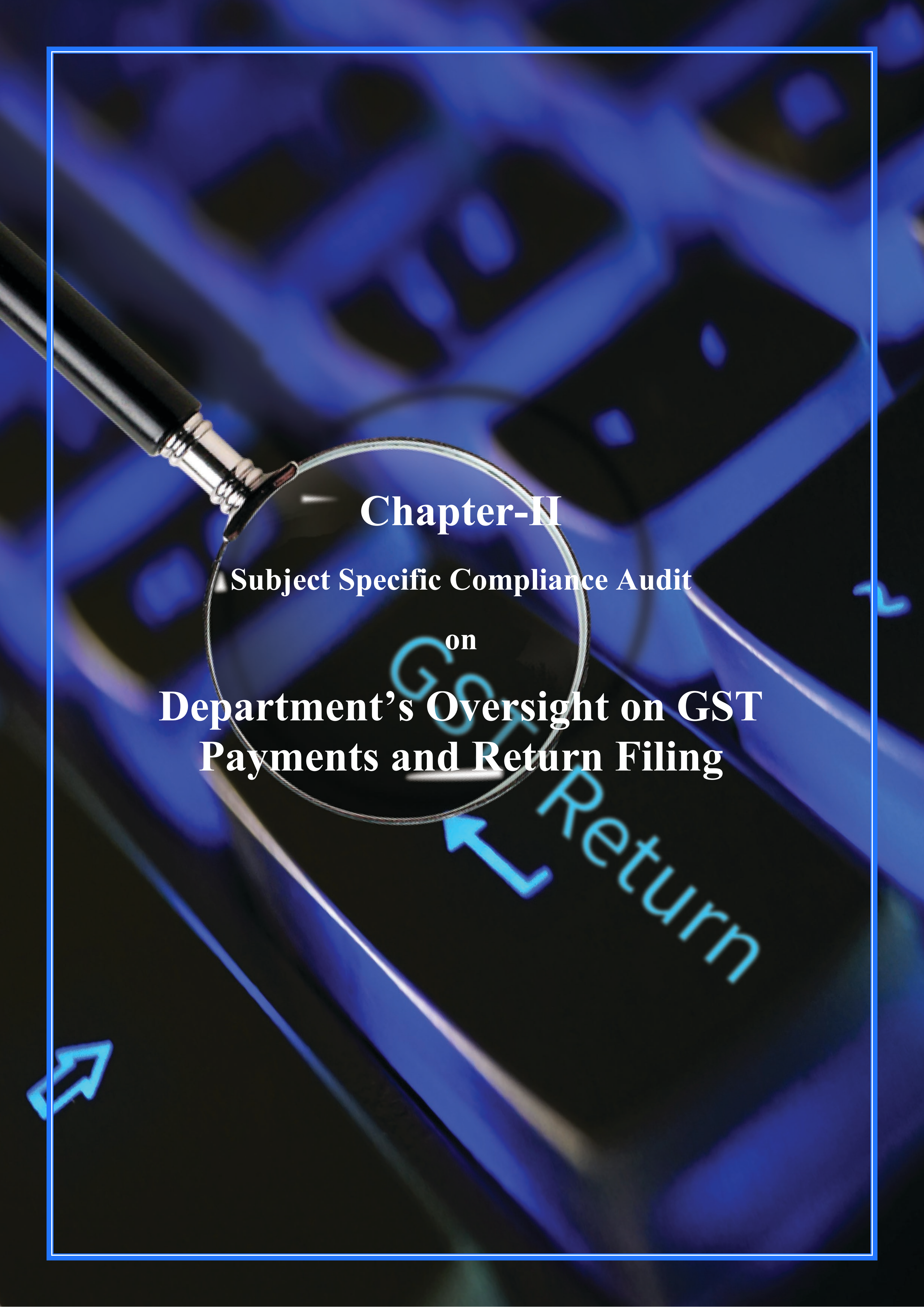
[20] **(1)** Department of Revenue, Rehabilitation and Disaster Management, **(2)** Department of Excise and Taxation, **(3)** Department of Transport and **(4)** Department of Forests & Wildlife Preservation

Sr. No.	Year of Audit Report	Department	ATNs not received		Date of presentation of Audit Report in the State Legislature
			Para No.	Para Count	
4.	2018-19	Department of Excise and Taxation	2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 3.3, 3.4, 3.5, 7.3	12	29-06-2022
		Department of Revenue, Rehabilitation and Disaster Management	4.3, 4.4, 4.5, 4.6, 4.7	5	
		Department of Transport	5.3	1	
		Department of Forests & Wildlife Preservation	6.3	1	
5.	2019-20	Department of Excise and Taxation	2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 3.3	8	29-06-2022
		Department of Revenue, Rehabilitation and Disaster Management	4.3, 4.4, 4.5, 4.6	4	
		Department of Transport	5.3	1	
Total				**57**	

Source: Office records

By 31 March 2023, PAC discussed 28 selected paragraphs pertaining to the CAG's Audit Reports for the years from 2015-16 to 2017-18. PAC had given 34 recommendations[21] in respect of CAG's Audit Reports for the years from 2012-13 to 2016-17 and these recommendations were incorporated in three PAC Reports[22]. However, ATNs against none of these 34 recommendations[23] were received from the respective two Departments up to 31 March 2023.

[21] Department of Revenue, Rehabilitation and Disaster Management (21) + Department of Transport (13)
[22] PAC Report 209 of 2019-20, PAC Report 212 of 2020-21 and PAC Report 214 of 2022-23
[23] Department of Revenue, Rehabilitation and Disaster Management (21) + Department of Transport (13)



Chapter-II

Subject Specific Compliance Audit

on

Department's Oversight on GST Payments and Return Filing

Chapter-II

Department's Oversight on GST Payments and Return Filing

2.1 Introduction

Goods and Services Tax (GST) has replaced multiple taxes levied and collected by the Centre and States. GST, which came into effect from 1 July 2017, is a destination-based consumption tax on the supply of goods or services, or both, levied on every value addition. The Centre and States simultaneously levy GST on a common tax base. Central GST (CGST) and State GST (SGST)/Union Territory GST (UTGST) are levied on intra-state supplies, and Integrated GST (IGST) is levied on interstate supplies.

Section 59 of the Punjab GST Act (PGST), 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 with the taxpayer. The GST returns must be filed online regularly on the common GST portal, failing which penalties are payable. Even if the business 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 SGST/CGST Rules stipulates that the proper officer may scrutinise the return and related particulars furnished by taxpayers, communicate discrepancies to the taxpayers and seek an explanation.

This Subject Specific Compliance Audit (SSCA) was taken up considering the significance of the control mechanism envisaged for tax compliance and the Department's oversight mechanism in this new tax regime.

2.2 Organisational setup

The Additional Chief Secretary-cum-Financial Commissioner (Taxation) is overall in-charge of the Department of State Taxes in Punjab. The Department administers Goods and Services Tax as well as Punjab Value Added Tax Act/Central Sales Tax Act in the State, subject to overall control and superintendence of the Commissioner of State Tax with the help of Director (GST) and Additional Commissioner of State Tax at Headquarters, Deputy Commissioners of State Tax at the divisional level and Assistant Commissioners of State Tax (ACsST), State Tax Officers and other allied staff at the district level.

2.3 Audit objectives

This audit was oriented towards providing assurance on the adequacy and effectiveness of systems and procedures adopted by the Department with respect to tax compliance under the GST regime. The audit of 'Department's oversight on GST Payments and Return filing' was taken up with the following audit objectives to seek an assurance on:

i. Whether the rules and procedures were designed to secure an effective check on tax compliance and were being duly observed by taxpayers; and

ii. Whether the scrutiny procedures, internal audit and other compliance functions of the Circles were adequate and effective.

2.4 Audit methodology and scope

This SSCA was predominantly conducted based on data analysis, which highlighted risk areas and red flags pertaining to the period July 2017 to March 2018, i.e., the first tax period after the introduction of GST. Through data analysis, a set of 13 deviations were identified across the domains of input tax credit, discharge of tax liability, registration and return filing. Such deviations were followed up through centralised audit[1] (limited audit), whereby these deviations were communicated to the Department and action taken by the Department on the identified deviations was ascertained without involving field visits. The centralised audit was supplemented by a detailed audit involving field visits for verification of records available with the field formations (Circles). Returns and related attachments and information were accessed through the GST portal at Commissionerate office. The detailed audit also involved accessing relevant granular records from the taxpayers such as invoices through the respective Circles. This apart, compliance functions of the Circles such as scrutiny of returns, were also reviewed in the selected Circles.

The review of returns scrutinised by the Department covered the period from July 2017 to March 2018 and audit of functions of selected Circles /Department field formation covered the period from 2017-18 to 2020-21.

Before the start of field audit, an Entry Meeting was held on 30 December 2021 with Director (GST) to discuss the audit objectives, scope of audit and sampling. Further, each audit engagement in field office commenced by holding an entry meeting and concluded by holding Exit Meeting with the concerned Assistant Commissioner of State Tax. An Exit Meeting was held with the Financial Commissioner (Taxation) and Department's officers on 17 April 2023. The replies of the Department have been suitably incorporated in the relevant paragraphs.

2.5 Audit sample

A data-driven approach was adopted for planning, as also to determine the nature and extent of substantive audit. The sample for this SSCA comprised a set of deviations identified through data analysis for centralised audit that did not involve field visits; a sample of taxpayers for detailed audit that involved field visits and scrutiny of taxpayer's records at departmental premises; and a sample of Circles for evaluating the compliance functions of the Circles.

[1] Centralised (limited) audit did not involve seeking taxpayer's granular records such as financial statements related ledger accounts, invoices, agreements, etc.

There were *three* distinct parts of this SSCA as under:

Part I-Audit of Circles

Ten Circles were considered as sample for the evaluation of their oversight functions, under whose jurisdiction more than one case was selected for detailed audit.

Part II-Centralised Audit

The sample for 'Centralised Audit' was selected by identification of high-value or high-risk deviations from rules and inconsistencies between returns through data analysis for evaluation of the adequacy and effectiveness of the scrutiny procedure of the Department. Accordingly, 408 taxpayers were selected for Centralised Audit under this SSCA.

Part III-Detailed Audit

Detailed Audit was conducted by accessing taxpayers' records through Circles for evaluation of the extent of tax compliance by taxpayers. The sample of taxpayers for 'Detailed Audit' was selected on the basis of risk parameters such as excess input tax credit, tax liability mismatch, disproportionate exempted turnover to total turnover and irregular input tax credit reversal. The 61 taxpayers pertaining to ten Circles[2] selected for 'Detailed Audit' comprised of large, medium and small strata[3] taxpayers.

The details of audit of Circles selected, sample for centralised audit and detailed audit for this SSCA are brought out in **Appendix 2.1**.

2.6 Audit criteria

The source of audit criteria comprised the provisions contained in the Central GST/State GST Act, Integrated GST Act, and Rules made thereunder. The significant provisions are given in **Table 2.1**.

Table 2.1: Source of criteria

Sr. No.	Subject	Act and Rules
1	Levy and collection	Section 9 of Punjab GST Act, 2017
2	Reverse Charge Mechanism	Section 9(3) of Punjab GST Act, 2017
3	Availing and utilising ITC	Sections 16 to 21 of Punjab GST Act, 2017 Rules 36 to 45 under Punjab GST Rules, 2017
4	Registrations	Section 22 to 25 of Punjab GST Act, 2017 Rules 8 to 26 of Punjab GST Rules, 2017

2 Bathinda, Fatehgarh Sahib, Jalandhar-I, Jalandhar-II, Ludhiana-I, Ludhiana-II, Ludhiana-III, Mohali, Muktsar Sahib, Patiala

3 Large taxpayers-39, Medium taxpayers-16 and Small taxpayers-6.

Sr. No.	Subject	Act and Rules
5	Supplies	Section 7 and 8 Punjab GST Act, 2017 Schedule I, II and III of Punjab GST Act, 2017
6	Place of supply	Section 10 to 13 of IGST Act, 2017
7	Time of Supply	Section 12 to 14 of Punjab GST Act, 2017
8	Valuation of supplies	Section 15 of Punjab GST Act, 2017 Rules 27 to 34 of Punjab GST Rules, 2017
9	Payment of Tax	Sections 49 to 53 of Punjab GST Act, 2017 Rules 85 to 88A of Punjab GST Rules, 2017
10	Filing of GST Returns	Sections 37 to 47 of Punjab GST Act, 2017 Rules 59 to 68 and 80 to 81 of Punjab GST Rules, 2017
11	Zero-rated supplies	Section 16 of IGST Act, 2017
12	Assessment and Audit functions	Sections 61, 62, 65 and 66 of Punjab GST Act, 2017 Rules 99 to 102 of Punjab GST Rules, 2017

In addition, the notifications and circulars issued by CBIC[4]/Punjab Taxation Department relating to filing of returns, notifying the effective dates of filing of various returns, extending due dates for filing returns, rates of tax on goods and services, payment of tax, availing and utilising input tax credit, scrutiny of returns and oversight of tax compliance and Standard Operating Procedures (SOP) containing instructions to departmental officers on various aspects related to filing returns, scrutiny of returns, cancellation of registrations, etc. also formed part of the audit criteria.

2.7 Audit findings

The audit findings have been categorised into the following three categories:

- Oversight on returns filing
- Oversight on tax payments
- Other oversight functions

2.7.1 Oversight on returns filing

A return is a statement of specified particulars relating to the business activity undertaken by a taxpayer during a prescribed period. Every taxpayer is legally obligated to furnish a complete and correct return during the tax liability for a given period and taxes paid within the stipulated time. In a self-assessment regime, the significance of monitoring return filing by taxpayers acquires greater significance as the returns are the first mode of information about taxpayers and their respective business activities.

[4] Central Board of Indirect Taxes and Customs

2.7.1.1 Lack of action on late-filers and non-filers

Section 46 of the Punjab GST Act, 2017 read with Rule 68 of Punjab GST Rules, 2017 stipulates issuance of a notice in form GSTR-3A requiring filing of return within fifteen days, if the taxpayer fails to file the return within the due date. In case the taxpayer fails to file the returns even after such notice, the proper officer may proceed to assess the tax liability of the said person to the best of his judgment, taking into account all the relevant material which is available or gathered and issue an assessment order in form ASMT-13. If the said return still remains unfurnished within the statutory period of 30 days from the issuance of order in ASMT-13, then the proper officer may initiate recovery proceedings under Section 79 of the Act. In case the defaulter furnishes a valid return within 30 days of the service of assessment order in form ASMT-13, the said assessment order shall be deemed to have been withdrawn in terms of the provision of Sub-Section (2) of Section 62 of the Act.

In audit of 10 sampled Circles, information and records related to non-filers and late-filers were not provided to Audit (November 2022). The Department also had not maintained pan-State data centrally for the period July 2017 to October 2020 on late/non filing of GSTR-3B returns. As per information provided by the Department (October 2022) for the period November 2020 to March 2021, there were 27,676 non-filers in the selected Circles. Notices in GSTR-3A were issued to all the 27,676 non-filers. The Department had completed best judgement assessments in five cases only with tax demand of ₹ 0.12 crore. In respect of the remaining cases, information was not available with the Department.

During the exit meeting, the Department stated (April 2023) that issue of non-production of records would be examined.

Recommendation 1: The Department may reinforce the institutional mechanism in the circles to establish and maintain effective oversight on returns filing and tax payments.

2.7.1.2 Slow pace of scrutiny of returns

As per Section 61 of the Punjab GST Act, 2017, 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 discrepancies or inconsistencies reflected in the returns. The proper officer designated for this purpose is the State Tax Officer in-charge of the jurisdictional ward. Further, Rule 99 of the Punjab GST Rules, 2017 mandates that the discrepancies, if any, noticed shall be communicated in form GST ASMT-10 to the taxpayer to seek his explanation.

Year-wise status of scrutiny of returns in the Department is given in **Table 2.2.**

Table 2.2: Year-wise status of scrutiny of returns

Financial year	Number of cases in which scrutiny done	Number of cases where ASMT-10 issued	Amount recovered (*₹ in crore*)
2017-18	Nil	0	0.00
2018-19	Nil	169	0.03
2019-20	Nil	976	0.34
2020-21	Nil	630	0.49

Source: Departmental Data

As per information provided by the Department (October 2022 and June 2023), scrutiny of returns was not undertaken during 2017-18 because more focus was on creating GST awareness among the stakeholders and educating them about the registration and return filing process. Even the tax officials were undergoing training on the new law and GSTN procedures. In such a scenario of massive shift, much focus was not laid on scrutiny of returns.

The Department issued Standard Operating Procedure (SOP) in April 2022 to ensure uniformity in methodology of scrutiny of returns and other related procedures. As per SOP, the selection of returns for scrutiny is based on specific risk parameters i.e., data analysis with pre-defined parameters for a particular financial year. Basic data relevant for scrutiny is auto populated by ETTSA[5] from various data sources like GSTN and Data Mining Wing. ETTSA had developed a web-based scrutiny application PGEIU[6] showing ward-wise GSTINs, whose returns are to be scrutinised.

Prior to issue of SOP in April 2022, no specific parameters were framed by the Department for selection of returns for scrutiny.

Details of ASMT-10 issued in the sampled 10 Circles during 2018-19 to 2020-21 are given in **Table 2.3**.

Table 2.3: Details of ASMT-10 issued

Sr. No.	Circle	2018-19				2019-20				2020-21			
		No. of cases where ASMT-10 issued	No. of cases where discrepancy accepted by the taxpayer	Amount recovered (₹ in crore)	No. of remaining cases	No. of cases where ASMT-10 issued	No. of cases where discrepancy accepted by the taxpayer	Amount recovered (₹ in crore)	No. of remaining cases	No. of cases where ASMT-10 issued	No. of cases where discrepancy accepted by the taxpayer	Amount recovered (₹ in crore)	No. of remaining cases
1.	Bathinda	4	0	0	4	93	32	0.02	61	1	0	0	1
2.	Fatehgarh Sahib	0	0	0	0	0	0	0	0	0	0	0	0
3.	Jalandhar-I	2	2	0.02	0	377	54	0.01	323	236	69	0.21	167
4.	Jalandhar-II	1	0	0	1	2	2	0	0	8	3	0	5

5 Excise and Taxation Technical Services Agency (ETTSA) is a society created by the Government of Punjab for computerisation of Excise & Taxation Department.

6 Punjab GST Enforcement and Investigation Unit Portal.

Sr. No.	Circle	2018-19				2019-20				2020-21			
		No. of cases where ASMT-10 issued	No. of cases where discrepancy accepted by the taxpayer	Amount recovered (₹ in crore)	No. of remaining cases	No. of cases where ASMT-10 issued	No. of cases where discrepancy accepted by the taxpayer	Amount recovered (₹ in crore)	No. of remaining cases	No. of cases where ASMT-10 issued	No. of cases where discrepancy accepted by the taxpayer	Amount recovered (₹ in crore)	No. of remaining cases
5.	Ludhiana-I	0	0	0	0	4	0	0	4	12	5	0.08	7
6.	Ludhiana-II	9	5	0	4	24	4	0	20	14	10	0.04	4
7.	Ludhiana-III	0	0	0	0	25	3	0	22	23	8	0	15
8.	Patiala	0	0	0	0	9	5	0.02	4	2	2	0	0
9.	Mohali	1	0	0	1	9	0	0	9	5	1	0	4
10.	Muktsar	25	0	0	25	319	66	0.06	253	200	60	0.04	140
Total		**42**	**7**	**0.02**	**35**	**862**	**166**	**0.11**	**696**	**501**	**158**	**0.37**	**343**

Source: Departmental Data

Analysis of the above data revealed that no ASMT-10 was issued in Fatehgarh Sahib during 2018-19 to 2020-21.

1405 ASMT-10 were issued during 2018-19 to 2020-21, out of which, in 331 cases, the taxpayers had accepted the discrepancies and ₹ 0.50 crore had been recovered. Further, outcome status of ASMT-10 in 35 (83 *per cent*), 696 (81 *per cent*), and 343 (68 *per cent*) cases pertaining to 2018-19, 2019-20 and 2020-21, respectively, was not intimated to Audit.

During the exit meeting, the Department informed (April 2023) that scrutiny of returns was not conducted during the period 2018-19 to 2020-21. It was also stated that those cases where recoveries against ASMT-10 were pending, would be examined.

The Department further intimated (June 2023) that the limitation period of adjudication as per Section 73(10) of Punjab GST Act, 2017 is three years from the due date of furnishing of annual return for the financial year to which the tax was not paid or short paid or input tax credit wrongly availed or utilised relates to or is within three years from the date of erroneous refund. This period was further extended up to 31 December 2023, 31 March 2024 and 30 June 2024 for the financial years 2017-18, 2018-19 and 2019-20, respectively. So adequate time is available for proper scrutiny of returns under Section 61 of Punjab GST Act, 2017, due to which nil or very few ASMT-10 were issued during 2017-18 to 2020-21. Further, after issue of SOP in April 2022, the selected cases for 2017-18, 2018-19 and 2019-20 were sent to the Circles for scrutiny and cases pertaining to 2017-18 were near completion.

Recommendation 2: Year-wise target should be set for scrutiny of cases under Section 61 of Punjab GST Act, 2017.

2.7.1.3 Delay in audit by tax authorities

As per Section 65 of the Punjab GST Act, 2017, the Commissioner or any officer authorised by him, by way of a general or a specific order, may undertake audit of any registered person for such period, at such frequency and in such manner as may be prescribed. Section 2 (13) of the Punjab GST Act, 2017 defines "Audit" as the examination of records, returns and other documents maintained or furnished by the registered person under this Act or the rules made thereunder or under any other law for the time being in force to verify the correctness of turnover declared, taxes paid, refund claimed and input tax credit availed, and to assess his compliance with provisions of the Act or the rules made thereunder.

Criteria adopted for selection of audit pertaining to the financial year 2017-18 was based on risk parameters as per CBIC and GSTN ratings. For the financial year 2018-19, parameters were as per BIFA[7] module developed by GSTN. Taxation Department, Punjab strengthened the internal audit in February 2020 and issued GST Audit Manual in January 2021.

The details of audit undertaken by the Department during 2020-23 are given in **Table 2.4**.

Table 2.4: Details of audit

Financial Year	Total number of normal taxpayers	No. of taxpayer selected for audit (in *per cent*)	Actual number of audits completed (as of March 2023)	*₹ in crore*	
				Demand created	**Recovered**
2017-18	1,99,186	449 *(0.23%)*	447	200.80	14.32
2018-19	2,21,724	449 *(0.20%)*	175	116.24	8.54
Total		**898**	**622**	**317.04**	**22.86**

Source: Departmental Data

Above data shows that 0.23 *per cent* and 0.20 *per cent* cases for the years 2017-18 and 2018-19 were selected for audit. Further, due to delay in issue of Audit Manual and strengthening of the internal audit wing, the Department conducted the audit for 2017-18 and 2018-19 during 2020-23. 276 cases out of selected 898 cases were not audited and tax demand of ₹ 294.18 crore out of created demand of ₹ 317.04 crore was pending for recovery (March 2023).

During the exit meeting, the Department intimated (April 2023) that GST portal was a robust system, wherein returns were analysed at various levels within the Department. Therefore, cases selected for audit under Section 65 of Punjab GST Act cannot be linked to the total number of taxpayers. Also, the audit has to be conducted keeping in view the manpower available with the Department.

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7 Business Intelligence and Fraud Analytics

Internal audit is an important tool available with the Department to verify the correctness of records maintained by the taxpayers. The Department may consider increasing its efforts in this area keeping in view the additional tax demand created as a result of internal audit as detailed in **Table 2.4.**

Recommendation 3: Year-wise targets under Section 65 of Punjab GST Act, 2017 may be increased in view of additional tax demand created as a result of internal audit.

2.7.1.4 Action on Tax Intelligence Unit Reports

The CBIC formed Directorate General of Analytics and Risk Management (DGARM) on 11 July 2017 with the aim of studying, interpreting and analysing the GST data and sharing the results with various stakeholders under the Board. Similarly, Punjab Taxation Department established a specialised wing 'Tax Intelligence Unit' (TIU) in January 2023 to detect irregularities and discrepancies in the returns filed by the taxpayers. Additional information available on various platforms like Boweb portal[8], e-Way bill portal, BIFA[9], GST Prime[10], etc. is also consulted. Further, ETTSA assists TIU. The reports prepared by TIU are shared with concerned wings of the Department for necessary action and compliance.

This information pertaining to action on TIU reports was called for (March 2023). In the exit meeting, the Department assured (April 2023) that details/data will be provided soon.

As per information provided (June 2023) to Audit, the Department had reversed input tax credit of ₹ 209.09 crore, blocked input tax credit of ₹ 9.78 crore and created demand of ₹ 43.20 crore up to 31 March 2023 by acting upon the reports prepared by TIU.

2.7.2 Oversight on tax payments

2.7.2.1 Inconsistencies in GST returns-Centralised Audit

Audit analysed GST returns data pertaining to 2017-18 as made available by the GSTN. Rule-based deviations and logical inconsistencies in GST returns filed by taxpayers were identified on a set of 13 audit dimensions, which can be broadly categorised into two domains viz. input tax credit and tax payments.

Out of the 13 prescribed GST returns[11], the following basic returns that apply to normal taxpayers were considered for the purpose of identifying deviations,

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[8] Back-end GST Portal

[9] Business Intelligence and Fraud Analytics

[10] GST Prime is a product by National Informatics Centre (NIC) to help the tax administrators of State/Centre to analyse and monitor the tax collection and compliance in their jurisdiction.

[11] **1.** GSTR-1 **2.** GSTR-3B, **3.** GSTR-4 (taxpayers under the Composition scheme) **4.** GSTR-5 (non-resident taxable person) **5.** GSTR-5A (Non-resident OIDAR service providers) **6.** GSTR-6 (Input service distributor) **7.** GSTR-7 (taxpayers deducting TDS) **8.** GSTR-8 (E-commerce operator) **9.** GSTR-9 (Annual Return) **10.** GSTR-10 (Final return) **11.** GSTR-11 (person having UIN and claiming a refund) **12.** CMP-08 **13.** ITC-04 (Statement to be filed by a principal/job-worker about details of goods sent to/received from a job-worker)

inconsistencies and mismatches between GST returns/data.

- GSTR-1: Monthly return to be filed by all normal and casual registered taxpayers making outward supplies of goods and services or both and contains details of outward supplies of goods and services.
- GSTR-3B: Monthly summary return of outward supplies and input tax credit claimed, along with payment of tax by the taxpayer to be filed by all taxpayers except those specified under Section 39(1) of the Act. This is the return that populates the credits and debits in the Electronic Credit Ledger and debits in Electronic Cash Ledger.
- GSTR-5: Monthly return to be filed by non-resident taxpayers containing outward supplies of goods and services.
- GSTR-6: Monthly return for Input Service Distributors providing the details of their distributed input tax credit and inward supplies.
- GSTR-7: Monthly return to be filed by persons who deduct tax at the time of making/crediting payment to suppliers towards the inward supplies received.
- GSTR-8: Monthly return to be filed by e-commerce operators who are required to deduct TCS (Tax collected at source) under GST, introduced in October 2018.
- GSTR-9: Annual return to be filed by all registered persons other than an Input Service Distributor (ISD), Tax Deductor at Source/Tax Collector at Source, Casual Taxable Person, and Non-Resident taxpayer. This document contains the details of all supplies made and received under various tax heads (CGST, SGST and IGST) during the entire year along with turnover and audit details for the same.
- GSTR-9C: Annual audit form for all taxpayers having a turnover above ₹ 5 crore in a particular financial year. It is basically a reconciliation statement between the annual return filed in GSTR-9 and the taxpayer's audited annual financial statement.
- GSTR-2A: System-generated statement of inward supplies for recipient. It contains the details of all B2B[12] transactions of suppliers declared in their form GSTR-1/GSTR-5, ISD details from GSTR-6, details from GSTR-7 and GSTR-8 respectively by the counterparty and import of goods from overseas on bill of entry, as received from ICEGATE[13] Portal of Indian Customs.

The pan-Punjab data analysis pertaining to State jurisdiction on the 13 identified audit dimensions and extent of deviations/inconsistencies observed (sample for centralised audit) are summarised in **Table 2.5**.

[12] Business to Business
[13] Indian Customs Electronic Data Interchange Gateway

Table 2.5: Summary of pan Punjab data analysis

Sr. No	Audit dimension	Algorithm used	Number of deviations	Amount of deviations /Mismatches (₹ in crore)
1.	Non-filing of GSTR-3B Returns	Taxpayers who had not filed GSTR-3B but filed GSTR-1 or where GSTR-2A available, indicating taxpayers had carried on the business without discharging tax.	25	8.62
2.	Mismatch in total turnover between Annual Return and Financial Statements [Table 5R of GSTR-9C]	Negative figure in GSTR-9C, Table 5R and examination of reasons provided in Table 6 for mismatch	50	9,601.19
3.	Mismatch in taxable turnover between Annual Return and Financial Statements [Table 7G of GSTR-9C]	Negative figure in GSTR-9C, Table 7G and examination of reasons provided in Table 8 for mismatch	22	1777.64
4.	Mismatch in tax paid between books of accounts and tax payable in Annual Return [Table 9R of GSTR-9C]	Negative figure in GSTR-9C, Table 9R and examination of reasons provided in Table 10 for mismatch	50	81.51
5.	Mismatch between ITC availed in Annual Return and Financial Statements (Table 12F of GSTR-9C)	Positive figure in GSTR-9C, Table 12F and examination of reasons provided in Table 13 for mismatch	25	83.15
6.	Mismatch in ITC declared in Annual Returns with expenses in Financial Statements [Table 14T of GSTR-9C]	Positive figure in GSTR-9C, Table 14T and examination of reasons provided in Table 15 for mismatch	25	1,335.34
7.	Availing of ITC under Reverse Charge Mechanism	RCM liability declared in GSTR-9 Table 4G was compared with ITC availed in GSTR-9 Table (6C+6D+6F). In those cases where GSTR-9 was not available, RCM liability in GSTR-3B Table 3.1(d) was compared with GSTR-3B Table {4(A)(2) + 4(A) (3)}.	25	1.91

Sr. No	Audit dimension	Algorithm used	Number of deviations	Amount of deviations /Mismatches (₹ in crore)
8.	Excess availing of ITC under Reverse Charge Mechanism than corresponding tax paid	RCM payments in GSTR-3B Table 3.1 (d) was compared with ITC availed in GSTR-9 Table (6C+ 6D+6F). In those cases where GSTR-9 was not available, check was restricted within GSTR-3B, RCM payments in Table 3.1 (d) vis-a-vis ITC availed in Table {4A(2) + 4A(3)}	50	25.06
9.	Excess availing of input tax credit	ITC available as per GSTR-2A with all its amendments was compared with ITC availed in GSTR-3B {Table 4(A)(5)} (accrued on domestic supplies) considering the reversal in Table 4(B)(2) but including ITC availed in the subsequent year 2018-19 from Table 8(C) of GSTR-9.	49	53,697.99
10.	Non/Short payment of interest on delayed payments of tax	Interest calculated at the rate of 18 *per cent* on cash portion of tax payment on delayed filing of GSTR-3B vis-a-vis interest declared in GSTR-3B Table 6.1.	25	6.99
11.	Composite dealers dealing with e-Commerce business	E-commerce GSTR-8 became effective from 01.01.2018 when TCS provisions became effective. GSTINs declared in GSTR-8 who are also filing GSTR-4 under composition scheme.	11	0
12.	Excess availment of input tax credit than transferred by Input Service Distributor	ISD received in GSTR-9 Table 6G or GSTR-3B Table 4(A)(4) of the recipients was compared with ITC transferred in GSTR-6 of the distributor.	26	24.48

Sr. No	Audit dimension	Algorithm used	Number of deviations	Amount of deviations /Mismatches (₹ in crore)
13.	Undischarged tax liability	Greater of tax liability between GSTR-1 (Table 4 to 11) and GSTR-9 (Table 4N, 10 & 11) was compared with tax paid details in GSTR 3B Table {3.1 (a) + 3.1 (b)}. In cases where GSTR-9 was not available, tax paid in GSTR-3B was compared with GSTR-1 liability. The amendments and advance adjustments declared in GSTR-1 and GSTR-9 were duly considered.	25	174.09
Total			**408**	**66,817.97**

A Non-submission of reply by the department

Audit queries were issued to the respective Circles between February 2022 and March 2022 in respect of deviations/inconsistencies identified in 408 cases of 2017-18 **(Table 2.5 above)** without further scrutiny of taxpayer's records. The audit checks in these cases were limited to verifying the Department's action on identified deviations/mismatches.

As of May 2023, initial responses were yet to be received for deviations/inconsistencies in seven cases communicated to the Department (February 2022 to July 2022), which represent a mismatch of turnover of ₹ 71.48 crore in one case and mismatch of tax liability/input tax credit of ₹ 7.58 crore in six cases as detailed in **Table 2.6**.

Table 2.6: Replies not received on identified deviations/inconsistencies

Audit Dimension	Sample		Reply not received		Percentage	
	No.	Amount of mismatch (₹ in crore)	No.	Amount of mismatch (₹ in crore)	No.	Amount (₹ in crore)
Non-filing of GSTR-3B Returns	25	8.62	1	0.82	4.00%	9.51%
Mismatch in total turnover between Annual Return and Financial Statements [Table 5R of GSTR-9C]	50	9,601.19	1	71.48	2.00%	0.74%

Audit Dimension	Sample		Reply not received		Percentage	
	No.	Amount of mismatch (₹ in crore)	No.	Amount of mismatch (₹ in crore)	No.	Amount (₹ in crore)
Mismatch between ITC availed in Annual Return and Financial Statements [Table 12F of Form GSTR-9C]	25	83.15	1	1.58	4.00%	1.90%
Excess availing of ITC under Reverse Charge Mechanism than corresponding tax paid	50	25.06	1	0.11	2.00%	0.44%
Excess availing of input tax credit	49	53,697.99	2	2.38	4.08%	0.00%
Undischarged tax liability	25	174.09	1	2.69	4.00%	1.55%
Total	**224**	**63,590.10**	**7**	**79.06**	**3.12%**	**0.12%**

Considering the rate of conversion of inconsistencies into compliance deviations as brought out in the next paragraph, the Department is required to expedite verification of these seven cases on priority. Details of these cases are listed in **Table 2.7**.

Table 2.7: Details of cases, where Department's responses were not received

Sr. No.	Audit Dimension	GSTIN	Jurisdiction	Amount (₹ in crore)
1.	Non-filing of GSTR-3B Returns	03**********1ZN	Gurdaspur	0.82
2.	Mismatch in total turnover between Annual Return and Financial Statements [Table 5R of GSTR-9C]	03**********1ZJ	Gurdaspur	71.48
3.	Mismatch between ITC availed in Annual Return and Financial Statements [Table 12F of Form GSTR-9C]	03**********1Z6	Gurdaspur	1.58
4.	Excess availing of ITC under Reverse Charge Mechanism than corresponding tax paid	03**********1ZQ	Ludhiana-I	0.11
5.	Excess availing of input tax credit	03**********1ZN	Ludhiana-II	1.23
6.	Excess availing of input tax credit	03**********1Z1	Ludhiana-II	1.15
7.	Undischarged tax liability	03**********1ZA	Ludhiana-I	2.69
Total				**79.06**

B Results of Centralised Audit

Based on responses received from the Department to the audit queries, the extent to which each of 13 audit dimensions has been translated into compliance deviations, is summarised in **Table 2.8**. The category-wise details of cases included in this table are annexed to the report at **Appendix 2.2**.

Table 2.8: Summary of deficiencies

(₹ in crore)

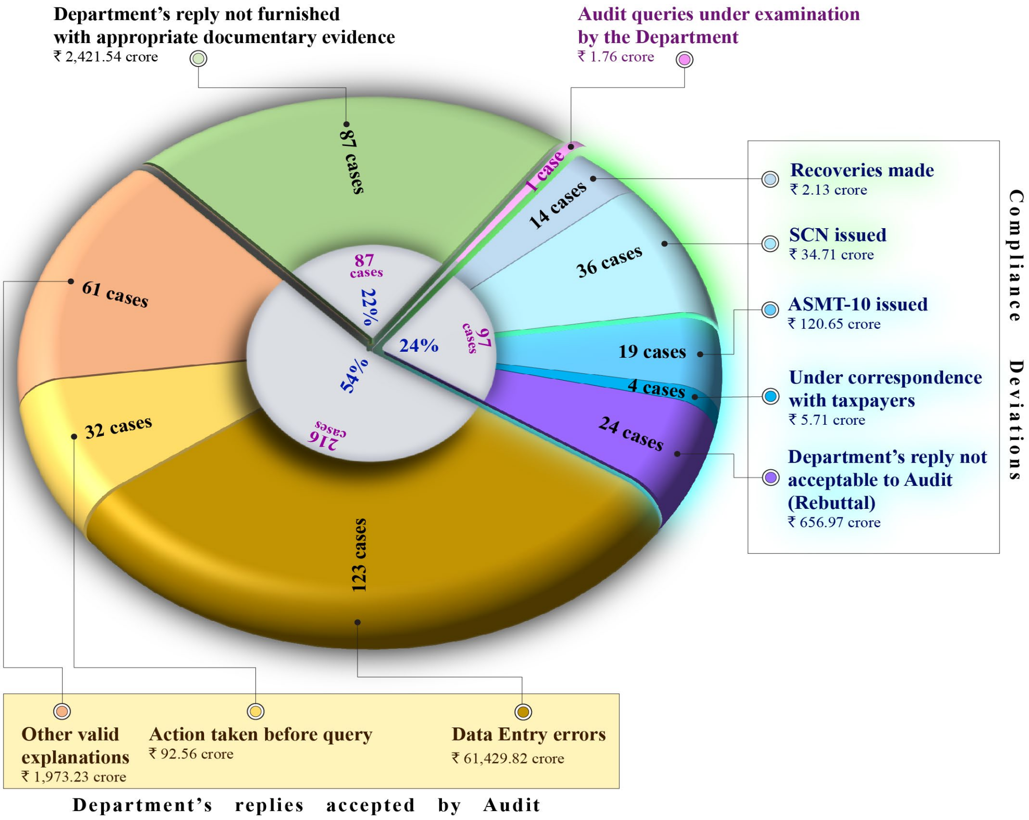
				Audit Dimensions													Total
				Non-filing of GSTR-3B Returns	Mismatch in total turnover declared in GSTR-9C (Table 5R)	Mismatch in taxable turnover declared in GSTR-9C (Table 7G)	Mismatch in tax paid between AR and Books of accounts (Table 9R)	Mismatch in ITC availed between AR and FS (Table 12F)	Mismatch in ITC declared in AR with expenses in FS (Table 14T)	ITC availed under RCM vs payment of tax	Excess availing of ITC under RCM than corresponding tax paid	Excess availing of ITC	Short payment of interest	Composition taxpayer availing e-commerce facility	Incorrect availing of ISD credit	Undischarged tax liabilities	
				1	2	3	4	5	6	7	8	9	10	11	12	13	
Cases where reply received			No.	24	49	22	50	24	25	25	49	47	25	11	26	24	401
			Amt	7.80	9529.71	1777.64	81.51	81.57	1335.34	1.91	24.95	53695.61	6.99	0.00	24.48	171.40	66738.91
Department reply accepted by Audit		Data Entry errors	No.	0	3	10	10	7	25	15	26	14	0	0	8	5	123
			Amt	0.00	5159.36	1184.40	48.20	30.02	1335.32	1.15	5.53	53606.27	0	0	1.57	58.00	61429.82
		Action taken before query	No.	3	1	0	7	2	0	0	1	2	10	1	1	4	32
			Amt	1.37	47.03	0	10.97	6.05	0.00	0.00	0.12	5.87	2.98	0.00	0.32	17.85	92.56
		Other valid explanations	No.	0	20	12	7	7	0	1	0	3	0	10	1	0	61
			Amt	0.00	1335.90	593.23	6.79	23.36	0.00	0.10	0.00	13.85	0.00	0.00	0.00	0.00	1973.23
Compliance Deviations	Accepted by Department including cases, where action is yet to be imitated	Recovered	No.	1	0	0	4	0	0	2	1	2	3	0	0	1	14
			Amt	0.00	0.00	0.00	0.55	0.00	0.00	0.06	0.10	0.20	1.20	0.00	0.00	0.02	2.13
		SCN issued	No.	13	0	0	3	1	0	2	3	2	8	0	1	3	36
			Amt	9.01	0	0	1.98	0.08	0.00	0.22	0.54	6.36	1.49	0.00	0.32	14.71	34.71
		ASMT-10	No.	3	2	0	3	1	0	1	1	3	0	0	1	4	19
			Amt	0.17	61.88	0.00	2.11	3.82	0.00	0.07	4.26	16.13	0.00	0.00	4.17	28.04	120.65
		Under corres-pondence with taxpayers	No.	0	0	0	1	0	0	1	0	1	0	0	1	0	4
			Amt	0	0.00	0.00	0.95	0	0.00	0.07	0	1.27	0.00	0.00	3.42	0	5.71
	Department's reply not acceptable to Audit (Rebuttal)		No.	4	5	0	2	1	0	1	4	3	0	0	2	2	24
			Amt	0.80	635.97	0.00	2.07	3.20	0.00	0.09	1.87	6.64	0.00	0.00	0.60	5.73	656.97
	Total		No.	21	7	0	13	3	0	7	9	11	11	0	5	10	97
			Amt	9.98	697.85	0	7.66	7.1	0.00	0.51	6.77	30.6	2.69	0.00	8.51	48.50	820.17
Department's reply not furnished with appropriate documentary evidence			No.	0	18	0	13	5	0	2	13	16	4	0	11	5	87
			Amt	0.00	2289.57	0	7.43	13.10	0	0.14	12.10	35.82	1.25	0.00	14.17	47.96	2421.54
Department stated that they are examining the audit query			No.	0	0	0	0	0	0	0	0	1	0	0	0	0	1
			Amt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.76	0.00	0.00	0.00	0.00	1.76

- **The words 'AR' and 'FS' used in title of above table, mean 'Annual Return' and 'Financial Statement', respectively.**
- **The amount in above table under 'Recovered' and 'SCN issued' category is as per recoveries made and amount of SCN issued by the Department irrespective of the amount pointed out by Audit.**

C Summary of Centralised Audit

Summary of Centralised Audit, where the Department's replies were received, is shown in **Chart 2.1** below.

Chart 2.1: Summary of Centralised Audit where replies were received



Out of deviations/inconsistencies in 401 cases, for which the Department's responses were received, in 50 cases (12.47 *per cent*) involving ₹ 36.84 crore, the Department accepted the deviations/inconsistencies out of which ₹ 2.13 crore was recovered in 14 cases and Show Cause Notice (SCN) amounting to ₹ 34.71 crore issued in 36 cases. Further, the Department issued ASMT-10 in 19 cases involving ₹ 120.65 crore to seek the taxpayers' reply which represent a mismatch of turnover of ₹ 61.88 crore in two cases and mismatch of tax liability/input tax credit of ₹ 58.77 crore in 17 cases. In these cases, higher rates of deviations were noticed in risk areas such as input tax credit mismatch, excess input tax credit availed under reverse charge, incorrect turnover declarations and short payment of tax.

In five cases (1.25 *per cent*), the Department stated that four cases involving ₹ 5.71 crore were under correspondence with the taxpayer and one case involving ₹ 1.76 crore was being examined.

In 87 cases amounting to ₹ 2421.54 crore (including mismatch of turnover), the Department did not accept the deviations pointed out by Audit. Its contention was not borne out by evidence, and was thus, not amenable to verification by Audit and in 24 cases amounting to ₹ 656.97 crore (including mismatch of turnover), the Department's replies were not acceptable to Audit and further clarification was sought.

In 216 cases (53.86 *per cent*) where the Department's reply was acceptable to Audit, data entry errors by taxpayers comprised 123 cases (30.67 *per cent*), the Department had proactively taken action in 32 cases, and in 61 cases, the Department had valid explanations.

High value cases for each audit dimension of Centralised Audit (for compliance deviation pertaining to cases of recovery, ASMT-10, SCN issued and under correspondence with taxpayer) are detailed below in **Table 2.9**.

Table 2.9: Highest value cases for each audit dimension

Sr. No.	Audit dimension	GSTIN	Circle	Amount *(₹in crore)*	Action taken
1.	Non-filing of GSTR-3B returns	03**********2ZI	Ludhiana-I	3.17	SCN
2.	Mismatch in turnover declared in GSTR-9C (Table 5R)	03**********1ZU	Mohali	31.69	ASMT-10
3.	Mismatch in taxable turnover declared in GSTR-9C (Table 7G)	No recovery, ASMT-10 or SCN was issued under any case in this category. Department's replies accepted by Audit.			
4.	Mismatch in tax paid between Annual Returns and Financial Statements (Table 9R)	03**********1Z0	Amritsar-I	0.97	SCN
5.	Mismatch between ITC availed in Annual Returns and Financial Statements (Table 12F of GSTR-9C	03**********1ZH	Mohali	3.82	ASMT-10
6.	Mismatch between ITC declared in Annual Returns with expenses in Financial Statements (Table 14T of GSTR-9C)	No recovery, ASMT-10 or SCN was issued under any case in this category. Department's replies accepted by Audit.			
7.	Availing of ITC under Reverse Charge Mechanism	03**********1Z3	Fatehgarh Sahib	0.13	SCN
8.	Excess availing of ITC under RCM than corresponding tax paid	03**********1ZX	Fatehgarh Sahib	4.26	ASMT-10
9.	Excess availing of input tax credit	03**********1Z5	Fatehgarh Sahib	12.22	ASMT-10
10.	Short/non-payment of interest on delayed payment of tax	03**********1ZM	Ludhiana-II	0.66	Recovered
11.	Composition taxpayer also availing e-commerce facility	No recovery, ASMT-10 or SCN was issued under any case in this category. Department's replies accepted by Audit.			
12.	Incorrect availing of ISD input tax credit	03**********1ZN	Ludhiana-III	4.17	ASMT-10
13.	Undischarged tax liabilities	03**********1ZQ	Ludhiana-III	12.32	ASMT-10

The illustrative cases included in the above table are explained below:

1. Non-filing of GSTR-3B

The Punjab GST Act, 2017 prescribed three returns i.e., form GSTR-1 (for outward supplies), form GSTR-2 (for inward supplies) and form GSTR-3 (combined return for outward and inward supplies). However, due to technical glitches in the system, a simplified return in form GSTR-3B[14] was introduced in lieu of form GSTR-3 as a stop gap arrangement, which was to be filed on a monthly basis. Therefore, GSTR-3B became the instrument through which the tax liability was discharged and input tax credit was availed by the registered persons.

Audit noticed (February 2022) in case of a taxpayer having GSTIN 03**********2ZI under the jurisdiction of Ludhiana-I that GSTR-1 and GSTR-2A returns for the year 2017-18 were available on GSTN but GSTR-3B returns were not available. Availability of GSTR-1 and GSTR-2A indicated that the taxpayer had carried out the business but did not discharge his tax liability because GSTR-3B returns were not found. Such cases also carry the risk of irregular passing of input tax credit. In this case, the tax liability as per GSTR-1 was ₹ 1.41 crore, whereas input tax credit of ₹ 0.70 crore was available as per GSTR-2A. As the registered persons had not filed GSTR-3B, no evidence for discharge of balance tax liability was available, indicating that tax liability of ₹ 0.71 crore was not discharged.

In response, the Department replied (March 2023) that SCN for tax liability (including interest and penalty) of ₹ 3.17 crore in DRC-01 has been issued.

2. Mismatch in total turnover declared in Table 5R of GSTR-9C

Table 5 of GSTR-9C attempts to reconcile the turnover declared in the audited annual financial statement with turnover declared in the annual return GSTR-9. Column 5R of this table captures the unreconciled turnover between the annual return GSTR 9 and that declared in the financial statement.

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of Punjab GST Rules, 2017 in form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in turnover reported in the annual return *vis-à-vis* the financial statement. The unreconciled amount in cases, where the turnover declared in GSTR-9 was less than that declared in the financial statement, carried the risk of non-reporting, under-reporting, short-reporting, omission and error in reporting of supplies that could lead to evasion or short payment of tax. It could also be a case of non-reporting of both taxable and exempted supplies.

[14] **GSTR-3B**: Monthly summary return of outward supplies and input tax credit claimed, along with payment of tax, to be filed by all registered persons except those specified under Section 39(1) of the Punjab GST Act, 2017. This is the return that populates the credit and debits in the Electronic Credit Ledger and debits in Electronic Cash Ledger.

Audit noticed (February 2022) in case of a taxpayer having GSTIN 03**********1ZU under the jurisdiction of Mohali that there was unreconciled turnover of ₹ 31.69 crore in Table 5R of GSTR-9C.

In response, the Department replied (March 2023) that ASMT-10 had been issued to the taxpayer.

3. Mismatch in tax paid between Annual Returns and Financial Statements (Table 9R of GSTR 9C)

Table 9R of GSTR-9C attempts to reconcile the tax paid by segregating the turnover rate-wise and comparing it with the tax discharged as per annual return GSTR-9. The unreconciled amounts could potentially indicate tax levied at incorrect rates, incorrect depiction of taxable turnover as exempt or *vice versa* or incorrect levy of CGST/SGST/IGST. There can also be situations wherein supplies/tax declared are reduced through amendments (net of debit notes/credit notes) in respect of financial year 2017-18 transactions carried out in the subsequent year from April to September 2018.

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of Punjab GST Rules, 2017 in form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in tax paid between the annual return and the financial statement.

Audit noticed (February 2022) in case of a taxpayer having GSTIN 03**********1Z0 under the jurisdiction of Amritsar-I that there was unreconciled payment of tax of ₹ 0.39 crore in Table 9R of GSTR-9C.

In response, the Department replied (March 2023) that SCN for tax liability (including interest) of ₹ 0.97 crore in DRC-01 has been issued.

4. Mismatch in input tax credit availed between Annual Returns and Financial Statements (Table 12F of GSTR-9C)

Table 12 of GSTR-9C reconciles the input tax credit declared in the annual return GSTR-9 with the input tax credit availed as per audited annual financial statement or books of accounts.

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of Punjab GST Rules, 2017 in form GSTR-9C for the year 2017-18 was analysed at data level to review the extent of identified mismatch in input tax credit availed between the annual return and financial statement.

Audit noticed (February 2022) in case of a taxpayer having GSTIN 03**********1ZH under the jurisdiction of Mohali that there was unreconciled input tax credit of ₹ 3.82 crore in Table 12F of GSTR-9C.

In response, the Department replied (March 2023) that ASMT-10 under Section 61 of Punjab GST Act had been initiated.

5. Availing of input tax credit under Reverse Charge Mechanism

The extent of availing of input tax credit under Reverse Charge Mechanism (RCM) for the year 2017-18 without discharging equivalent tax liability or, in other words, short payment of tax under RCM was analysed by comparing the datasets pertaining to GSTR-3B and annual return GSTR-9 to check whether the tax has been discharged fully on the activities/transactions under RCM. In cases where GSTR-9 was filed, the RCM payments in Table 4G was compared with input tax credit availed in Tables 6C, 6D and 6F. In cases where GSTR-9 was not available, RCM payments in Table 3.1(d) of GSTR-3B was compared with Tables 4(A) (2) and 4(A) (3).

Audit noticed (March 2022) in case of a taxpayer having GSTIN 03**********1Z3 under the jurisdiction of Fatehgarh Sahib that tax liability under RCM as per Table 3.1(d) of GSTR-3B was zero, whereas corresponding input tax credit availed in Table 4A (2)/(3) of GSTR-3B was ₹ 0.07 crore, causing mismatch of ₹ 0.07 crore.

In response, the Department replied (March 2023) that SCN for tax liability (including interest) of ₹ 0.13 crore in DRC-01 has been issued.

6. Excess availing of input tax credit on Reverse Charge Mechanism than corresponding tax paid

As per provisions under Section 9(3), Section 9(4) of the Punjab GST Act, 2017 and Section 5(3), Section 5(4) of the Integrated GST Act, 2017, the liability to pay tax lies with the recipient of goods or services instead of the supplier or provider under certain categories of goods or services or both. One of the condition is that the supplier of goods or services or both is not registered under GST.

GSTR-9 is an annual return to be filed once for each financial year, by the registered taxpayers who were regular taxpayers, including SEZ units and SEZ developers. The taxpayers are required to furnish details of purchases, sales, input tax credit or refund claimed or demand created, etc.

To analyse the veracity of input tax credit availed on tax paid under reverse charge mechanism for the year 2017-18, the datasets pertaining to GSTR-3B and annual return GSTR-9 were compared to check whether the input tax credit availed under reverse charge mechanism was restricted to the extent of tax paid. The methodology adopted was to compare the tax discharged in Table 3.1 (d) of GSTR-3B with input tax credit availed in Tables 6C[15], 6D[16] and 6F[17] of GSTR-9. In cases where GSTR-9 was not available, the check was restricted

[15] Inward supplies receive from unregistered persons liable to reverse charge

[16] Inward supplies received from registered persons liable to reverse charge

[17] Import of services

within GSTR-3B and the tax discharged in Table 3.1 (d) of GSTR-3B was compared with the input tax credit availed under Tables 4A (2)[18] and 4A (3)[19].

Audit noticed (March 2022) in case of a taxpayer having GSTIN 03**********1ZX under the jurisdiction of Fatehgarh Sahib that input tax credit on reverse charge basis availed as per Tables 4 A(2) + 4 A(3) of GSTR-3B was ₹ 4.26 crore; however, tax payment under reverse charge mechanism as per Table 3.1 (d) of GSTR-3B was zero. Thus, there was mismatch of ₹ 4.26 crore between the tax paid and input tax credit availed under reverse charge mechanism.

In response, the Department replied (March 2023) that ASMT-10 had been issued to the taxpayer.

7. Excess availing of input tax credit

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 input tax credit declared and payment of tax are self-declared by the taxpayer.

To analyse the veracity of input tax credit utilisation, the relevant data sets were extracted from GSTR-3B and GSTR-2A for the year 2017-18, and the input tax credit paid as per suppliers' details was matched with the input tax credit availed by the recipient taxpayers. The methodology adopted was to compare the input tax credit available as per GSTR-2A with all its amendments and the input tax credit availed in GSTR-3B in Table 4A(5)[20] considering the reversals in Table 4B(2)[21] but including the input tax credit availed in the subsequent year 2018-19 in Table 8C of GSTR-9.

Audit noticed (March 2022) in case of a taxpayer having GSTIN 03**********1Z5 under the jurisdiction of Fatehgarh Sahib that the input tax credit available as per GSTR-2A was ₹ 1.38 crore, whereas input tax credit availed in Table 4A(5) of GSTR-3B was ₹ 13.60 crore (including the input tax credit availed in the subsequent year 2018-19 in Table 8C of GSTR-9). Thus, there was mismatch of ₹ 12.22 crore between input tax credit available and input tax credit availed.

In response, the Department replied (March 2023) that ASMT-10 had been issued to the taxpayer.

8. Short payment of interest on delayed payment of tax

Section 50 of the Punjab GST Act, 2017 stipulates that if any person liable to pay tax in accordance with the provisions of this Act or the rules made

18 Import of services
19 Inward supplies (liable to reverse charge)
20 All other eligible Input Tax Credit
21 Other Input Tax Credit reversed

thereunder fails to pay the tax or any part thereof to the Government within the period prescribed, he 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 2017-18 was identified using the tax paid details in GSTR-3B and the date of filing of return. Only the net tax liability (cash component) was considered to work out the interest payable.

Audit noticed (March 2022) in case of a taxpayer having GSTIN 03**********1ZM under the jurisdiction of Ludhiana-II that GSTR-3B returns for the months from July 2017 to March 2018 were belatedly filed with delays which ranged between 46 and 214 days, on which interest amounting to ₹ 0.66 crore was payable.

In response, the Department replied (April 2023) that the tax liability of ₹ 0.66 crore had been recovered in DRC-03.

9. Incorrect availing of ISD credit

Rule 39(1)(a) of Punjab GST Rules, 2017 provides that an Input Service Distributor shall distribute input tax credit available with him and provide details thereof in GSTR-6[22] return.

Audit noticed (April 2022) in case of a taxpayer having GSTIN 03**********1ZN under the jurisdiction of Ludhiana-III that the input tax credit availed in Table 6G of GSTR 9 was ₹ 4.17 crore, whereas corresponding input tax credit transferred by the Input Service Distributor in GSTR-6 was zero.

In response, the Department replied (March 2023) that ASMT-10 had been issued to the taxpayer.

10. Undischarged tax liability

GSTR-1 depicts the monthly details of outward supplies of Goods or Services. This detail is also assessed by the taxpayer and declared in the annual return GSTR-9 in the relevant columns. Further, taxable value and tax paid thereof is also shown in the monthly return GSTR-3B.

To analyse the undischarged tax liability, relevant data sets were extracted from GSTR-1 and GSTR-9 for the year 2017-18 and the tax payable in these returns was compared with the tax paid as declared in GSTR-9. Where GSTR-9 was not available, a comparison of tax payable between GSTR-1 and GSTR-3B was resorted to. The amendments and advance adjustments declared in GSTR-1 and GSTR-9 were also considered for this purpose.

[22] **GSTR-6**: Monthly return for Input Service Distributors providing the details of their distributed input tax credit and inward supplies.

For the algorithm, Tables 4 to 11 of GSTR-1 and Tables 4N, 10 and 11 of GSTR-9 were considered. The greater of the tax liability between GSTR-1 and GSTR-9 was compared with the tax paid as reflected in Tables 9 and 14 of GSTR-9 to identify the short payment of tax. In case of GSTR-3B, Tables 3.1(a)[23] and 3.1(b)[24] were taken into account.

Audit noticed (July 2022) in case of a taxpayer having GSTIN 03**********1ZQ under the jurisdiction of Ludhiana-III that tax payable in Tables 4N, 10 and 11 of GSTR-1 was ₹ 12.32 crore and the tax paid as per GSTR-3B was ₹ 0.0002 crore. Thus, there was mismatch of tax liability of ₹ 12.32 crore between GSTR-1 and GSTR-3B.

In response, the Department replied (March 2023) that ASMT-10 had been issued to the taxpayer.

D Analysis of causative factors

Considering the Department's response to deviations/inconsistencies in 408 cases, the factors that caused the data deviations/inconsistencies are discussed below.

Out of the 13 audit dimensions summarised in **Table 2.8** above, the Department accepted the audit observations or initiated examination in 73 cases[25] with tax effect of ₹ 163.20 crore which represent a mismatch of turnover of ₹ 61.88 crore in two cases and mismatch of tax liability/input tax credit of ₹ 101.32 crore in 71 cases. Out of these cases, the Department recovered ₹ 2.13 crore in 14 cases **(Appendix 2.2-IV)**, issued SCN in 36 cases for ₹ 34.71 crore **(Appendix 2.2-V)**, issued ASMT-10 notices in 19 cases for ₹ 120.65 crore **(Appendix 2.2-VI)** which relates to mismatch of turnover of ₹ 61.88 crore in two cases and tax liability/ input tax credit of ₹ 58.77 crore in 17 cases, and four cases for ₹ 5.71 crore were under correspondence with the taxpayers **(Appendix 2.2-VII)**.

The details of the top five accepted cases are given in **Table 2.10** below.

Table 2.10: Top five cases accepted or action initiated by the Department

Sr. No	GSTIN	Jurisdiction	Audit dimension	Amount (*₹ in crore*)	Action taken
1.	03**********1Z7	Patiala	Undischarged tax liability	7.86	SCN issued
2.	03**********1Z4	Fatehgarh Sahib	Undischarged tax liability	3.73	SCN issued
3.	03**********1Z8	Ludhiana-II	Excess availing of ITC	3.40	SCN issued
4.	03**********2ZI	Ludhiana-I	Non filing of GSTR-3B	3.17	SCN issued
5.	03**********1Z1	Fatehgarh Sahib	Undischarged tax liability	3.12	SCN issued
Total				**21.28**	

23 Outward taxable supplies (Other than zero rated, nil rated and exempted).

24 Outward taxable supplies (Zero rated).

25 Recovered: 14 (₹ 2.13 crore), SCN: 36 (₹ 34.71 crore), ASMT-10: 19 (₹ 120.65 crore = ₹ 61.88 crore in two cases + ₹ 58.77 crore in 17 cases), Under correspondence with taxpayer: 4 (₹ 5.71 crore)

The illustrative cases included in above table are explained below.

1. Undischarged tax liability

Audit noticed (July 2022) in case of a taxpayer having GSTIN 03**********1Z7 under the jurisdiction of Patiala that tax payable in Tables 4 to 11 of GSTR-1 was ₹ 7.23 crore, whereas tax paid as per GSTR-3B was ₹ 3.27 crore. The mismatch in tax liability of ₹ 3.96 crore between GSTR-1 and GSTR-3B was communicated to the Department.

In response, the Department replied (March 2023) that SCN for tax liability (including interest and penalty) of ₹ 7.86 crore in DRC-01 has been issued.

2. Undischarged tax liability

Audit noticed (July 2022) in case of a taxpayer having GSTIN 03**********1Z4 under the jurisdiction of Fatehgarh Sahib that tax payable in Tables 4 to 11 of GSTR-1 of the taxpayer was ₹ 5.93 crore whereas the tax paid as per GSTR-3B was ₹ 1.71 crore. The mismatch of tax liability of ₹ 4.22 crore between GSTR-1 and GSTR-3B was communicated to the Department.

In response, the Department replied (March 2023) that SCN for tax liability (including interest and penalty) of ₹ 3.73 crore in DRC-01 has been issued.

3. Excess availing of Input tax credit

Audit noticed (March 2022) in case of a taxpayer having GSTIN 03**********1Z8 under the jurisdiction of Ludhiana-II that the input tax credit available as per GSTR-2A was ₹ 1.34 crore, whereas input tax credit availed in Table 4A(5) of GSTR-3B was ₹ 3.10 crore (including the input tax credit availed in the subsequent year 2018-19 in Table 8C of GSTR-9). Thus, there was mismatch of ₹ 1.76 crore between input tax credit available and input tax credit availed.

In response, the Department replied (March 2023) that DRC-07 for tax liability of ₹ 3.40 crore (including interest) has been issued to the taxpayer.

4. Non filing of GSTR-3B

Audit noticed (February 2022) in case of a taxpayer having GSTIN 03**********2ZI under the jurisdiction of Ludhiana-I that GSTR-1 and GSTR-2A returns for the year 2017-18 were available on GSTN but GSTR-3B returns were not available. Availability of GSTR-1 and GSTR-2A indicated that the taxpayer had carried out the business but did not discharge his tax liability because GSTR-3B returns were not found. Such cases also carry the risk of irregular passing of input tax credit. In this case, the tax liability as per GSTR-1 was ₹ 1.41 crore, whereas input tax credit of ₹ 0.70 crore was available as per GSTR-2A. As the registered person had not filed GSTR-3B, no evidence for discharge of balance tax liability was available, indicating that tax liability of ₹ 0.71 crore was not discharged.

In response, the Department replied (March 2023) that SCN for tax liability (including interest and penalty) of ₹ 3.17 crore in DRC-01 has been issued.

5. Undischarged tax liability

Audit noticed (July 2022) in case of a taxpayer having GSTIN 03**********1Z1 under the jurisdiction of Fatehgarh Sahib that tax payable in Tables 4 to 11 of GSTR-1 of the taxpayer was ₹ 2.86 crore and the tax paid as per GSTR-3B was ₹ 0.27 crore. The mismatch of tax liability of ₹ 2.59 crore between GSTR-1 and GSTR-3B was communicated to the Department.

In response, the Department replied (March 2023) that penalty of ₹ 3.12 crore in SCN (DRC-01) has been issued.

E Cases where Department's reply is not accepted by Audit

Out of 111 cases of non-compliance involving ₹ 3078.51 crore, which represent a mismatch of turnover of ₹ 2925.54 crore in 23 cases and mismatch of tax liability/input tax credit of ₹ 152.97 crore in 88 cases, the Department's reply was not accepted in 24 cases amounting to ₹ 656.97 crore which represent mismatch of turnover of ₹ 635.97 crore in five cases and mismatch of tax liability/input tax credit of ₹ 21.00 crore in 19 cases. Details of the top five cases are featured in **Table 2.11** below.

Table 2.11: Top five cases where Department's response was rebutted

Sr. No.	GSTIN	Audit Dimension	Jurisdiction	Amount (*₹ in crore*)
1.	03**********1Z1	Undischarged tax liability	Jalandhar-II	3.08
2.	03**********1Z2	Excess availing of input tax credit	Mohali	2.84
3.	03**********1ZQ	Undischarged tax liability	Taran Tarn	2.65
4.	03**********1Z6	Excess availing of input tax credit	Patiala	2.03
5.	03**********3ZX	Mismatch in tax paid between Annual Returns and Financial Statements	Ludhiana-III	1.40
Total				**12.00**

Illustrative cases included in the above table are discussed below:

1. Audit noticed (July 2022) in case of a taxpayer having GSTIN 03**********1Z1 under jurisdiction of Jalandhar-II that tax payable in Tables 4N, 10 and 11 of GSTR-9 was ₹ 3.50 crore and as per GSTR-1 was ₹ 0.44 crore. Further, tax paid as per GSTR-3B was ₹ 0.42 crore. Thus, there was mismatch of tax liability of ₹ 3.08 crore vis-à-vis tax liability shown in GSTR-9.

In response, the Department replied (April 2023) that the tax liability of ₹ 3.50 crore was wrongly submitted in GSTR-9 by the taxpayer, whereas tax liability of ₹ 0.42 crore in GSTR-1 was correct and accordingly tax liability was discharged correctly in GSTR-3B.

The reply of the Department was not acceptable as tax liability of the dealer as per GSTR-1 was ₹ 0.44 crore, whereas tax paid in GSTR-3B was ₹ 0.42 crore. The difference (₹ 0.02 crore) between tax liability as per GSTR-1 and tax paid as per GSTR-3B was not clarified by the Department.

2. Audit noticed (March 2022) in case of a taxpayer having GSTIN 03**********1Z2 under the jurisdiction of Mohali that input tax credit available as per GSTR-2A was ₹ 126.04 crore, whereas input tax credit availed in Table 4A(5) of GSTR-3B was ₹ 128.88 crore (including the input tax credit availed in the subsequent year 2018-19 in Table 8C of GSTR-9). Thus, there was mismatch of ₹ 2.84 crore between input tax credit available and input tax credit availed.

In response, the Department replied (February 2023) that input tax credit of 2017-18 allowed in the next year was ₹ 0.03 crore only and not ₹ 5.81 crore[26].

The reply of the Department was not acceptable because input tax credit availed in GSTR-3B was already credited in Electronic Credit Ledger of the taxpayer, whereas, Audit had pointed out difference of ₹ 2.84 crore between the input tax credit available as per GSTR-2A and input tax credit availed in GSTR-3B.

3. Audit noticed (July 2022) in case of a taxpayer having GSTIN 03**********1ZQ under the jurisdiction of Tarn Taran that tax payable in Tables 4 to 11 of GSTR-1 was ₹ 2.65 crore, whereas the dealer had not discharged the tax liability as per GSTR-3B/GSTR-9. Thus, there was undischarged tax liability of ₹ 2.65 crore.

In response, the Department replied (March 2023) that the taxable person was issued with a SCN for the cancellation of the GSTIN on 22 May 2018. But due to technical problems at the back end in the portal, the proceedings of cancellation were not completed. In pursuance of this, the Additional Commissioner (Administration) was requested in October and November 2018 for updating the status of the proceedings. But the issue remained unresolved and the proceedings for cancellation of GSTIN could not be completed. Further, the Department stated that for reversal of input tax credit from the purchasers of the taxpayer, letters have been sent to jurisdictional ACsST.

The reply of the Department was not acceptable because cancellation of registration of the taxpayer was initiated in May 2018 whereas letters regarding reversal of the input tax credit were forwarded to other ACsST

[26] Entry in Table 8(c) of GSTR-9 as visible in GSTR-9C point-IV at Sr. No 12C.

(under whose jurisdiction buyers of these supplies were falling) in March 2023, after Audit raised this issue (July 2022), with delay of approximately five years.

4. Audit noticed (March 2022) in case of a taxpayer having GSTIN 03**********1Z6 under the jurisdiction of Mohali that the input tax credit available as per GSTR-2A was ₹ 5.25 crore, whereas input tax credit availed in Table 4A(5) of GSTR-3B was ₹ 7.28 crore (including the input tax credit availed in the subsequent year 2018-19 in Table 8C of GSTR-9). Thus, there was mismatch of ₹ 2.03 crore between input tax credit available and input tax credit availed.

In response, the Department replied (March 2023) that the taxpayer had claimed excess input tax credit of ₹ 1.03 crore in GSTR-3B for the month of January 2018 which was against the available input tax credit in GSTR-2A for the month of September 2018. Further, the taxpayer had also claimed excess input tax credit of ₹ 1.03 crore in GSTR-3B for the month of March 2018 due to data entry error amounting to ₹ 0.93 crore. However, the taxpayer had rectified the data entry error of ₹ 0.93 crore in GSTR-3B for the month of April 2018 and the balance amount was adjusted in GSTR-3B for the month of February 2019.

The reply of the Department was not fully acceptable because ITC available in GSTR-2A for the period 2017-18 (as on September 2020) was ₹ 5.25 crore which was short by ₹ 2.03 crore against the ITC availed in GSTR-3B for the period 2017-18. Against this mismatch, reversal of ₹ 0.85 crore only was noticed in GSTR-3B for the months of April 2018 and February 2019. The remaining difference of ₹ 1.18 crore still needed explanation.

5. Audit noticed (February 2022) in case of a taxpayer having GSTIN 03**********3ZX under the jurisdiction of Ludhiana-III that there was unreconciled amount of tax paid of ₹ 1.40 crore in Table 9R of GSTR-9C.

In response, the Department replied (March 2023) that tax liability of ₹ 1.40 crore[27] on account of reverse charge was paid in 2018-19 in the month of March 2019. Further, interest of ₹ 0.85 crore[28] had also been paid by the taxpayer in January 2020.

The reply of the Department was not acceptable because as per GSTR-3B, the tax of ₹ 1.50 crore discharged under reverse charge in the month of March 2019 was against the supplies of ₹ 8.34 crore received during March 2019 and not for balance tax liability of 2017-18. Further reply of the Department is awaited (July 2023).

27 CGST: ₹ 69,52,832 + SGST: ₹ 69,52,832 + IGST: ₹ 1,01,145

28 CGST: ₹ 41,37,245 + SGST: ₹ 41,37,245 + IGST: ₹ 2,07,697

F Data entry errors by taxpayers

The data entry errors in 123 cases constituted 30.67 *per cent* of the total 401 responses received, and 56.94 *per cent* of the 216 cases, where the Department's responses were accepted by Audit. These data entry errors did not have any revenue implication. Most of the data entry errors relate to tax under Reverse Charge Mechanism, input tax credit distributed by Input Service Distributor (ISD), total turnover, taxable turnover and tax paid **(Appendix 2.2-I)**. An illustrative case is given below.

Audit query (March 2022) on excess input tax credit availed in GSTR-3B amounting to ₹ 52,857.47 crore was communicated to the Department in respect of a taxpayer having GSTIN 03**********1Z7 under the jurisdiction of Jalandhar-II.

The Department clarified (October 2022) that the taxpayer was a trader of *karyana* goods. The difference in input tax credit arose because the taxpayer had mistakenly claimed input tax credit of ₹ 52,857.47 crore in GSTR-3B filed for the month of November 2017, but the same was not utilised against tax liabilities and was debited in October 2018 from the electronic credit ledger.

Recommendation 4: The Department may consider introducing validation controls in GST returns to curb data entry errors, enhance taxpayer compliance and facilitate better scrutiny.

G Action taken before issue of audit queries

As summarised in **Table 2.8**, the Department had already taken action in 32 cases **(Appendix 2.2-II)**, constituting 7.98 *per cent* of the 401 cases. The top five Circles involved in 24 cases, which had proactively addressed the deviations/inconsistencies, are shown in **Table 2.12** below.

Table 2.12: Details of top five Circles where action was taken before audit query - Circle wise

Jurisdiction	Action taken before Audit Query	Responses received	Responses not received	*Per cent* cases where action taken before query
Mohali	10	75	0	13.33
Ludhiana-II	7	43	2	16.27
Ludhiana-III	3	32	0	9.37
Amritsar-I	2	15	0	13.33
Mansa	2	7	0	28.57

2.7.2.2 Detailed Audit of GST returns

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. With finite level of resources, for an effective tax administration, to ensure compliance with law and collection of revenue, an efficient governance mechanism is essential. An IT-driven compliance model enables maintaining a non-discretionary regime of governance on scale and facilitates a targeted approach to enforce compliance.

From an external audit perspective, Audit also focused on a data-driven risk-based approach. Thus, apart from identifying inconsistencies/deviations in GST returns through pan-State data analysis, a detailed audit of GST returns was also conducted as a part of this review. A risk-based sample of 61 taxpayers was selected for this part of the review. The methodology adopted was to initially conduct a desk review of GST returns and financial statements filed by the taxpayers as part of GSTR-9C and other records available in the back-end system to identify potential risk areas, inconsistencies/deviations and red flags. Desk review was carried out in office of the Taxation Commissioner, Punjab. Based on desk review results, detailed audit was conducted in field formations of the Taxation Department by requisitioning corresponding granular records of taxpayers such as financial ledgers, invoices, etc. to identify causative factors of the identified risks and to evaluate compliance by taxpayers.

As brought out in the previous paragraphs, detailed audit involved a desk review of GST returns and other basic records to identify risks and red flags, which were followed up by field audit to identify the extent of non-compliance by taxpayers and action taken by the field formations of the Taxation Department. Non-compliance by taxpayers at various stages ultimately impacts the veracity of returns filed, utilisation of input tax credit and discharge of tax payments. The audit findings of detailed audit are, therefore, categorised under three sub-categories, which are discussed in succeeding paragraphs.

- Returns
- Utilisation of input tax credit
- Discharge of tax liability

There was scope limitation of audit due to non-production or partial production of records by the Department. The details of non-production of records and partial production of records are summarised in following paragraphs:

a) Non-production of records: The jurisdiction-wise non-production of records is summarised in **Table 2.13** below**.** The case-wise listing of non-production of records is given in **Appendix 2.3.**

Table 2.13: Non-production of records

Jurisdictional formation	Sample taxpayers	Non-production of records	
		No. of taxpayers	Mismatch in ITC/Tax liability/ Turnover *(₹ in crore)*
Bathinda	7	0	0.00
Fatehgarh Sahib	4	4	0.06
Jalandhar-I	3	2	2.38
Jalandhar-II	6	1	42.53
Ludhiana-I	13	3	36.47
Ludhiana-II	6	0	0.00
Ludhiana-III	4	1	1.27
Mohali	14	13	27.27
Muktsar	2	0	0.00
Patiala	2	2	0.46
Total	**61**	**26**	**110.44**

Non-production of records constituted 42.62 *per cent* of the sample size and mismatch (including mismatch of turnover) of ₹ 110.44 crore could not be addressed. In these cases, even the basic records such as financial statements and GSTR-2A were not produced and hence, identified risks could not be examined in detail.

The Department intimated (December 2022) that documents sought by the audit team like financial statements (for Punjab Region taxpayers only) ledger accounts, Director's report, details of inward/outward supplies with HSN, cost audit report, details of debit/credit notes, etc. of taxpayers especially registered in multiple States are not available with the district office as there is no provision of manual submission of documents under GST. Such information is not available on Boweb portal. The documents can be produced by district authorities only in cases where scrutiny/assessment or adjudication of the firm has been taken up by the Department.

b) Partial production: Audit identified the risks related to excess input tax credit and tax liability mismatches for detailed examination. On the input tax credit dimension, the mismatches were identified by comparing GSTR-3B with GSTR-2A and GSTR-9, and the declarations made in Tables 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 and the declarations made in Table 5, Table 7 and Table 9 of GSTR-9C. However, in 34 cases, the Department did not produce the corresponding granular records such as the supplementary financial ledgers, invoices, agreement copies, etc. required for examining the causative factors for mismatches of input tax credit and tax liability. Audit had requisitioned these granular records of taxpayers through the respective circles. The jurisdiction-wise partial production of records is summarised in **Table 2.14** below**.** The case-wise listing of partial production of records is given in **Appendix 2.4**.

Table 2.14: Partial production of records

Jurisdictional formation	Sample Taxpayers	Mismatch in ITC/tax liability/ turnover	
		No. of taxpayers	Amount *(₹ in crore)*
Bathinda	7	7	64.57
Fatehgarh Sahib	4	0	0.00
Jalandhar-I	3	1	0.30
Jalandhar-II	6	5	13.50
Ludhiana-I	13	10	4.90
Ludhiana-II	6	6	17.51
Ludhiana-III	4	3	4.69
Mohali	14	0	0.00
Muktsar	2	2	0.31
Patiala	2	0	0.00
Total	**61**	**34**	**105.78**

The granular records were partially produced in 55.74 *per cent* of the sample size. As a result, the identified risks, relating to mismatch/excess/irregular availing of input tax credit, undischarged liability and mismatch of turnover of ₹ 105.78 crore could not be examined in detail by Audit.

A Returns

The detailed audit of returns exhibited non-payment of interest on belated payment of tax, data entry errors, exempt turnover vs reversals of input tax credit and non-filing of GSTR-3B, which are discussed below.

a) Non-payment of interest by taxpayers

Audit observed (between October 2022 and November 2022) in 18 cases, constituting 29.51 *per cent* of the sampled 61 cases, that taxpayers had either filed their returns belatedly or had erroneously utilised excess input tax credit, which were reversed but the interest liability of ₹ 0.64 crore **(Appendix 2.5)** on belatedly filed returns or reversal of excess input tax credit was not discharged.

The Department replied (April 2023) that recoveries of ₹ 0.007 crore in three cases[29] have been made and three cases[30] have been taken up for scrutiny. In

[29] Bathinda: GSTIN 03**********1ZF (₹ 44,784), 03**********1ZX (₹ 11,969), Muktsar Sahib: GSTIN 03**********1ZZ (₹ 14,103)

[30] Mohali: GSTIN 03**********1Z7, 03**********1ZU, 03**********1ZZ

one case[31], the Department intimated recovery, but the same could not be verified in audit as relevant DRC-03 did not pertain to interest payment. Replies in the remaining 11 cases were awaited (July 2023).

During the exit meeting, the Department replied (April 2023) that recoveries will be made.

An illustrative case is featured below.

A taxpayer having GSTIN 03**********1Z7 under the jurisdiction of Mohali had belatedly filed the GSTR-3B returns for the period July to September 2017 in November 2017 and the taxes due in these returns were paid by debiting the Electronic Cash Ledger and Electronic Credit Ledger. Audit noticed (August 2022) that interest liability of ₹ 0.43 crore on delayed payment of tax was not discharged.

On being pointed out (August 2022), the Department replied (October 2022) that the case had been taken up for scrutiny under Section 61 of Punjab GST Act, 2017. Further outcome was awaited (July 2023).

b) Data entry errors

Audit observed (between October 2022 and December 2022) in three cases[32], constituting 4.92 *per cent* of the sampled 61 cases, that the taxpayers had made data entry error involving ₹ 3.48 crore **(Appendix 2.6)** while filing the GST return. The error was on account of discrepancy in the input tax credit availed.

One case is illustrated below.

A taxpayer having GSTIN 03**********1ZD under the jurisdiction of Jalandhar-II had exhibited mismatch of ₹ 2.61 crore in input tax credit availed between GSTR-9 and GSTR-2A.

On this being pointed out (October 2022), the Department clarified (March 2023) that the taxpayer had inadvertently availed input tax credit while filing return of September 2017 due to clerical error. This input tax credit was never utilised and was reversed by the taxpayer in GSTR-3B of July 2018.

B Utilisation of Input Tax Credit

Input Tax Credit (ITC) means the Goods and Services Tax (GST) paid by a taxable person on purchase of goods and/or services that are used in the course or furtherance of business. To avoid cascading effect of taxes, credit of taxes paid on input supplies can be used to set-off for payment of taxes on outward supplies.

[31] Bathinda: GSTIN 03**********1ZW

[32] Fatehgarh Sahib: GSTIN 03**********1ZW ₹ 0.79 crore; Jalandhar-II: GSTIN 03**********1ZD ₹ 2.61 crore; Muktsar Sahib: GSTIN 03**********1ZX ₹ 0.07 crore

Section 16 of the Punjab GST Act, 2017 prescribes the eligibility and conditions to avail input tax credit. Credit of CGST cannot be used for payment of SGST or UTGST and credit of SGST or UTGST cannot be utilised for payment of CGST. Rule 36 to 45 of the Punjab GST Rules, 2017 prescribe the procedures for availing and reversal of input tax credit.

Audit findings and mismatches noticed related to utilisation of input tax credit are discussed below.

a) Mismatches in input tax credit

Audit analysed the dataset of GSTR-2A in respect of selected taxpayers along with datasets of GSTR-3B, GSTR-9 and GSTR-9C filed by the taxpayers and noticed mismatches of input tax credit among returns. Audit could not examine the mismatches in detail since relevant granular records were not produced by the Department. However, in some cases the Department had replied against the mismatches pointed out by Audit. The details of mismatches in input tax credit noticed by Audit are given in **Table 2.15**.

Table 2.15: Mismatch in input tax credit claimed by taxpayers

Sr. No	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Remarks
1.	**Mismatch in ITC availed under RCM:** Data of Table 3.1 (d) of GSTR-3B, which contains the details of inward supplies that are liable to reverse charge, was compared with RCM ITC availed as per Tables 4A(2), 4A(3) of GSTR-3B and Table 6C of GSTR-9. **(Appendix 2.7-A)**	1	1	0.16	The case was pointed out (September 2022) to the Department. During the exit meeting, the Department assured (April 2023) that complete replies with relevant records will be provided shortly. Further reply is awaited (July 2023).
2.	**Mismatch in ITC availed under RCM:** Data of Table 4A(3) of GSTR-3B, which contains the details of inward supplies liable to reverse charge, was compared with RCM ITC availed as per Tables 6C, 6D and 6F of GSTR-9. **(Appendix 2.7-B)**	1	1	20.79	The case was pointed out (August 2022) to the Department. During the exit meeting, the Department assured (April 2023) that complete replies with relevant records will be provided shortly. Further reply is awaited (July 2023).

Sr. No	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Remarks
3.	**Non/short reversal of ITC availed for exempt and non-GST supplies**: As per Section 17(2) of Punjab GST Act, 2017, read with Rules 42 and 43 of Punjab GST Rules, 2017, 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. **(Appendix 2.8-A and 2.8-B)**	10[33]	7	1.14	On being pointed out (April 2023), the Department partially accepted one case[34] with recovery of ₹ 0.05 crore (including interest). One case[35] was taken under scrutiny and two cases[36] were being examined. During the exit meeting, the Department assured (April 2023) that complete replies with relevant records will be provided shortly. Further, replies in remaining six cases were awaited (July 2023).
4.	**Mismatch in availing of ITC under Input Service Distribution credit:** As per Section 20(2) of Punjab GST Act, 2017, ISD may distribute the credit available for distribution in the same month in which it is availed. Table 4A (4) of GSTR 3B which contains the details of ISD credit availed shall tally with Table 6G of GSTR 9. **(Appendix 2.9)**	3	2	0.22	On being pointed out (between August 2022 and October 2022), the Department replied (October 2022) in one case[37] that the issue was being examined. During the exit meeting, the Department assured (April 2023) that complete replies with relevant records will be provided shortly. Further replies in the remaining two[38] cases were awaited (July 2023).

[33] 11 instances (GSTIN 03**********1ZZ of Muktsar Sahib had two instances, one under capital goods and second under Inputs)

[34] Muktsar Sahib: GSTIN 03**********1ZZ

[35] Mohali: GSTIN 03**********1ZU

[36] Bathinda: GSTIN 03**********2ZD, Ludhiana-II: GSTIN 03**********1ZI

[37] Bathinda: GSTIN 03**********1ZI

[38] Ludhiana-I: GSTIN 03**********1ZY, 03**********1ZG

Sr. No	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Remarks
5.	**ITC mismatch between GSTR-2A and GSTR-3B /GSTR-9**: The ITC available as per GSTR-2A was compared with ITC availed under GSTR-3B /GSTR-9 return. **(Appendix 2.10)**	40	9	120.28	On being pointed out, (between August 2022 and October 2022) the Department replied (April 2023) that in two cases[39], SCN had been issued. Two cases[40] were taken up for examination. Five cases[41] were taken under scrutiny. In one case[42] recovery of ₹ 0.03 crore was made. In seven cases[43], replies were received but could not be examined in the absence of supporting documents. During the exit meeting, the Department assured (April 2023) that complete replies with relevant records will be provided shortly. Further replies in the remaining 23 cases were awaited (July 2023).
6	**Unreconciled ITC as per Table 12F of GSTR 9C:** Table-12F of GSTR-9C captures the difference between the total ITC as computed from the books of accounts (Table-12D) and ITC as declared in GSTR-9. **(Appendix 2.11)**	5	5	15.01	On being pointed out, (between September 2022 and December 2022) the Department replied (April 2023) that one[44] case was taken up for examination. One[45] case was taken up for scrutiny. During the exit meeting, the Department assured (April 2023) that complete replies with relevant records will be provided shortly. Further replies in the remaining three cases were awaited (July 2023).

39 Bathinda: GSTIN 03**********1ZW, Ludhiana-II: GSTIN 03**********1ZL

40 Bathinda: GSTIN 03**********1ZZ, 03**********1ZI

41 Mohali: GSTIN 03**********1Z7, 03**********1ZU, 03**********1ZY, 03**********1ZF, 03**********1Z3

42 Bathinda: GSTIN 03**********1ZX

43 Bathinda: GSTIN 03**********1ZF, 03**********1ZE, Jalandhar-II: GSTIN 03**********1ZA, Ludhiana-II: GSTIN 03**********1ZD, 03**********1ZI, 03**********1ZD, Muktsar Sahib: GSTIN 03**********1ZX

44 Bathinda: GSTIN 03**********1ZI

45 Mohali: GSTIN 03**********1ZF

Sr. No	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Remarks
7	**Mismatches pertaining to ITC noticed in GSTR-9C (Table 14T)** Table 14T of GSTR-9C compares expenses incurred by the registered persons on inputs, capital goods or services with the input tax credit availed and highlights any excess availing of input tax credit on account of ineligibility, blocked credits in Table 14T. **(Appendix 2.12)**	2	1	12.17	These cases were pointed out to the Department between August 2022 and September 2022. During the exit meeting, the Department assured (April 2023) that complete replies with relevant records will be provided shortly. Further replies were awaited (July 2023).
8.	**Mismatch in input tax credit in return** Section 16(1) of Punjab GST Act, 2017 provides that every registered person shall be entitled to take credit of input tax charged on taking input supply of goods or services or both, which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person. ITC availed as per Table 6A of GSTR-9 was compared with ITC available as per Table 6B to 6H of GSTR-9. **(Appendix 2.13)**	9	7	4.30	On being pointed out (October to December 2022), the Department replied (April 2023) that in one case[46] DRC-01 had been issued to the taxpayer. One case[47] was taken up for examination and recoveries amounting to ₹ 0.06 crore (including interest) were made in two cases[48]. One case[49] was taken up for scrutiny under Section 61 of the Punjab GST Act, 2017. During the exit meeting, the Department assured (April 2023) that complete replies with relevant records will be provided shortly. In the remaining four cases, the Department's replies were awaited (July 2023).

46 Ludhiana-II: GSTIN 03**********1ZL

47 Bathinda: GSTIN 03**********1ZZ

48 Bathinda: GSTIN 03**********1ZW (₹ 6,820), Muktsar Sahib: GSTIN 03**********1ZZ (₹ 5,48,997)

49 Mohali: GSTIN 03**********1ZU

Sr. No	Parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)	Remarks
9	**Non reversal of ITC on payment of consideration within 180 days** As per proviso below Section 16(2)(d) of Punjab GST Act, 2017, if a recipient fails to make payment to the supplier of goods or services or both within one hundred and eighty days of the date of issuing invoice, the amount of input tax credit availed would be added back to his output tax liability along with interest thereon. **(Appendix 2.14)**	3	3	0.16	On being pointed out (September to December 2022), the Department replied (April 2023) in one case[50] that goods received by the taxpayer from one supplier were in damaged condition, which caused dispute between the taxpayer and supplier. The goods were returned to the supplier in April 2018 and July 2018. Reply of the Department was not acceptable because the taxpayer was required to either reverse the input tax credit or pay the tax equivalent to input tax credit availed after one hundred and eighty days of non-payment of consideration. During the exit meeting, the Department assured (April 2023) that complete replies with relevant records will be provided shortly. Further, in the remaining two cases, the Department's replies were awaited (July 2023).
10	**Reversal of input tax credit**	1[51]	1	2.53	Audit noticed (November 2022) income of ₹ 2.53 crore in profit and loss account of 2017-18, which comprised of insurance claim, sale of scrap, etc. However, the tax implication such as reversal, if any, could not be ascertained as relevant granular records were not produced to Audit. During the exit meeting, the Department assured (April 2023) to look into the matter.

50 Jalandhar-II: GSTIN 03**********1ZA

51 Muktsar Sahib: GSTIN 03**********1ZZ

b) Availing of excess transitional credit

Section 140(1) of Punjab GST Act, 2017 allows a registered person, other than composition taxpayer, to take in his electronic credit ledger, credit of the amount of VAT, if any, carried forward in the return relating to the period ending with the day immediately preceding the appointed day.

Audit observed (September and October 2022) in one case[52] that the registered person had claimed SGST transitional credit of ₹ 0.06 crore without filing quarterly/annual return for the year 2017-18. Filing of return for the last six months preceding the appointed day was a prerequisite for claiming transitional credit. Thus, the taxable person had availed excess transitional credit of ₹ 0.06 crore.

On being pointed out (September 2022), the Department replied (September 2022) that SCN has been issued to the taxpayer in DRC-01.

C Discharge of tax liability

The taxable event in case of GST is supply of goods and/or services. Section 9 of the Punjab/Central GST Act, 2017 is the charging section authorising levy and collection of tax called State/Centre Goods and Services Tax on all intra-State supplies of goods or services or both, except on supply of alcoholic liquor for human consumption, on value determined under Section 15 of the Act *ibid* and at such rates not exceeding 20 *per cent* under each Act, i.e., CGST Act and SGST Act. Section 5 of the IGST vests levy and collection of Integrated GST on interstate supply of goods and services with Central Government with maximum rate of 40 *per cent*.

Under Section 8 of the Goods and Services Tax (Compensation to States) Act, 2017, a cess is levied on all inter-state and intra-state supply of such goods or services or both which are listed in the schedule of the said Act such as tobacco products, aerated drinks, cigarettes, vehicles, etc. Section 9(4) of the Punjab GST Act, 2017 and Sections 5(3) and 5(4) of the Integrated GST Act, 2017 provide for reverse charge levy of tax on certain goods or services, wherein the recipient instead of the supplier becomes liable to pay tax.

Audit findings and mismatches noticed related to discharge of tax liabilities are discussed below.

a) Mismatches relating to discharge of tax liability

Audit scrutinised GSTR-1, GSTR-3B and GSTR-9 returns filed by the taxpayers for the year 2017-18 and noticed mismatches in discharge of tax liability by comparing the tax liability furnished in the returns. Audit could not examine these mismatches in detail since relevant granular records were not

[52] Fatehgarh Sahib: GSTIN 03**********1ZX

produced by the Department. The details of mismatches are given in **Table 2.16**.

Table 2.16: Mismatch related to discharge of tax liability

Sr. No	Parameter	No. of cases	No. of circles	Amount of mismatch (₹ in crore)	Remarks
1.	**Mismatch of tax payable and tax paid as per GSTR-9** **(Appendix 2.15)**	2	2	0.07	On being pointed out (between September 2022 and October 2022), the Department replied that one case[53] was taken for scrutiny (October 2022) and in another case[54] recovery of ₹ 0.008 crore[55] had been made along with interest. During the exit meeting, the Department assured (April 2023) that complete replies with relevant records will be provided shortly. Further reply is awaited (July 2023).
2	**Short-discharge of tax liability under the Reverse Charge Mechanism**: RCM tax liability as per Table 4G of GSTR-9 was compared with tax paid as per Table 6.1(B) of GSTR-3B. **(Appendix 2.16)**	1	1	0.0026	The case was pointed out (September 2022) to the Department. During the exit meeting, the Department assured (April 2023) that complete replies with relevant records will be provided shortly. Further reply is awaited (July 2023).
3.	**Tax liability mismatch between GSTR-1, GSTR-9 and GSTR-3B:** The tax liability based on the greater of the amounts furnished in two returns i.e. GSTR-1 and GSTR-9 was compared with	30	8	17.75	On being pointed out (between August 2022 and November 2022), the Department stated that seven cases[56] had been taken up for scrutiny. Three cases[57] were being examined and in one case[58] SCN had been issued. In

53 Mohali: GSTIN 03**********1ZA

54 Fatehgarh Sahib: GSTIN 03**********1ZW

55 Tax ₹ 43,203 Interest ₹ 35,700

56 Jalandhar-II: GSTIN 03**********2ZO, Mohali: GSTIN 03**********1ZU, 03**********1Z7, 03**********1ZU, 03**********1ZY, 03**********1ZF, 03**********1Z3

57 Bathinda: GSTIN 03**********1ZI, 03**********1ZW, Ludhiana-II: GSTIN 03**********1ZI

58 Ludhiana-II: GSTIN 03**********1ZL

Sr. No	Parameter	No. of cases	No. of circles	Amount of mismatch (₹ in crore)	Remarks
	actual payment of tax in GSTR-3B. **(Appendix 2.17)**				one case[59], reply was received but could not be examined in the absence of supporting documents. During the exit meeting, the Department assured (April 2023) that complete replies with relevant records will be provided shortly. Further replies in the remaining 18 cases were awaited (July 2023).
4.	**Mismatch in turnover declared in GSTR 9C**: Table 5R of GSTR-9C captures reconciliation between gross turnover declared in annual return GSTR-9 and audited Annual Financial Statements. **(Appendix 2.18)**	6	4	23.74	On being pointed out (between August 2022 and December 2022), the Department replied (October 2022 to April 2023) that two cases[60] had been taken up for scrutiny. Two[61] cases were being examined. During the exit meeting, the Department assured (April 2023) that cases will be looked into and replies will follow shortly. Further replies in the remaining two[62] cases were awaited (July 2023).
5.	**Mismatch in tax paid between books of accounts and returns captured in Table 9R of GSTR-9C.** **(Appendix 2.19)**	3	1	0.40	These cases were pointed out (August 2022) to the Department. During the exit meeting, the Department assured (April 2023) that the cases will be looked into and replies will follow shortly. Further reply is awaited (July 2023).

(b) Short payment of tax on turnover disclosed

As per Section 49(8) of Punjab GST Act, 2017, every taxable person shall discharge his tax and other dues under the Act or the rules made thereunder.

59 Jalandhar-II: GSTIN 03**********1ZA
60 Mohali: GSTIN 03**********1ZU, 03**********1ZF
61 Bathinda: GSTIN 03**********1ZZ, 03**********1ZW
62 Jalandhar-I: GSTIN 03**********1ZQ, Ludhiana-I: GSTIN 03**********1ZA

In one case[63], Audit observed (September and October 2022) that a person registered as Goods Transport Agency had provided services valuing ₹ 0.79 crore during 2017-18, on which GST of ₹ 0.12 crore[64] was not paid.

On being pointed out (September 2022), the Department replied (October 2022) that GST of ₹ 0.11 crore on services valuing ₹ 0.73 crore had been paid by the concerned recipients of services under reverse charge. For the remaining portion of services valuing ₹ 0.06 crore, the tax demand (including interest) of ₹ 0.02 crore had been created.

Recommendation 5: The Department may initiate remedial action for all the compliance deviations brought out in this report before they get time barred.

(D) Non furnishing of replies by the Department

Audit had issued 140 number of observations to the Department under detailed audit. The Department furnished replies in 60 number of observations only (42.86 *per cent*). Timely submission of replies by the Department helps to take the audit observation to its logical conclusion.

Recommendation 6: The Department may instruct its field formations to provide timely response to audit observations.

2.7.3 Other oversight functions

The role of Circles (Department's field formations) is to provide oversight over taxpayers' compliance with regard to filing of returns, discharging tax liability and other compliance obligations. The Circles have a broad set of functions to be exercised in this regard such as initiating action on late filers and non-filers, scrutiny of returns and assessment and cancellation of registrations.

The oversight functions relating to return filing, action on late/non-filers and scrutiny have been discussed in the previous sections of this report. This section highlights the audit findings on cancellation of registrations.

2.7.3.1 Cancellation of registrations

Section 29 of the Punjab GST Act, 2017 read with Rule 20 of the Punjab GST Rules, 2017 allows for cancellation of registration by the taxpayer in certain situations like closure of business, turnover falling below threshold for registration, transfer of business/merger/amalgamation, change of PAN, non-commencement of business within the stipulated time period and death of the proprietor. The taxpayer applying for cancellation of registration should apply in REG-16 on the GST common portal within a period of 30 days of the 'occurrence of the event warranting the cancellation'.

63 Mohali: GSTIN 03**********1Z5

64 ₹ 83,156 at the rate of 5 *per cent* on ₹ 16,63,130 and ₹ 11,20,324 at the rate of 18 *per cent* on ₹ 62,24,024

Section 29(2) of the Punjab GST Act, 2017 allows for *suo-moto* cancellation of the registration of the taxpayer by the tax officer on the grounds of contravention of the Acts or Rules by the taxpayer, composition taxpayers not filing return for three consecutive tax periods, normal taxpayers not filing return for continuous period of six months, registered persons not commencing business within six months from date of registration and registration obtained by means of fraud, willful misstatement or suppression of facts.

Section 45 of the Punjab GST Act, 2017 requires every registered person other than (a) ISD or a non-resident taxable person or (b) Composition taxable person (Section 10) or (c) persons paying tax under Section 51 - Tax Collection at Source (TCS) or persons paying tax under Section 52 - Tax Deducted at Source (TDS), whose registration has been cancelled, to file a final return in GSTR-10, within three months of the effective date of cancellation or the date of order of cancellation, whichever is later. The purpose of the final return is to ensure that the taxpayer discharges the outstanding liability. In case of non-filing of GSTR-10, the same procedure as adopted for non-filing of any return must be followed by the tax officer.

Audit observed (November and December 2022) in the sampled 10 Circles that 91,337 registered persons had requested for cancellation of registration during 2017-18 to 2020-21. During the same period, the Department had taken *suo-moto* action for cancellation of 25,648 registrations. Out of total 1,16,985 cases, the order for cancellation of registrations in 48,501 cases were issued, proceedings in 2,988 cases were dropped and 65,496 cases were pending. However, no documents in support of this were provided.

Further, no data was made available by the Department for GSTR-10 returns filed by cancelled taxpayers, in absence of which Audit could not ensure whether the cancelled taxpayers had discharged their tax liabilities or not. It could also not be ascertained whether the Department had taken action against the cancelled taxpayers as per provisions of GST, who had failed to file GSTR-10 returns and discharge their pending tax liabilities.

During the exit meeting, the Department stated (April 2023) that they will examine the matter.

2.7.3.2 Capacity building efforts

Capacity building is necessary for the effectiveness of officers and staff of the Department at all levels. The Department organises various training programmes on GST for officers and staff to enhance their skills and upgrade their knowledge of new tax reforms and for revenue augmentation.

During 2017-18, no training was imparted by the Department and during 2018-19 to 2021-22, trainings in 12,891 slots were imparted as detailed in **Table 2.17.**

Table 2.17: Details of trainings imparted by the Department

Designation	Training slots				
	2018-19	2019-20	2020-21	2021-22	Total
Dy. Commissioner	-	15	7	26	48
Asstt. Commissioner	35	38	49	124	246
State Tax Officer	553	3,345	605	1,052	5,555
Taxation Inspector			757	1,191	1,948
Other Staff	3,749	207	298	840	5,094
Total	**4,337**	**3,605**	**1,716**	**3,233**	**12,891**

Source: Departmental Data

However, Audit could not offer comments on the adequacy of the capacity building efforts of the Department because details of staff covered in training out of total strength available with the Department were not provided to Audit.

During the exit meeting, the Department stated (April 2023) that training was being provided to the GST staff from time to time.

2.7.3.3 Adequacy of manpower

For efficient functioning of the Department, proper manpower planning to meet its objectives and its proper deployment is necessary.

Audit could not offer comments on the adequacy of manpower available with the Department because details of sanctioned and working strength in Taxation Department in respect of adjudicating authority (Dy. Commissioner/Assistant Commissioner, State Tax Officer) and other supporting staff (Tax Inspector) was not provided to Audit.

2.8 Conclusion

The Subject Specific Compliance Audit (SSCA) on Department Oversight on GST Payments and Return Filing was undertaken in the context of varying trend of return filing and continued data inconsistencies with an objective of assessing the adequacy of the system in monitoring return filing and tax payments, extent of compliance and other Departmental oversight functions.

This SSCA was predominantly based on data analysis, which highlighted risk areas, red flags and in some cases, rule-based deviations and logical inconsistencies in GST returns filed for 2017-18. The SSCA entailed assessing the oversight functions of State Jurisdictional formation at two levels, at the data level through global data queries and at the functional level with a deeper detailed audit both of the Circles and of the GST returns, which involved accessing taxpayer records. The audit sample, therefore, comprised 10 Circles, 408 high value inconsistencies across 13 audit dimensions selected through global queries and 61 taxpayers selected on risk assessment for detailed audit of GST returns for the year 2017-18.

The Department commenced scrutiny of returns for the year 2017-18 after formulating Standard Operating Procedure (SOP) for scrutiny of returns in April 2022. Until then, the Department had been pursuing GST returns related identified inconsistencies only. A review of the 10 Circles disclosed that documentation of essential oversight functions of Circles such as monitoring of return filing, taxpayer compliance, etc. was poor.

Further, out of the 408 high value data inconsistencies identified by Audit in centralised audit, the Department responded to 401 cases. Of these, 73 cases[65] constituting 18.20 *per cent*, turned out to be clear compliance deficiencies with a revenue implication of ₹ 163.20 crore, which represent a mismatch of turnover of ₹ 61.88 crore in two cases and mismatch of tax liability/input tax credit of ₹ 101.32 crore in 71 cases. A relatively higher rate of deficiencies was noticed in short/non-payment of interest, input tax credit mismatch, availing of input tax credit under Reverse Charge Mechanism without discharging corresponding tax liability, incorrect turnover declarations and short payment of tax. While data entry errors caused the inconsistencies in 30.67 *per cent* of the cases, in 7.98 *per cent* of the cases the Department had already taken proactive action. The Department did not respond to seven cases of inconsistencies, which had an identified risk exposure of ₹ 79.06 crore, which include a mismatch of turnover of ₹ 71.48 crore in one case.

Detailed audit of GST returns also suggested significant non-compliance. At the outset, essential records such as financial statements, GSTR-2A were not produced in 26 cases out of sample 61 taxpayers and in another 34 cases, the granular records of taxpayer were not produced, which constituted a significant scope limitation. These 60 cases represent a potential risk exposure of ₹ 216.22 crore[66] towards identified mismatches in input tax credit availment and tax payments. Audit observed compliance deficiencies in 50 cases[67] involving 128 instances with a revenue implication of ₹ 193.00 crore[68] under detailed audit by covering the audit of one case fully, partial audit of 34 cases and audit to the extent of returns available on GSTN in 26 cases[69]. Out of these, audit observations involving ₹ 52.03 crore[70] in 43 instances were accepted by the Department including recoveries of ₹ 0.14 crore in nine instances. The main causative factors were availing of ineligible and irregular input tax credit, and

65 Recoveries made: 14 cases (₹ 2.13 crore), SCN issued: 36 cases (₹ 34.71 crore), ASMT-10 issued: 19 cases (₹ 120.65 crore), Under correspondence with taxpayer: 4 cases (₹ 5.71 crore)

66 Financial implication of records not produced 26 cases: ₹ 110.44 crore, Financial implication of records partially produced 34 cases: ₹ 105.78 crore.

67 Number of cases have been counted based on GSTIN irrespective of multiple instances of deviations, that may occur under different audit findings.

68 Interest: ₹ 0.64 crore [Paragraph 2.7.2.2(A)(a)], ITC: ₹ 174.13 crore [Paragraph 2.7.2.2(B)(a)(1 to 8), 2.7.2.2(B)(b)] and Tax: ₹ 18.23 crore [Paragraph 2.7.2.2(C)(a)(1 to 3, 5 and Paragraph 2.7.2.2(C)(b)]

69 In 26 cases, records were not produced, hence, audit was conducted to the extent of returns available on GSTN.

70 Cases taken up for scrutiny: 20 instances (₹ 24.85 crore), Recoveries made: 9 instances (₹ 0.14 crore), SCN issued: 4 instances (₹ 1.15 crore), Taken up for correspondence with taxpayer: 10 instances (₹ 25.89 crore)

incorrect discharge of tax under reverse charge mechanism as well as forward charge mechanism.

From a systemic perspective, the Department needs to strengthen the institutional mechanism in the Circles to establish and maintain effective oversight on return filing, taxpayer compliance, tax payments, cancellation of registrations and recovery of dues from defaulters.

2.9 Recommendations

- The Department may reinforce the institutional mechanism in the circles to establish and maintain effective oversight on return filing and tax payments.
- Year-wise target should be set for scrutiny of cases under Section 61 of Punjab GST Act, 2017.
- Year-wise targets under Section 65 of Punjab GST Act, 2017, may be increased in view of additional tax demand created as a result of internal audit.
- The Department may consider introducing validation controls in GST returns to curb data entry errors, enhance taxpayer compliance and facilitate better scrutiny.
- The Department may initiate remedial action for all the compliance deviations brought out in this report before they get time barred.
- The Department may instruct its field formations to provide timely response to audit observations.

Chapter – III

Information Systems Audit of Integrated Financial Management System

Chapter-III

Information Systems Audit of Integrated Financial Management System

3.1 Background

The Government of Punjab (GoP) set up (June 2009) an Empowered Committee on Governance Reforms (EC) under the chairmanship of the Chief Secretary, Punjab to monitor and steer reform initiatives in various Departments. The EC decided (October 2009) to implement the Integrated Financial Management System (IFMS) project in the State. IFMS was initially implemented in the State of Punjab by a System Integrator (SI) namely M/s. Tata Consultancy Services (TCS) in the year 2011. The contract period of SI ended on 31 March 2020. The Finance Department, GoP decided (September 2019) to bring National Informatics Centre (NIC) as the new vendor and adopted IFMS already implemented in the State of Haryana on "as is where is" basis with effect from 01 April 2020, which was subsequently kept on modifying as per State specific requirements (March 2023).

The System was designed to bring efficiency in financial planning and expenditure control in the State and to bring various stakeholders[1] on a single platform with role based Smart Dashboards for providing a better Decision Support System. It has three main modules, namely eBudget, eTreasury and eReceipt, besides two additional modules *viz.* Management Information System (MIS) and Audit Management System (AMS).

3.2 Technology

All the modules were developed using Micro-Service Level Architecture where one backend can serve many frontends like WebApp and Mobile App. The portal was developed using the following technologies:

Technology	Description
Frontend: Angular 11 with Material Design	Angular is an application-design framework and development platform for creating efficient and sophisticated single-page apps.
Backend: Node.js 14 with Express 4 and NET Core 3.1	Node.js is a backend JavaScript runtime environment, runs on V8 JavaScript Engine, and executes JavaScript code outside a web browser. Express is a minimal and flexible Node.js web application framework that provides a robust set of features for web and mobile applications.

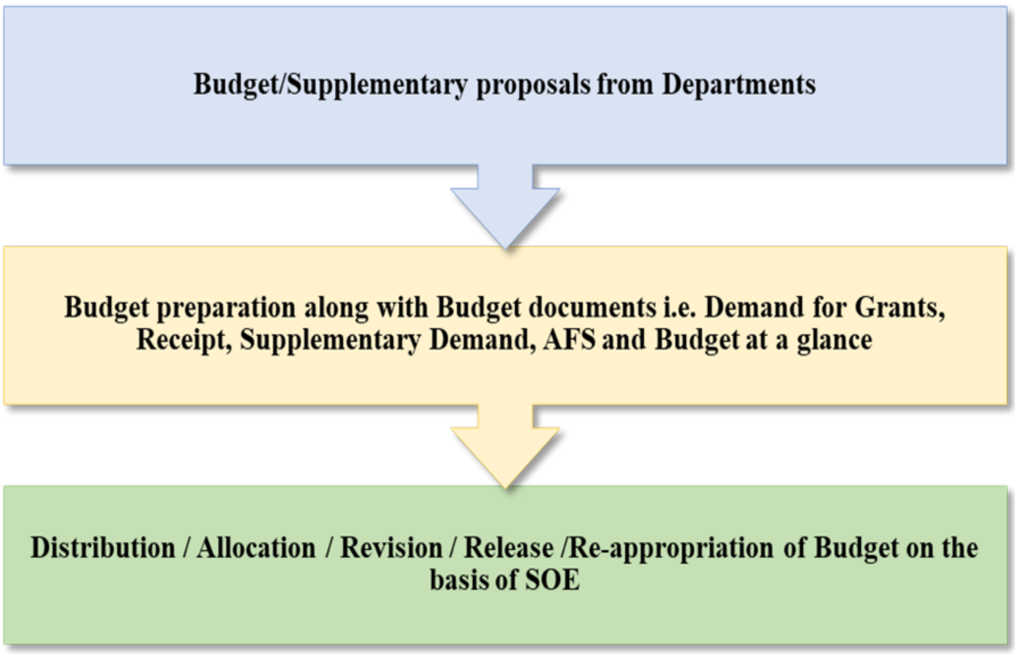
[1] Department of Finance, Treasuries, Administrative Departments, Accountant General, Reserve Bank of India (RBI) and Banks.

Technology	Description
	.NET Core is a new version of .NET Framework, which is a free, open-source, general-purpose development platform maintained by Microsoft.
Database: SQL Server 2019, PostgreSQL 11	SQL Server is a relational database management system (RDBMS) developed and marketed by Microsoft. PostgreSQL is a powerful, open-source object-relational database system.

3.3 Process flow of three main modules

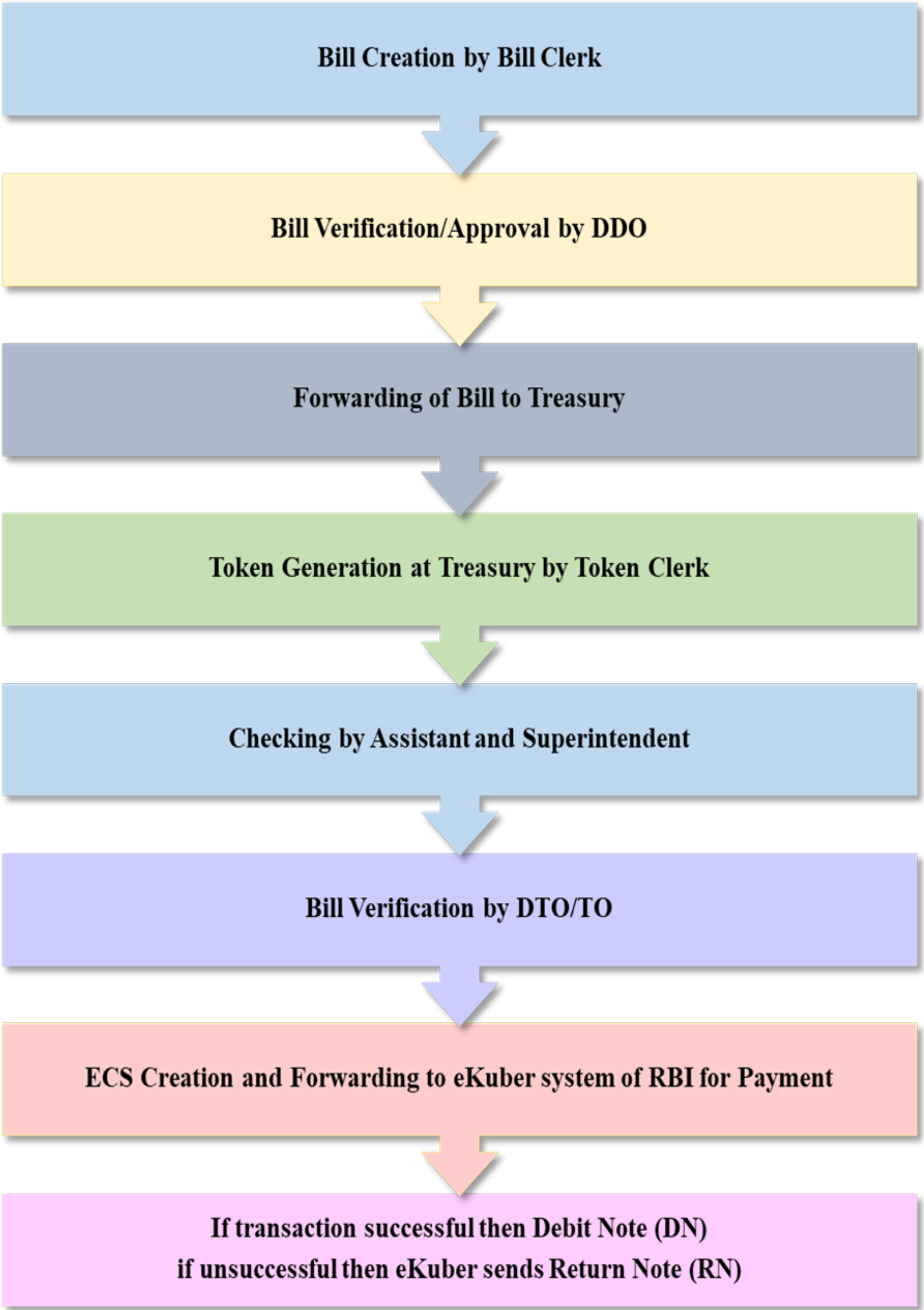
The process flow of three main modules *viz.* eBudget, eTreasury and eReceipt is depicted in **Charts 3.1 (a, b and c)**:

Chart 3.1(a): eBudget



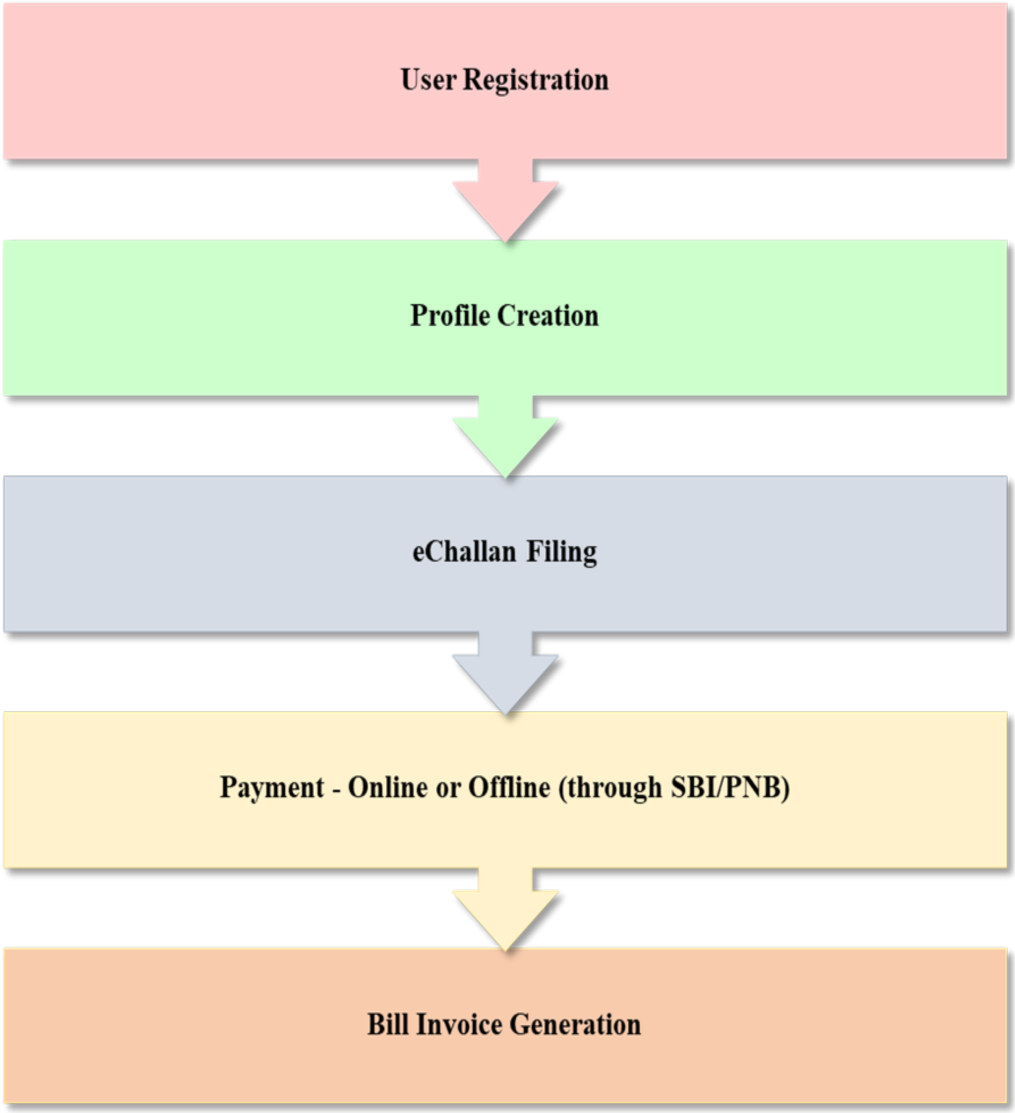
Source: Departmental information

Chart 3.1(b): eTreasury



Source: Departmental information

Chart 3.1(c): eReceipt

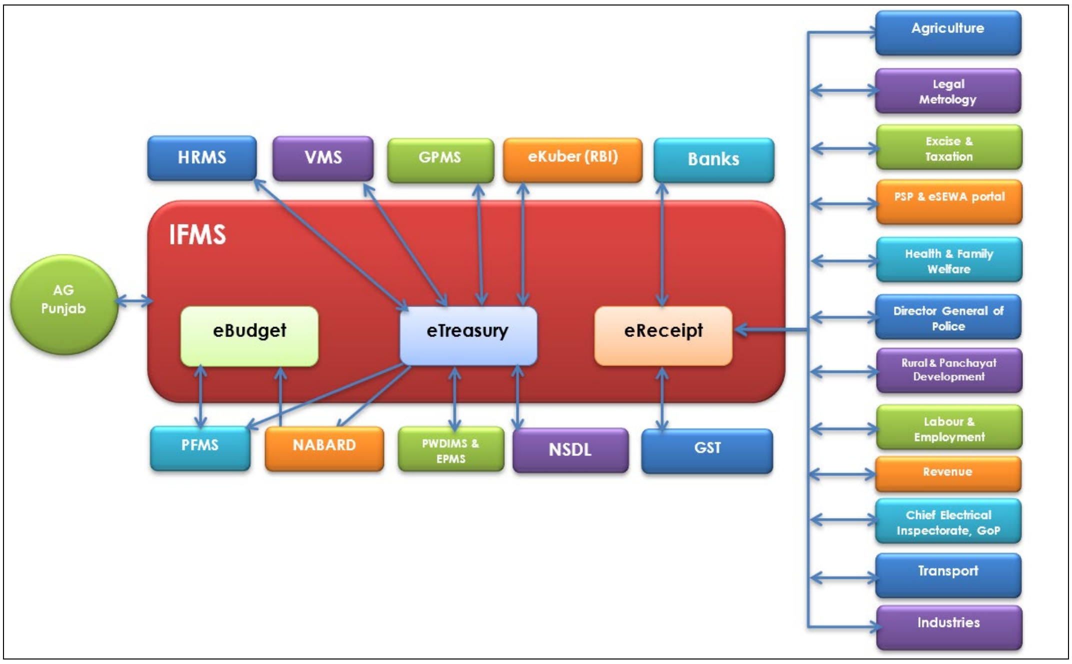


Source: IFMS User Manual

3.4 Integration of IFMS with other systems

IFMS is integrated with various other systems/related applications being run in the State of Punjab. The proposed integration of IFMS with other systems has been depicted in **Chart 3.2.**

Chart 3.2: Integration of IFMS with other Systems



Source: Departmental information

Integrated Human Resource Management System (iHRMS): It is developed by NIC Punjab for looking into various aspects of the manpower planning, easy availability of information to the Government, employees and other such stakeholders. It attempts to provide better services in the form of employee record, salary, GPF, GIS, leave, income tax information, property returns, annual confidential progress, posting, promotion, arrears management, etc.

All the bills generating through iHRMS are proposed for submission to IFMS for payments.

Vehicle Management System (VMS): It facilitates a check on POL bills of State Government vehicles. Every Government official (earmarked) or Vehicle (Pooled) has a POL Limit (on Fuel and Maintenance) assigned by the Department of Finance, Government of Punjab. VMS is keeping track of each limit. Besides, expenditure relating to POL and maintenance of official/transport vehicles shall be incurred only against those sanctioned vehicles which have been correctly enrolled and duly verified in VMS.

All the Bills related to Vehicle Management are submitted directly from VMS to IFMS.

Government Property Management System (GPMS): GPMS is a web-based application for creating a single database of properties (Land/Buildings) owned by the Government, in its various Departments. This makes a ready database of infrastructure available with the Government and assisting the Government in making better policy decisions for optimal utilisation of the infrastructure. The application has been launched and the process of enrollment is underway.

IFMS is proposed to be integrated with GPMS so that the State Government can check availability of vacant office space at a particular location and reduce office expense.

e-Kuber: e-Kuber is Core Banking Solution (CBS) of Reserve Bank of India (RBI) for processing of payments and receipts. It is the standardised ePayment model of RBI that envisages straight-through-processing of electronic payments of the State Governments.

All the bills cleared in treasuries are getting processed in the form of payment files through e-Kuber without any intervention of banks. However, integration of eReceipt module (IFMS) with e-Kuber system is not yet implemented.

Banks: Banks are integrated with eReceipt module of IFMS for deposit of revenue receipts by various Departments of the State Government and other related agencies/persons, both in Online mode via Net Banking, Debit/Credit Card, UPI payments (Google Pay, PhonePe, Bhim App, PayTM and Amazon Pay) as well as Offline mode by generating challans through aggregator banks *viz.* State Bank of India (SBI), Punjab National Bank (PNB), etc.

Public Financial Management System (PFMS): It is a unified web-based platform of the Government of India that ensures end-to-end monitoring of funds disbursed to various programme/scheme implementing agencies of the Central Government and State Governments in respect of Central Sector and Centrally Sponsored Schemes. Consequently, it envisages the real-time disbursal of funds and a comprehensive Financial Management Information System.

Details pertaining to budget allotment, grant released and expenditure incurred against the Centrally Sponsored Schemes are getting shared with PFMS portal from IFMS via Extensible Markup Language (XML) file. Integration with PFMS is limited to transfer of funds by sharing XML file. However, trail of scheme-wise expenditure is not available as mapping in respect of Central Schemes has not been completed.

NABARD (National Bank for Agriculture and Rural Development): It is a development bank of the nation for fostering rural prosperity and to promote sustainable and equitable agriculture and rural development through participative financial and non-financial interventions, innovations, technology and institutional development for securing prosperity. It monitors funds released under NABARD sponsored schemes.

IFMS is proposed to be integrated with NABARD for better monitoring of releases and expenditure under NABARD Scheme.

Public Works Department Integrated Management System (PWDIMS): It is a fully integrated off-the-shelf product for engineering works oriented Government organisations and Public Sector Undertakings. It helps in managing the entire cycle of planning, procurement, execution and monitoring of infrastructure projects. It includes Estimation, Tendering, Project Management, Billing, Budgeting and Accounts, Store and Purchase Management, Personal and Payroll Management and Asset Management.

All bills related to Public Works are proposed to be submitted directly from PWDIMS into IFMS.

NSDL Portal: The portal provides for subscribers' registration, subscribers detail modification/updation and other Permanent Retirement Account Number (PRAN) related services, such as contribution, etc.

It is completely integrated with NSDL portal for processing of NPS related activities like PRAN generation, PRAN modification, SCF file validation and submission at NSDL portal and automatic generation and submission of contribution bills of Punjab Government employees.

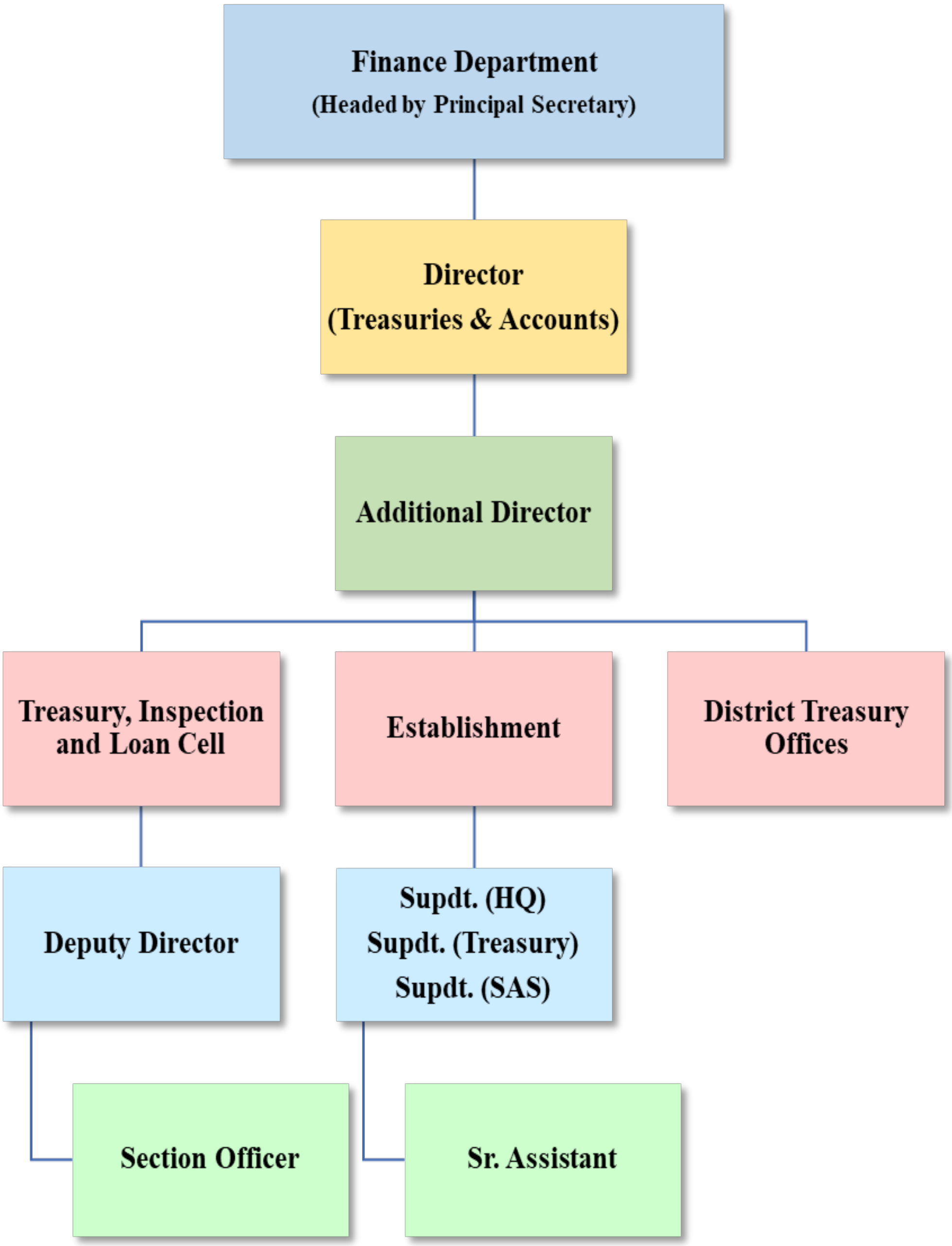
GST Portal: The common GST portal developed by GSTN has been functioning as the frontend interface of the overall GST IT eco-system and provides for filing of registration application, filing of return, creation of challans for tax payment, payment of GST, settlement of IGST payment, and generation of Business Intelligence (BI) and analytics. M/s Infosys has been engaged as the system developer and Managed Service Provider (MSP).

All the receipts collected through GST portal are reported and accounted for in the IFMS.

3.5 Organisational Structure

The Principal Secretary, Department of Finance is the administrative head, assisted by the Special Secretary Expenditure-cum-Director (Treasuries & Accounts, which is the nodal authority for implementation of the new Integrated Financial Management System (IFMS) being developed by NIC in the State. The organisational structure of the Directorate of Treasuries and Accounts is depicted in **Chart 3.3.**

Chart 3.3: Organisational structure of Directorate of Treasuries and Accounts



Source: Departmental information

3.6 Audit objectives

The audit objectives for carrying out the Information Systems Audit of IFMS were to ascertain:

- Whether project management for implementation of IFMS was effective and efficient; and business process re-engineering was done for synergy of processes in the IT environment;
- Whether adequate functionalities and controls were available in IFMS and the IT system objectives were aligned with business objectives;

- Whether integration of IFMS with other systems was effective and efficient; and
- Whether the information security system was adequate and effective.

3.7 Audit scope and methodology

The Information Systems Audit of earlier TCS-IFMS covering the period 2011-2016 was included in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2016.

The Information Systems (IS) Audit of the new IFMS (being developed by NIC) for the period April 2020 to March 2022 was conducted between May 2022 and January 2023 in the office of Director (Treasury and Accounts) – nodal authority.

Broadly two modules *viz.* eBudget and eTreasury were covered during IS Audit with focus on project management, implementation, application and security controls. As regards envisaged integration of IFMS with other systems/related applications being run in the State of Punjab, three external systems i.e. Integrated Human Resource Management system (iHRMS), Vehicle Management System (VMS) and integration with Accountant General (A&E), Punjab were covered under IS Audit.

The following methodology was adopted for the IS Audit:

- Document analysis related to project management and implementation;
- Analysis of database using data dumps provided to Audit through computer-assisted IT techniques;
- Analysis of Application Controls and User Interface; and
- Analysis of security controls.

An entry conference was held (August 2022) with the Special Secretary Expenditure-cum-Director (Treasuries & Accounts) wherein the audit objectives, scope, methodology and criteria were explained. The audit findings were discussed with the Department in the exit conference held in March 2023 and the replies furnished by them have been suitably incorporated in the Report.

3.8 Audit criteria

The audit criteria were derived from the following sources:

- IFMS User Manuals;
- Punjab Treasury Rules and Government of India guidelines on computerisation of treasuries;
- Punjab Financial Rules and Punjab Budget Manual;
- Information Technology Act, 2000; and

- National e-Governance policies and standards like Guidelines for Indian Government Websites (GIGW), WGITA[2], Software Development and Re-engineering Guidelines, Guidance notes for selection of Implementation Agencies, Guidelines for Usage of Digital Signatures in e-Governance, etc.

Audit findings

3.9 Project Management

3.9.1 Project Planning

The contract period of the earlier System Integrator[3] (SI) running the Integrated Financial Management System (IFMS) in the State of Punjab since July 2011 came to an end in March 2020. No consensus could be made to extend the contract period of the then SI. Thus, in order to obviate any disruption of the critical financial activities of the Government of Punjab, which were dependent on the IFMS in use at that time, a committee consisting of Additional Secretary (Finance), Director, Governance Reforms, Representative of National Informatics Centre (NIC) and an official from Punjab Infotech was constituted to analyse various IFMS solutions running in different States and to ferret out best practices which could be incorporated in the future IFMS of the State of Punjab. The Committee was also required to come up with the probable way forward bringing out the tentative timelines, cost and other requirements for a smooth transition from the existing vendor to the new vendor.

3.9.1.1 Selection of new vendor (System Integrator)

The Committee consisting of the members *ibid* studied the IFMS solutions of four other States *viz.* (i) Haryana (developed by NIC-Haryana); Maharashtra (developed by NIC-Pune); Assam (developed by KRAN – a private company); and Odisha (developed by TCS - a private company), besides holding talks with the officials of the Department of Finance of the respective States to know their experiences and to get the Government's perspective on the ongoing IFMS solutions there. The Committee after considering the pros and cons[4] of going for the new tender, recommended the NIC as a choice for the new vendor for IFMS and found the IFMS Solution of the State of Haryana (developed by NIC) to be the best amongst others. Accordingly, it was decided (October 2019) that the first task of NIC would be to adopt the currently

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2 Working Group on IT Audit and IDI Handbook for Supreme Audit Institutions.

3 M/s. Tata Consultancy Services (TCS).

4 (i) The tendering process would be a time-consuming process. The preparation of DPR, RFP and related documents and the bidding process would consume considerable time; (ii) Success could not be ensured at the first instance. Lukewarm or no response to the RFP would mean rebidding which would stretch the process further; and (iii) considering the fact that fintech projects are dynamic in nature and no agreement can freeze the entire gamut of future requirements, bringing new private player would involve frequent Change Requests. These Change Requests, as the experience with the current vendor tells, are a costly affair.

working IFMS in the State of Haryana on “as is where is” basis in Punjab by 15 February 2020 and any subsequent modification would be made after stabilisation of the adopted system. Accordingly, NIC kept modifying the adopted system per State specific requirements (March 2023).

3.9.1.2 Exit Management

As a best practice[5], the Implementation Agency shall provide the Purchaser or its nominated agency with a recommended "Exit Management Plan" which deals with various aspects[6] of the exit management in relation to the Master Services Agreement (MSA) as a whole and in relation to the Project Implementation, and the Operation and Management Service Level Agreement (SLA).

Audit observed that the requisite Exit Management Plan was part of the RFP (March 2011) in respect of the TCS-IFMS solution, which broadly consisted of the key components relating to infrastructure/network and software applications along with timelines for each activity. Considering the fact that the TCS-IFMS project period would be coming to an end in March 2020, Punjab Infotech (IA for TCS-IFMS) approached (December 2019) TCS (earlier SI) for execution of the Exit Management Plan. However, TCS declined to sign the Exit Management Plan due to disagreement on pending payments between the State Government and TCS, arising from issues related to calculation of base project cost, Change Request for e-Kuber at increased rates, SLA achievement calculations, payment against the transition phase[7], etc. It was decided (March 2020) in the meeting of the Project Monitoring and Review Committee that the Apex Steering Committee would act as the Issue Resolution Authority (IRA) to resolve the issues as per RFP, but the same came into action in February 2021 and the issues had not been resolved till August 2022. Though the Department had reduced the net percentage payables (45 *per cent*) to TCS due to shortfalls in Exit Management, its non-execution hampered the migration of legacy data inclusive of knowledge transfer, as discussed in Paragraph 3.9.4.

It was further noticed that there was no such Exit Management Plan in respect of the new IFMS, as no formal Memorandum of Understanding (MoU) or any agreement was entered into with NIC, as discussed in the succeeding paragraph.

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5 Guidance Note for Selection of Implementation Agencies issued by Ministry of Electronics and Information Technology (MeitY), GoI.

6 includes inter alia a detailed program of the transfer process that could be used in conjunction with a Replacement Implementation Agency including details of the means to be used to ensure continuing provision of the services throughout the transfer process or until the cessation of the services and of the management structure to be used during the transfer.

7 Exit Plan, Data Transfer and Knowledge Transfer.

The Director (Treasuries and Accounts) stated (March 2023) that an Exit Management Plan would be incorporated in the draft MoU which was under process.

3.9.2 Non-execution of Memorandum of Understanding

Software Development and Re-Engineering Guidelines of Ministry of Electronics and Information Technology (MeitY), GoI provide that the solution architecture is the key differentiator for product like solutions. A well-architected solution gives it robustness for reusability (in code, configurations, databases, services, etc.), enhancements and interoperability. Thus, a well-established Service Contract should be adopted as a good architecture principle and accordingly a contractual agreement between the Application Owner (Government Department at Centre/State or any Private Player) and the Application Provider (Government Department or independent entities which host and provide services through eGov AppStore) over the period of Application Lifecycle (for example: Productisation + Replication + Hosting + Operation and Maintenance) is essential. The contracts related to licenses, source code, etc., will also be a part of such agreements.

Audit observed that no formal MoU or agreement was entered into with NIC (SI) for implementation of the new IFMS in the State of Punjab, even after lapse of more than two years of commencing the work by the SI from November 2019 onwards. Besides, no documentation with regard to URS/SRS/SDLC was formulated on the pretext that it was based on a prototype model implemented in the State of Haryana. Nevertheless, a project proposal submitted by NIC was duly accepted by the Department in May 2021. Audit noticed that the timelines of a few activities (**Appendix 3.1**), as per the project proposal for the development/execution period (November 2019-March 2022), could not be adhered to as the system was still in development phase (March 2023). Besides, payment of ₹ 6.75 crore had been made to NIC as of July 2022, as discussed in the succeeding paragraph, without execution of any formal agreement with them.

The Department did not take cognisance of the shortcomings/problems regarding payment, Source Code, Exit Plan, etc. faced in TCS-IFMS despite execution of MoU with the previous SI (TCS), whereas, in the instant project, non-execution of a formal agreement having legal sanctity could put the Department in a situation of having to face serious repercussions in case of any disparity/dispute with the SI.

The Director stated (January 2023) that no agreement was entered into with NIC being a Government agency and the draft MoU had been prepared/was under finalisation. It was added that the timelines for modules in progress and those yet to be developed along with clauses for extension of timelines would be incorporated in the MoU.

3.9.3 Project cost

As per the project proposal of NIC, the estimated cost for development and implementation of the new IFMS for the first two years up to March 2022, was ₹ 5.25 crore, as detailed in **Table 3.1.**

Table 3.1: Details of project cost for development of new IFMS by NIC

(₹ in crore)

Sr. No.	Item	2020-21 (1st Year)	2021-22 (2nd Year)	Total project cost
1.	Development and Operational Team Cost	2.63	2.41	5.04
2.	Security Audit	0.08	0.07	0.15
3.	Contingencies	0.04	0.02	0.06
Total		**2.75**	**2.50**	**5.25**

Source: Departmental records

Audit observed that as of July 2022, against the envisaged project cost of ₹ 5.25 crore, payment of ₹ 6.75 crore[8] had been made to NIC for the purpose. Besides, expenditure of ₹ 14.90 crore had also been incurred on procurement of requisite infrastructure (hardware/software), thereby incurring total expenditure of ₹ 21.65 crore as of July 2022. It was noticed that though the timelines for development and implementation of the new IFMS by NIC (i.e. by March 2022) could not be adhered to and the system was still in the development phase, payment for the extended period (April 2022 onwards) was being made to NIC without any revised proposal or signing of MoU.

The Director stated (March 2023) that the issue regarding payment to NIC would be incorporated in the draft MoU (under process) and the revised proposal would be formulated accordingly.

3.9.4 Migration of legacy data

Software migration means moving a system into a new technical environment, potentially involving data management, communication and programming environment.

The Department of Governance Reforms and Public Grievances (DGRPG), Government of Punjab was authorised (January 2020) to hire resources/manpower/hardware as may be required to ensure smooth transition to the new NIC system by forming a transition team with appropriate role mapping. Audit noticed that as of June 2022, only 40 *per cent* of the data had been migrated from TCS-IFMS to NIC-IFMS. The migration of data was very slow, as is evident from the position of January 2023, when 72 tables[9] were still to be migrated to the new IFMS.

[8] Includes ₹ 1.50 crore for development and operational team cost by NIC during 2022-23.

[9] 43 tables were partially migrated and 29 tables were still to be migrated.

The Department attributed (June 2022) the reasons for delay in migration of legacy data to working of two systems on different RDBMS[10].

Audit, however, noticed that though gap analysis between both the systems was done for making necessary modifications in the adopted system, migration of data was not given due diligence, in spite of the data being critical in nature, as determined by the Department. As a result, even after more than two years of implementation of the new IFMS solution with effect from April 2020, the requisite data could not be migrated fully from TCS-IFMS to NIC-IFMS and even the knowledge transfer was not shared by the previous SI, for the reasons/constraints. Thus, without proper data migration and backup strategies, critical information may be at risk of being permanently damaged or lost.

In the exit conference, the Department while attributing the delayed migration of legacy data to some disputes with the earlier vendor (TCS), stated (March 2023) that the pending data would be migrated soon under intimation to Audit. The final compliance of the Department was awaited (July 2023).

3.9.5 Change Management

In IT organisations, the change management process is normally used to manage and control changes to assets, such as software, hardware, and related documentation. Change controls are needed to ensure that all changes to system configurations are authorised, tested, documented and controlled so that the system continue to support business operations in the planned manner and that there is an adequate trail/record of changes.

Audit observed that no Change Management Policy was available with the Department with regard to changes/modifications being made in the new IFMS solution. It was noticed that modifications were being made in the system during its rolling out period but were not documented. Although user inputs were taken (December 2019) as per Gap Analysis Document, User Acceptance Testing (UAT) was not done. In the absence of any policy or relevant documents with regard to changes/modifications being made in the system, its effectiveness/authenticity would not be ascertained. Besides, it could result in poor communication with regard to the reasons for change, expected impact and the benefits. Without a clear process for managing changes, there is a higher likelihood of project delays. Further, unplanned or uncontrolled changes can disrupt project timelines and deliverables.

In the exit conference, the Department stated (March 2023) that the Change Management Policy would be incorporated in the draft MoU.

[10] TCS-IFMS (Oracle based); and NIC-IFMS (MS-SQL based).

3.9.6 Capacity building

As a best practice[11], training is considered a "Soft Deliverable" and measuring the quality of a training is a challenging task. Some of the key tasks defined in the training includes preparation of training plan and materials; delivery of training; collect feedback from trained participants; deployment of infrastructure; etc.

Roles and Responsibilities of the User Department defined in the project proposal envisaged that training infrastructure along with logistics would be provided by the Department/agency concerned and NIC would provide faculty for the same.

Audit noticed that the Department/NIC provided user manuals/YouTube videos on various functionalities of IFMS modules, but the relevant documents/information with regard to preparation of any training plan, collection of feedback from trained participants, etc. were not maintained/provided to Audit. In the absence of relevant records, effectiveness of training or fulfilment of users' requirements could not be ascertained. Besides, no in-house capacity building was envisaged to identify and train responsible resource persons. Further, the Department relied on NIC support for performing all petty activities, as is evident from the fact that the requests relating to correction of bills/challans e.g. updating bank account number/IFSC Code/Payee Name (1,290 requests) and modification of Account Heads in challans (269 requests) were made to NIC, whereas these modifications could have been done in-house after imparting requisite training to the users.

Without proper training, employees may struggle to use IT solutions efficiently. Besides, lack of capacity building can impede the transformation efforts, making it challenging for the organisation to adapt to new business models and processes.

The Director stated (March 2023) that a training module for the purpose was being prepared. It was added that the Department was already working to deploy its own IT team for immediate redressal of all IT-related issues.

3.9.7 Helpdesk Management

As a best practice for e-solutions[12], the provision of helpdesk is an important activity, reports thereof are considered by the management and compared to resolution requests, and critical issues are noted for buying decisions and for periodic review.

It was observed that in accordance with the Finance Department's circular (July 2020), the IFMS portal was displaying various contact numbers and

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[11] Guidance Note for Selection of Implementation Agencies issued by Ministry of Electronics and Information Technology (MeitY), GoI.

[12] As per Working Group on IT Audit and IDI Handbook for Supreme Audit Institutions.

email addresses of persons concerned for help desk solutions in respect of eBudget, eTreasury and eReceipt modules. But there was no complaint monitoring system in place as no report was being generated/maintained for the purpose. Though a 'Ticket Management System'[13](TMS) platform was introduced in June 2022, critical issues (as discussed in the preceding paragraph 3.9.6) may have gone unnoticed prior to June 2022 for management decisions which would have facilitated refinement of the IFMS solution.

In the exit conference, the Department stated (March 2023) that after implementation of TMS, all the requests (Tickets) were marked to the solution provider concerned for redressal and it would now be supervised by them to assess the risk/requirement for future modifications in the system.

3.9.8 Business Process Re-engineering for synergy of processes in IT environment

Rule 1.1 of Punjab Financial Rules (PFR) provides that the power of interpreting, changing and relaxing rules mentioned in PFR is vested in the Department of Finance.

The guidelines of Mission Mode Project – Treasury Computerisation recognised that a large part of the Treasury Computerisation would become possible only after the relevant codes are amended by the State and hence provided for Business Process Re-engineering (BPR) for re-engineering of the existing processes and introduction of new processes, wherever necessary, to ensure synergy of these processes with electronic systems. Each State/UT was required to prepare an action plan covering *inter alia* the changes required in procedures, practices, codes, manuals, etc. such as provision for use of digital signatures, file formats, transfer of funds electronically, etc. with explicit timelines to ensure achievement of these objectives.

Audit observed that various financial functions of the State Government had been shifted from the manual platform to eSolutions (IFMS) with effect from July 2011. However, even after a lapse of more than 11 years, neither the requisite changes in procedures, practices, codes, manuals, etc. to align and transform the business processes to leverage the computerisation were undertaken nor was any BPR action plan in this regard prepared by the State Government.

In the exit conference, the Department stated (March 2023) that the draft Punjab Treasury Rules had been prepared and the same would be shared for the suggestions of various stakeholders including AG (A&E), Punjab office. It was added that best efforts were being made to modify the Financial Rules and Budget Manual for incorporating therein the requisite IFMS processes.

[13] Ticket Management System (TMS) is a single platform for interaction between DDOs, DTOs, HODs, Treasury & Accounts, Budget Branch and NIC Team where any user can forward their concern (31 types of tickets/issues for all the modules *viz.* eBudget, eTreasury and eReceipt).

3.10 Project Implementation

3.10.1 Status of modules

In the new IFMS being developed/implemented by NIC with effect from April 2020, ten modules under three main modules, besides two separate modules *viz.* Management Information System (MIS) and Audit Management System (AMS), were planned to be implemented. The status of these modules (May 2022) is detailed in **Table 3.2** and **Appendix 3.2.**

Table 3.2: Status of implementation of modules under NIC-IFMS

Sr. No.	Module	Status
1.	eBudget	Partially implemented
2.	eTreasury	Implemented
3.	eReceipt	Implemented
4.	Management Information System (MIS)	Implemented
5.	Audit Management System	Developed and rolled out

Source: Departmental information

In addition to the above, two more modules/refinements *viz.* eSanction and eReconciliation were also proposed (October 2019) to be included in the new IFMS. It was, however, noticed that these two additional modules were not developed as these were under preliminary stage of discussions with the stakeholders[14].

In the exit conference, the Department stated (March 2023) that an updated list of CCOs and DDOs had been shared with AG (A&E) Punjab office for necessary mapping, and the workflow on DDO Reconciliation module would be finalised after discussion with them. As regards eSanction module, it was stated that modalities for linking this module with eOffice would be explored for the purpose. It was added that iHRMS team had been directed to study the process/workflow for eSanction of employee related matters like Salary, GPF, etc. and its integration with IFMS.

3.10.2 Implementation of modules

3.10.2.1 Depiction of budget provisions in IFMS

Paragraph 14.1 of Punjab Budget Manual (PBM) provides that no expenditure shall be incurred which may have the effect of exceeding total grants or appropriation authority by the Appropriation Act for a financial year, except after obtaining additional funds by re-appropriation, supplementary grant or appropriation or an advance from the Contingency Fund of the State. Further, Paragraph 14.2 of PBM states that in cases where additional expenditure is necessitated in a grant by a change in the accounts classification, the Department of Finance will authorise the expenditure to be incurred and a supplementary appropriation will be presented to the Legislature, if it is found

[14] AG (A&E) Punjab, DDOs/COs, DTOs, Budget Branch, etc. for e-Sanctions; and AG (A&E) and DDOs for eReconciliation.

that savings under the grant concerned are not sufficient to meet the additional expenditure under the head of account concerned.

NIC provided to Audit the staging environment to examine the front-end functionalities of bill preparation. Audit noticed the following inconsistencies in depiction of budget provisions in the new IFMS:

(i) Data analysis for the year 2021-22 showed that budget provisions were not made under 24 Detailed Heads of Account pertaining to 15 grants though the Finance Department had released ₹ 943.04 crore thereunder, against which expenditure of ₹ 933.66 crore was also incurred (**Appendix 3.3**).

Audit observed that though IFMS was depicting the position of total budget (inclusive of additional budget provided by the Finance Department) and budget available for a particular Head of Account with a DDO, it was neither depicting head-wise details of amount pending for reappropriation nor were the copies/details of eSanctions available in the system. It was, however, noticed that the MIS report, access of which was given by the Department, was not showing the requisite details[15], thus, impairing the transparency of financial transactions.

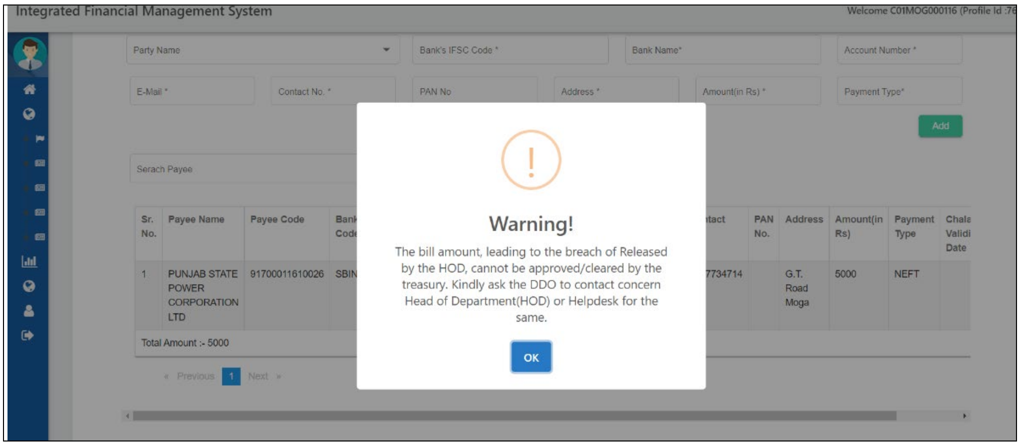
In the exit conference, the Department stated (March 2023) that necessary flag would be incorporated in the system so that an MIS could be generated to ascertain the funds pending for approval of the Legislature.

(ii) In the staging environment, it was observed that a bill can be initiated only on the availability of budget under a particular Head of Account[16]. While preparing a bill (Form-1:Abstract Contingent Bill) for SOE-93 (Electricity Charges) from bill maker's account, where the system was showing budget allocation of ₹ 6,00,000 and expenditure incurred up till then as ₹ 1,80,245, it was noticed that when details of bills were saved, it displayed a message *"The bill amount, leading to breach of released by HoD, cannot be approved/cleared by the treasury",* as depicted in **Picture 3.1.**

15 Requisite information in this regard was available in back-end data only.

16 Except for exempted Head of Accounts e.g. 8009-General Provident Fund; 8011-Insurance and Pension Funds; 2071-Pensions and Other Retirement Benefits; 8342-Other Deposits; 8443-Civil Deposits; etc.

Picture 3.1: Discrepancy in preparation of bill under SOE-93 (Electricity Charges) despite availability of budget



Source: Staging environment of IFMS

Thus, despite availability of budget, the system was restricting preparation of the bill.

The Director stated (March 2023) that such checks were imposed from the backend till the revised budget estimates were approved by the Hon'ble Governor. It was assured that such action would be documented in future. However, the facts remained that the IFMS was not depicting the correct status of available budget provisions.

3.10.2.2 Generation of duplicate bill number

T_P_BillProcessing Table (eTreasury database) stored all the transactions from bill preparation to bill payment cycle and bill number as a unique field for any transaction in this table.

During analysis of T_P_BillProcessing Table, duplicate bill numbers were found generated in two cases (Bill Nos. 202800062613049 and 211500103957), as detailed in **Table 3.3**, which showed that requisite validation checks were not available in the system to restrict generation of duplicate bills.

Table 3.3: Details of generation of duplicate bills

Sr. No.	Bill No	Date	DDOID	DTO	Amount (in ₹)	Status
1.	202800062613049	26-03-2021	17481	Chandigarh	30,758	Discarded
2.	202800062613049	26-03-2021	17481	Chandigarh	2,221	
3.	211500103957	20-01-2022	19867	Bathinda	3,31,793	Direct voucher posting
4.	211500103957	20-01-2022	19867	Bathinda	500	

Source: IFMS database (eTreasury)

The Department attributed (September 2022) the reasons for generation of duplicate bill numbers to single user login on multiple devices. In the exit conference, it was added (March 2023) that necessary checks had been incorporated in the system in June 2022 and after that no such case came to notice. The Department, however, did not provide any document for the changes initiated in this regard in the system.

Instances regarding generation of duplicate bills due to discrepancies in integration of IFMS with VMS have also been discussed in **Paragraph 3.10.3.1.**

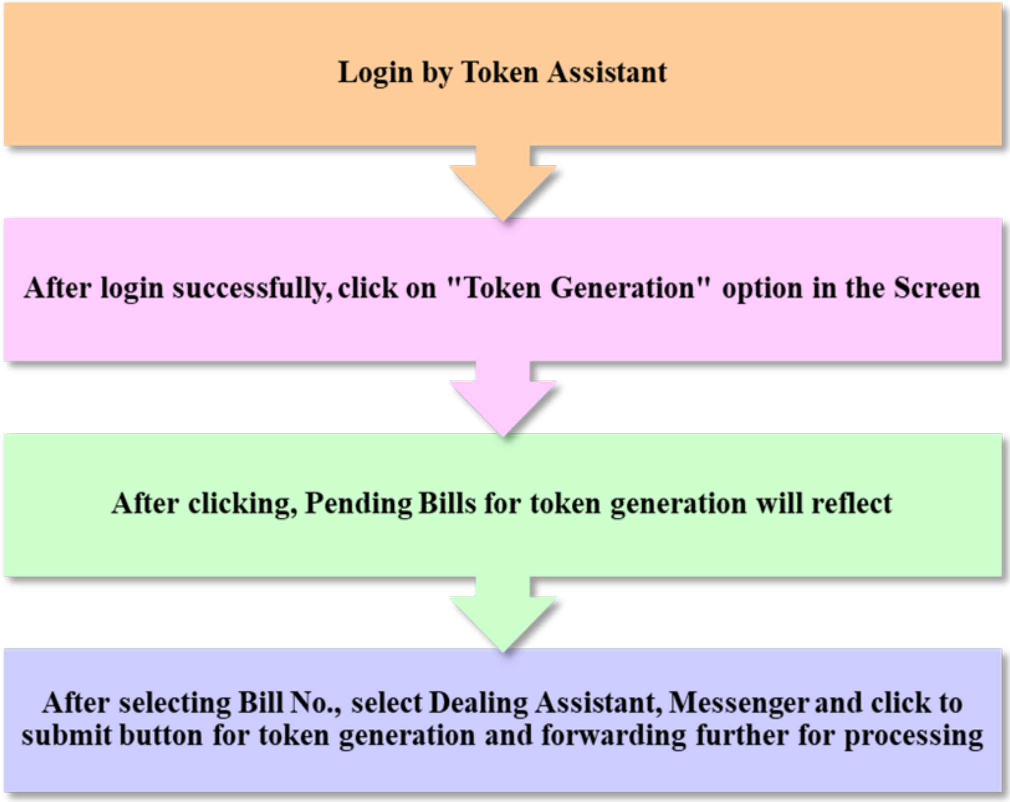
Generation of duplicate bill numbers could lead to risk of double/fraudulent payments.

3.10.2.3 Non-generation of token number for paid bill

eTreasury module includes two sub-modules *viz.*(i) 'Online Bill Processing' which caters to 39 types of bills available in the system that DDOs can generate and submit to the treasury online; and (ii) 'Treasury Bill Processing' which is one of the core modules for any financial management system. It involves the entire bill approval process starting from receiving the bill from the authorised DDO messenger to successful bill passing, cheque/ECS generation and cheque dispatch to the authorised DDO messenger.

Process flow, after the bill is forwarded by the DDO to the Treasury, for "Bill Inward/Token Generation" is given in **Chart 3.4**.

Chart 3.4: Process flow, after bill is forwarded by the DDO to Treasury, for "Bill Inward/Token Generation"



Source: IFMS Overview (User Manual 1.1)

During analysis of data, it was noticed that bill No. 201503025110044 dated 21.04.2020 for ₹ 86,003 was paid without assigning a token number, whereas the token number was to be generated at the time of processing of the bill by the Token Assistant, as shown in **Chart 3.4**.

Absence of token number could lead to unauthorised payments. Therefore, to mitigate these risks, it is crucial to establish and enforce a robust system for generating and assigning token numbers to validate bills.

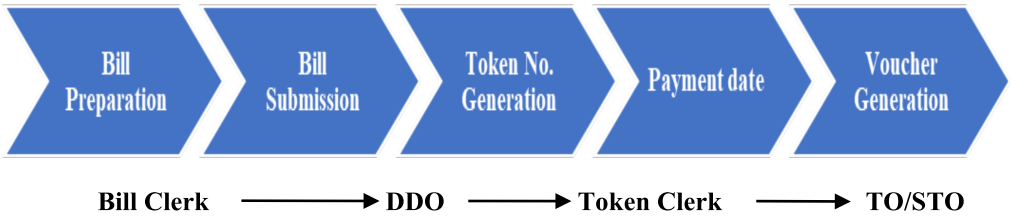
In the exit conference, the Department while admitting the audit observation stated (March 2023) that the requisite checks had been incorporated in the system to rule out such discrepancy and no such case was noticed afterward. In the absence of any documentation, Audit could not draw assurance for the rectification initiated in the system.

3.10.2.4 Delay in processing of bills

Rule 2.10(b)(3) of Punjab Financial Rules (Volume-I) provides that all charges incurred are drawn and paid at once and are not held up for want of funds and allowed to stand over to be paid from the grant of another year; that money indisputably payable should not, as far as possible, be left unpaid; and that all inevitable payments are ascertained and liquidated at the earliest possible date.

The process flow of a bill from bill preparation to voucher generation in IFMS is given in **Chart 3.5.**

Chart 3.5 Process flow of a bill from Bill Preparation to Voucher Generation



Source: IFMS Overview

Audit observed that neither were any timelines specified in IFMS for processing of the bills at various stages nor were any provisions made in the system to prioritise the bills. Audit adopted the timeline of 15 days for processing the bills as a benchmark, as specified by Central Vigilance Commission[17].

Data analysis of 19,23,701 bills processed through IFMS during 2020-2022 (2020-21: 9,27,510 and 2021-22: 9,96,191) showed that there had been considerable delay in processing of bills, as detailed in **Table 3.4**.

Table 3.4: Delay in processing of bills during 2020-2022

Year	Period of processing	No. of Bills			
		Bill Preparation to Token Generation* (DDO Level)	Gross amount (₹ in crore)	Token Generation to Bill Payment (DTO Level)	Gross amount (₹ in crore)
2020-21	Within 15 days	8,47,817	65,509.75	7,93,940	56,098.74
	16 days to 30 days	51,367	2,468.53	64,602	5,984.47
	31 days to 180 days	27,858	1,069.80	68,929	6,966.61
	Beyond 180 days	468	4.66	39	2.92
	Bills processed beyond 15 days	**79,693**	**3,542.99**	**1,33,570**	**12,954.00**
	Total	**9,27,510**	**69,052.74**	**9,27,510**	**69,052.74**
2021-22	Within 15 days	9,14,582	77,332.54	9,72,178	77,082.39
	16 days to 30 days	49,356	2,703.64	22,927	2,856.10
	31 days to 180 days	31,552	997.49	1,086	1,103.05
	Beyond 180 days	701	7.87	0	0.00
	Bills processed beyond 15 days	**81,609**	**3,709.00**	**24,013**	**3,959.15**
	Total	**9,96,191**	**81,041.54**	**9,96,191**	**81,041.54**

Source: IFMS data-base (eTreasury)

** Token is generated after DDO sends hard-copy of the bills/documents through a messenger to DTO.*

[17] O.M No. PVC/18/01 dated 14 August 2018.

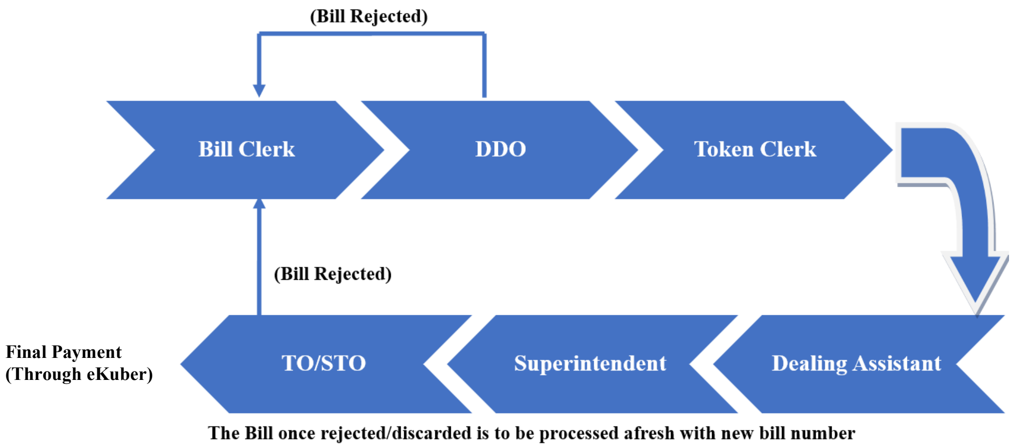
Table 3.4 shows that 1,61,302 bills for ₹ 7,252 crore (2020-21: 79,693 for ₹ 3,543 crore and 2021-22: 81,609 for ₹ 3,709 crore) and 1,57,583 bills for ₹ 16,913 crore (2020-21: 1,33,570 for ₹ 12,954 crore and 2021-22: 24,013 bills for ₹ 3,959 crore) were processed beyond 15 days at DDO and DTO levels respectively, during the period 2020-2022. As many as 1,169 bills for ₹ 13 crore (2020-21: 468 for ₹ 5 crore and 2021-22: 701 for ₹ 8 crore) were processed beyond 180 days at DDO level during the same period. It was further observed that because of delayed processing of bills, personal claims got affected in 706 cases[18].

The Department stated (March 2023) that the payment of bills in the treasuries were made on the basis of financial resources available with the State and the priority for payment of bill was decided by the Finance Department keeping in view the ways and means (overdraft) position of the State. Audit, however, did not find any checks/flags in the system depicting priorities set for passing/payment of bills.

3.10.2.5 Passing of bills flagged as rejected

The process flow of a bill in IFMS is as given in **Chart 3.6.**

Chart 3.6: Process flow of a bill in IFMS



Source: IFMS Overview

During data analysis, it was noticed that 27 bills flagged as rejected were found passed for payments which were also successful (**Appendix 3.4**).

The Department stated (March 2023) that in the beginning, the rejected column was taken to capture the rejected bills status, but later this field was not used, as the rejected bills were getting handled in status field with code '21' (discarded). The reply of the Department was not convincing, as out of above 27 bills, eight bills pertained to the period 2021-2023[19], which showed that the discrepancy was persisting in IFMS.

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[18] Arrear Bills (222); Medical Bills (149); Medical Bills of retirees (216) and NPS arrears (119).

[19] 2021-22 (07) and 2022-23: (01).

3.10.2.6 Non-mapping of head of accounts with types of bills

Mention was made in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-Public Sector Undertakings) for the year ended 31 March 2016 (Paragraph 2.2.7.3(ii)) regarding absence of validation checks in the system (old IFMS) to restrict the transactions in a particular head of account to its respective bill type.

The Finance Department restructured (January 2018) the list of Standard Object Head of Expenditures (SOE). During examination of the new IFMS system being developed by NIC, Audit noticed that SOEs had not been mapped with the respective types of bills and the bill maker can choose any object head from any type of bill. Non-mapping of heads of account with type of bills may result in misreporting of expenditure for the respective object heads, besides making the reconciliation process difficult. Some of the instances thereon are discussed as under:

(i) As per the revised list of SOEs (January 2018), Grant-in-aid (GIA) should be booked under three SOEs i.e. 31 (Salary), 35 (Creation of Capital Assets) and 36 (Non-Salary). Accordingly, these three SOEs should be mapped with Bill Form 12, which is meant for preparation of GIA bills.

It was, however, noticed that all SOEs provided to a DDO could be selected for Form 12 (GIA bill), which otherwise should be linked to SOEs pertaining to GIA only and there was no check in the system to restrict the bill maker from choosing object heads other than GIA. Data analysis of the year 2021-22 showed that 850 bills pertaining to SOEs other than GIA, *viz.* Salaries (SOE-01), Social Assistance (SOE-06) Other Charges (SOE-50) and Major Works (SOE-53) had been prepared through Form 12.

(ii) Similarly, though 'Form 11' was meant for preparation of bills for 'GPF Advance/Withdrawal under Major Head of Account '8009', there were 680[20] bills where Bill Forms other than Form 11 were used for preparation of bills pertaining to Major Head of Account "8009". Of these, 608 bills of GPF withdrawals/advances were rejected mostly on account of selection of wrong bill type, whereas payment was made in respect of the remaining 72 bills.

Thus, the fact remained that despite being pointed out in earlier CAG's Report for the year ended 31 March 2016, *ibid*, requisite checks had not been incorporated in the new system

The Department stated (March 2023) that the matter had been taken up with the treasury for making necessary changes in the system.

3.10.2.7 Invalid Permanent Account Numbers

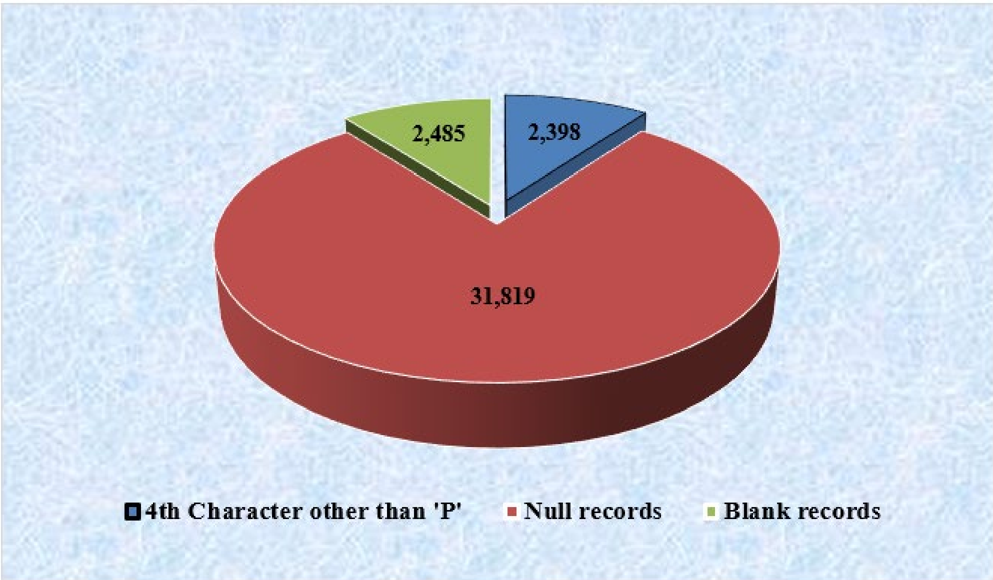
In order to deduct TDS, it is mandatory for all Government employees to provide their Permanent Account Numbers (PAN) to the DDO.

[20] 2020-21: 363; and 2021-22: 317

During analysis of IFMS database, Audit observed that out of 3,50,206 employees records[21], PANs of 36,702 employees were invalid[22] (as depicted in **Chart 3.7**), which showed that the system had no validation control to capture valid PAN (ten-character alphanumeric) of the employees. In the absence of valid PAN, deduction of due amount of TDS from the payees' bills and deposit thereof in Government account by the DDO could not be ensured.

The Department stated (March 2023) that there might be possibility of errors in PANs due to data entry. Therefore, data cleaning process by both NIC-IFMS and iHRMS teams was in process. Further, a functionality had been implemented to capture PAN of all employees where data was missing. In the exit conference, it was added that iHRMS database had the required checks and only one case of non-compliance was identified and that too was rectified. The Department should, however, ensure that the IFMS system should also have requisite validation checks to avoid invalid PANs.

Chart 3.7: Details of invalid Permanent Account Numbers



Source: IFMS database

3.10.3 Effectiveness and efficiency of integration with other systems

Various inconsistencies in the integration of IFMS with other systems, noticed during the course of IS audit are discussed in the succeeding paragraphs.

3.10.3.1 Integration with Vehicle Management System (VMS)

(i) Generation of duplicate bills numbers

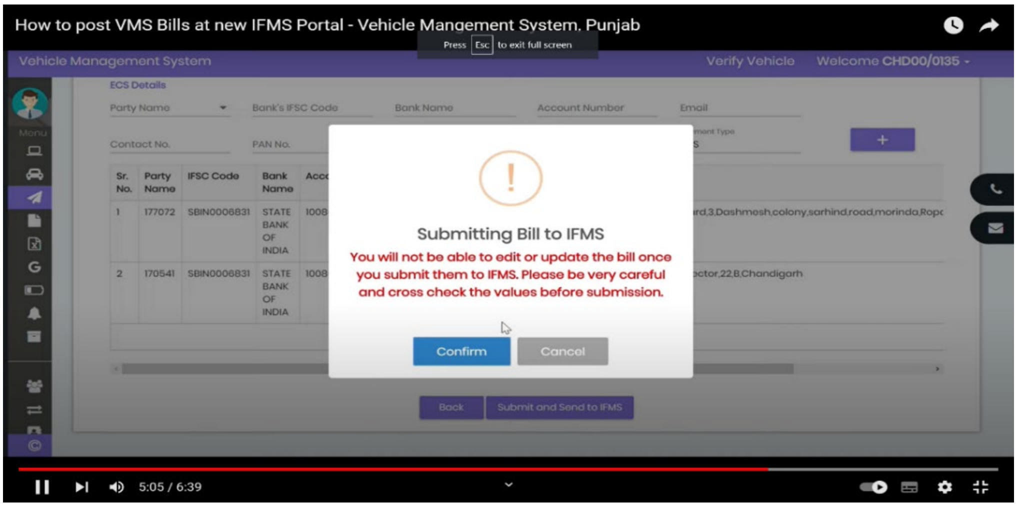
VMS module is meant to process vehicle related claims only. When a bill is submitted from VMS to IFMS successfully, a bill number is

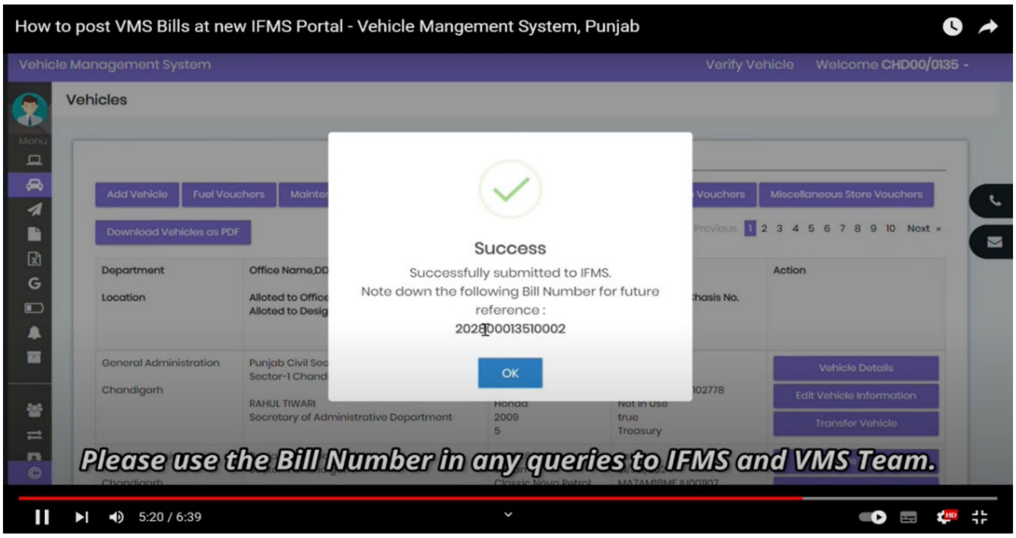
21 Worked out after matching the IFMS data with employees' data of iHRMS.

22 4th character of PAN was other than 'P' (Individual) (2,398 records); Null (31,819 records); and Blank (2,485 records).

generated/allotted, which is a unique field for any transaction. The process of submission of bills from VMS to IFMS is depicted in **Picture 3.2.**

Picture 3.2: Process of submission of bills from VMS to IFMS





Source: VMS (User Manual)

During data analysis in IFMS and VMS, it was noticed that status of 13 POL bills (2020-21: 6 and 2021-22: 7) having been allotted bill numbers (unique field) were found as 'Discarded'/'Pending' in VMS. However, the same bill numbers were generated/re-allotted to some other claims/bills (Electricity Charges, Telephones, etc.) in IFMS (**Appendix 3.5**). This showed that requisite validation checks were not available in the IFMS system to restrict generation of duplicate bill numbers.

The Department stated (March 2023) that initially there was a technical issue for generation of bill number for a DDO, but now after implementation of a solution by NIC, where next bill numbers were stored in 'T_P_BillNumber' table, no such cases came to notice. However, in the absence of any documentation for rectification made in the system, Audit could not draw any assurance in this regard.

(ii) Preparation and passing/payment of POL bills

As per guidelines on management of financial resources issued (April 2021) by the Finance Department (FD), expenditure against SOEs 9, 10, 58 and 59 relating to POL and maintenance of official/transport vehicles shall be incurred only against those sanctioned vehicles which have been correctly enrolled and duly verified in VMS.

During analysis of data in IFMS and VMS, following discrepancies were noticed:

(a) As many as 626 POL bills pertaining to SOEs 9, 10, 58 and 59 were prepared from IFMS instead of VMS during the year 2021-22, of which 539 bills were passed for payment. This showed that IFMS was lacking the requisite controls to restrict preparation of POL bills from the system under the said SOEs. Moreover, non-preparation of POL bills from VMS escaped its various validation checks.

The Director stated (March 2023) that bills for SOEs 58 and 59 could be prepared from both IFMS and VMS. However, bills of other SOEs (8, 9 and 10) prepared from IFMS were Abstract Contingent bills. The reply of the Department was not in line with the FD's guidelines *ibid*.

(b) Before preparation/passing of POL bills, all vehicles are required to be registered/enrolled in VMS, particulars of which are got verified in the system.

It was, however, noticed that there were 102 records, where payment was made against 24 unverified vehicles during 2021-22. This showed that requisite validation checks were not available in both the systems *viz.* VMS and IFMS to restrict preparation/processing of bills of unverified vehicles.

In the exit conference, the Director stated (March 2023) that vehicles transferred from one office to another was restricted to be verified again by the recipient authority; and no bill could be drawn for unverified vehicle. However, no logs were provisioned in the VMS to verify the facts/reply of the Department.

3.10.3.2 Integration with iHRMS

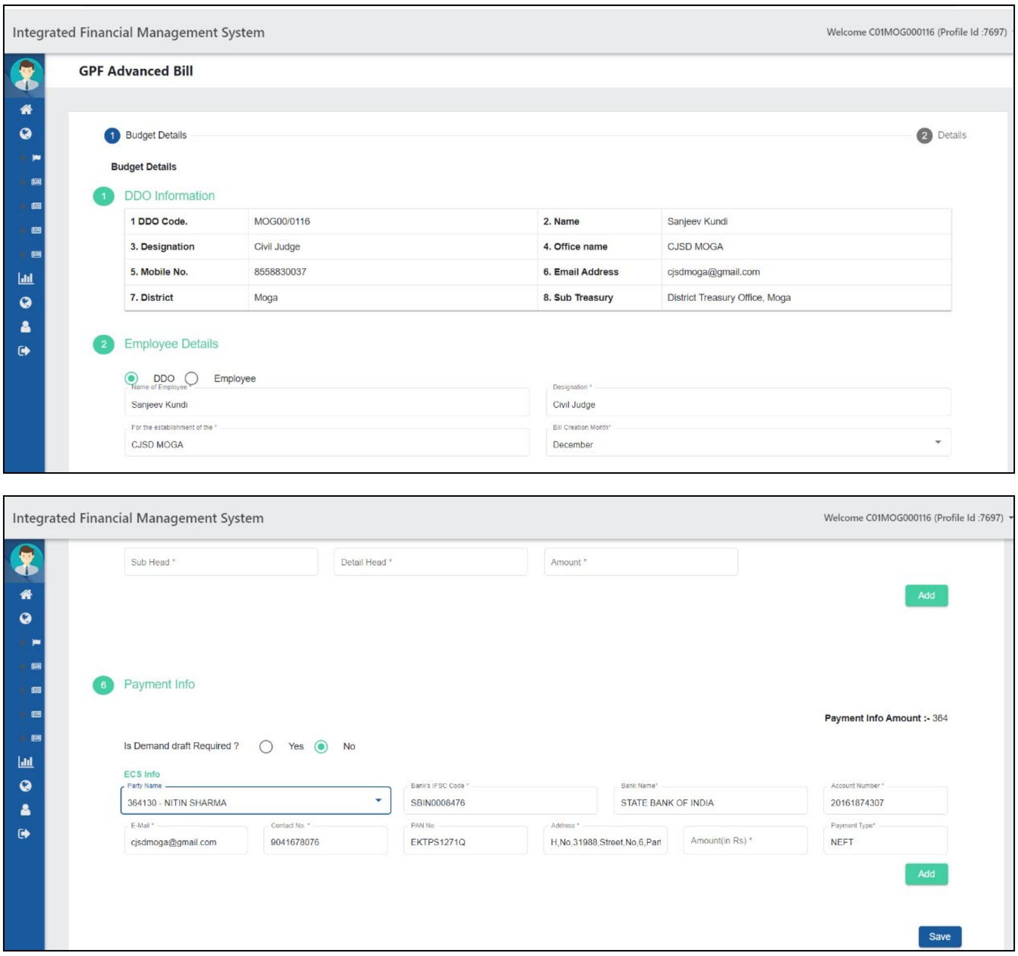
iHRMS attempts to provide better services in the form of employee record, salary, GPF, GIS, leave, income tax information, property returns, annual confidential progress, posting, promotion, arrears management, etc.

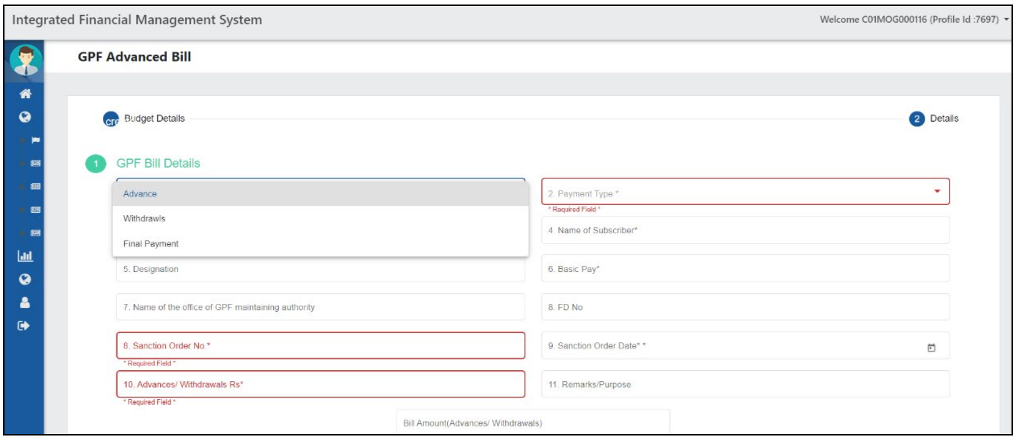
(i) Non-integration with GPF module (iHRMS)

Mention was made in the Report of the Comptroller and Auditor General (CAG) of India on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2016 (Paragraph 2.2.6.3(i)(b)), highlighting non-provision of capturing master data of employees in IFMS to ensure one to one mapping of salary with account number, thus, raising risk of fraudulent/double drawal of pay. Further mention was made in the Report of the CAG of India on Social, General, Revenue and Economic Sectors (Non-PSUs) for the year ended 31 March 2019 (Paragraph 3.7) and Compliance Audit Report for the year ended 31 March 2021 (Paragraph 7.2), pointing out suspected fraudulent drawal and disbursement of pay and allowances amounting to ₹ 1.16 crore and suspected misappropriation of pay and GPF amounting to ₹ 0.71 crore respectively, due to absence of requisite validation checks/non-integration between IFMS and iHRMS.

During data analysis, it was observed that the case of GPF advance was being processed through iHRMS and sanction order thereof was also being generated from the system itself. However, GPF module (iHRMS) was not properly integrated with IFMS, as on the bill preparation form in IFMS, only the payee's basic data was being populated and critical data such as GPF Account Number, GPF Account Balance, Sanction Order details were not available in the system for validation of the sanction order issued under iHRMS; rather it was required to be updated manually, as shown in **Picture 3.3**.

Picture 3.3: Preparation and passing of GPF Advance bill in IFMS





Source: Staging Environment of IFMS

Audit noticed that during the period 2020-2022, 65,263 GPF bills[23] were passed for payment. However, even after being pointed out by Audit time and again through various Audit Reports *ibid*, requisite validation checks were not introduced in IFMS and adequate integration of IFMS and iHRMS was also not done, thereby raising the risk of fraudulent/double drawal of pay/GPF, etc.

In the exit conference, the Director stated (March 2023) that a workflow for integration of IFMS and iHRMS would be decided soon with NIC.

3.10.3.3 Integration with Accountant General (A&E), Punjab

(i) Integration with Voucher Level Computerisation

In order to generate Monthly Civil Accounts and Annual Accounts of the Government of Punjab, the Accountant General (A&E), Punjab has been using Voucher Level Computerisation (VLC) since January 2000. To keep the accounts of the State Government and to generate various reports, VLC embodied with 14 modules[24].

Audit noticed that:

- There was no interface (API) between IFMS and VLC system. Treasury Accounts were being received in a digital file (.csv file) along with physical vouchers[25]. Further, budget data was also being entered manually in the VLC system.
- There was no interface between IFMS and VLC system to capture challan-wise detailed data in VLC, rather abstract of receipts was being posted manually.

In absence of required integration, data reconciliation between IFMS and VLC could not be automated.

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23 2020-21 (35,723 bills); and 2021-22 (29,540 bills).

24 (i) Master Module; (ii) Budget Module; (iii) DC Module; (iv) Forest Module; (v) Grant in aid Module; (vi) Loan Module; (vii) Deposit Module; (viii) Account Current Module; (ix) Audit Module; (x) Book Module; (xi) GPF Module; (xii) HBA/MCA Module; (xiii) Enumeration Module; and (xiv) Security Module.

25 eVouchers (Salary) were being supplied to AG w.e.f. October 2022.

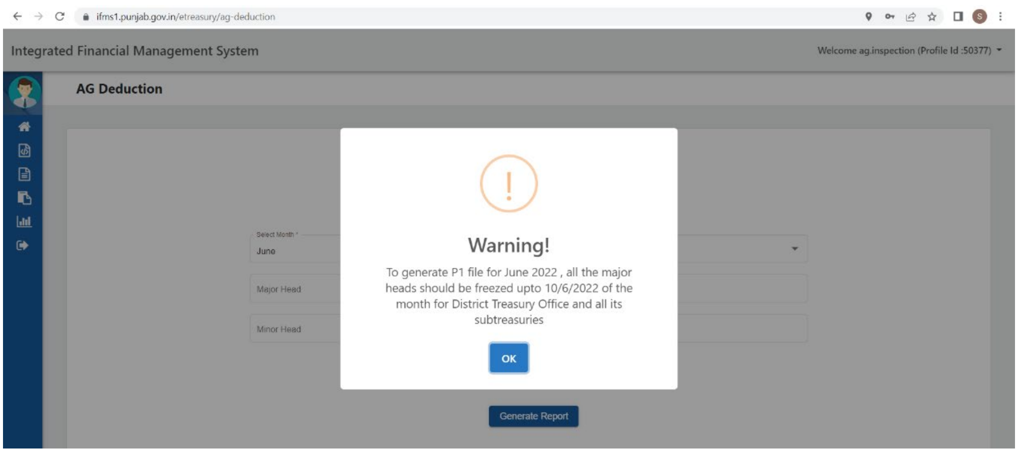
The Director stated (March 2023) that the desired interface suggested by the AG (A&E) office was being developed and would be sent for User Acceptance Testing by April 2023.

(ii) Non-closing/non-freezing of monthly accounts

Rule 61 of the Punjab Treasury Rules, 1985 (PTR) provides that the cash account, the list, schedules of payment and other returns prepared in the forms and manner specified in Chapter 4 of Account Code, Volume-II, shall be submitted to the Accountant General punctually on the dates laid down therein. As per Note 1 under Rule 61, the first list of payment with connected vouchers and a Memorandum in Form TA-48 shall be sent to the Accountant General (A&E) between 13th to 15th day of the month. The cash account and the second list of payments with supporting Schedules and the connected vouchers together with the Memorandum in Form TA-48 shall be submitted by the District Treasury Officer to the Accountant General (A&E) on the 7th day of the following month. Further, Rule 62(1) of PTR states that the Treasury figures shall never be altered after they have been communicated to the Accountant General (AG), but if after submission it is discovered that an error has been made, the error shall be pointed out, in order that he may correct, not the accounts of the treasury, but the accounts which he draws upon their basis.

The State had provided access to the AG for generating payment files, AG vouchers, AG deductions and MIS reports. Audit tried to generate one report on AG deductions (first list) for the month of June 2022, but the system displayed a warning/error message – "*To generate P1 file for June 2022, all the major heads should be freezed up to 10/06/2022 of the month for District Treasury Office and all its subtreasuries*", as shown in **Picture 3.4.**

Picture 3.4: Warning/error message while generating report on AG deductions (first list) for the month of June 2022 in IFMS



Source: IFMS MIS

The officials concerned of AG (A&E) stated (March 2023) that after submission of accounts to AG, the Department instead of making transfer entry for a misclassification or correction in accounts, reopened the previous month's accounts for making these corrections, which was not in line with the accounting standards and codal provisions.

The Director stated (March 2023) that a committee in this regard had been formed at DTA level consisting of Treasury Officers and representatives from AG (A&E) office to address the issue.

3.10.4 Other inconsistencies

Other inconsistencies noticed during IS Audit of IFMS are discussed as under:

(i) Empty tables in database

As a Data Base Administrator, it is a best practice[26] to periodically review unused tables in the databases, to keep the production databases clean and contain only useful data and objects. These tables could be related to obsolete projects, temporary objects that were created or tables created for specific purposes and are now no longer needed.

Analysis of database related to Budget, Treasury and Receipt modules, however, revealed that 24 tables[27] (**Appendix 3.6**) in the database were not containing any data.

On this being pointed out, the Department stated (March 2023) that the tables which were redundant and were not required had been deleted, and a few tables which were temporarily being used while processing, were kept in the system.

The Department may periodically review unused tables in the databases, to keep production databases clean and contain only useful data and objects.

(ii) Data inconsistencies

During analysis of IFMS, it was noticed that in 710 instances, mobile numbers were found 'null' or less than ten digits, despite it being a mandatory field.

The Department stated (March 2023) at the time of implementation of iHRMS, some of the Departments ported data using excel sheets and that the data could have these inconsistencies. However, a pop-up message had been added in the System so that the DDO may correct the mobile number, wherever required.

The fact remained that requisite input validation checks were not available in both the systems (IFMS and iHRMS).

(iii) Deposit of challan after expiry of validity period

As per IFMS manual, a user or a DDO can deposit Government receipt online through payment portal or offline by generating a challan through eReceipt

[26] https://www.mssqltips.com/sqlservertip/4191/identify-unused-sql-server-tables/
[27] eBudget: 11; eTreasury: 01; and eReceipt:12.

module on IFMS portal. A Government Reference Number (GRN) is generated as and when the challan is generated for receipt. The receipt can be deposited with any branch of State Bank of India or Punjab National Bank within seven days from closing date of application i.e. the date of generation of challan (GRN), as depicted on the challan itself.

During data analysis of IFMS, it was noticed that receipts in two cases were deposited with the bank after expiry of the validity period (seven days) as detailed in **Table 3.5**.

Table 3.5: Details of receipts deposited in bank after expiry of validity period

GRN	Amount (in ₹)	Challan Date	Validity (7 days)	Bank deposit date	Days used for deposit	Delay in deposit (Days)
11074	2.00	11/04/2020	18/04/2020	04/11/2020	207	200
84028	600.00	11/06/2020	18/06/2020	06/08/2020	56	49

Source: IFMS database

The Director stated (March 2023) that provision in this regard would be incorporated in PTR, besides considering the possibility of its inclusion in MoUs with the respective e-Banks.

3.11 Information Systems Security

3.11.1 Non-implementation of Digital Signatures for authentication

The Guidelines for Usage of Digital Signatures in e-Governance issued (December 2010) by Government of India encourage efficiency, transparency and reliability in e-Governance projects. Further, the Information Technology Act, 2000 gives legal recognition to the use of Digital Signatures for authentication in e-Governance.

Audit noticed that instead of using Digital Signatures, authentication at DDO level was being done by OTP generation.

On this being pointed out in the Audit, the Director stated (March 2023) that eSign had now been implemented by the State. However, in the absence of any documentation for implementation of eSign/digital signatures, Audit could not draw any assurance in this regard.

3.11.2 Non-adherence to Password Policy

The password policy (June 2020) of the Department provides that all user-level passwords shall be changed periodically, i.e. before the beginning of every quarter of a financial year. The scope of these instructions includes all the end users and personnel who have or are responsible for an account on IFMS.

During analysis of data, it was noticed that 1,636 out of 17,554 users updated their passwords after lapse of more than 90 days[28]. This showed that business rules were not mapped in the system**.**

In the exit conference, the Director stated (March 2023) that NIC team had designed and implemented a new scheduler for implementation of password policy. However, in the absence of any documentation for implementation of the password policy, Audit could not draw any assurance in this regard.

3.11.3 Security Audit

Guidelines (January 2009) for Indian Government Websites (GIGW) stipulate that each website/application must undergo a security audit from empanelled agencies and clear the same, prior to hosting and after addition of new modules.

Mention was made in the Report of the CAG of India on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2016 (Paragraph 2.2.8.3) regarding delayed conducting of security audit of TCS-IFMS.

Audit, however, noticed that although all three modules *viz.* eBudget, eTreasury and eReceipt of the new IFMS were rolled out with effect from 1 April 2020, the security audit of these modules was conducted between May and November 2022, i.e. after more than two years of hosting the modules, especially when the financial transactions of the State were being made through the system, and in spite of this being pointed out through earlier Audit Report *ibid*.

Due to delayed/non-conducting of security audits, the Department may remain unaware of vulnerabilities in its systems and networks leading to potential security breaches, data leakages and unauthorised access.

The Director stated (March 2023) timely conducting of security audit would be taken care of in future.

3.11.4 User login access

During analysis of database table USER_LOGIN_HISTORY in eBudget database, the following issues were noticed:

- In 3,389 out of 44,081 instances, IP_Location was not captured/stored by the system.
- In 49 instances (46 COs, two HoDs and one DDO), IP_Location of the device was found out of India.The Director stated (March 2023) that NIC had been directed to implement country policy on IFMS to disallow the user login access outside India.

[28] Cut-off date has been taken as last login date.

3.11.5 Disaster Recovery and Business Continuity Plan

Business Continuity Planning (BCP) is the process an organisation uses to plan and test the recovery of its business processes after a disruption. It also describes how an organisation will continue to function under adverse conditions that may arise (for example, natural or other disasters). The Data Recovery Best Practices issued by Ministry of Electronics and Information Technology (MeiTY), GoI *inter alia* provide that the readiness assessment will help in evaluating the current status of Disaster Recovery. The replicated resources are to be reviewed at least twice a year (six months), to ensure that resources are effectively replicated and identified resources are in alignment with the business priorities and goals.

Audit observed that the Department was neither having any Disaster Recovery Policy nor was any Disaster Recovery site available in case of any exigency. It was noticed that a major fire accident occurred (September 2021) in the building where the IFMS development team was housed and the whole work came to a standstill. Security incidents and disasters could lead to financial losses, potential legal actions, loss of business opportunities, etc.

In the exit conference, the Department stated (March 2023) that the Department of Governance Reforms and Public Grievances (DGRPG) had already issued Letter of Intent to L1 vendor and signing of contract was under process for the purpose. It was assured that they would provide relevant response along with corroborative documents on Disaster Recovery Policy by 29 March 2023, which was awaited (July 2023).

3.12 Conclusion

Exit Management Plan in respect of earlier IFMS could not be executed due to disagreement on pending payments between the State Government and M/s. Tata Consultancy Services (TCS) – the earlier System Integrator (SI). Further, there was no such Exit Management Plan available in respect of the new IFMS being developed by the National Informatics Centre (NIC) i.e. the new System Integrator.

No formal Memorandum of Understanding (MoU) or agreement was entered into with NIC for implementation of new IFMS in the State of Punjab, even after lapse of more than two years of commencing the work by SI from November 2019 onwards. Though the timelines for the new IFMS (i.e. by March 2022) as per the project proposal could not be adhered and the system was still in the development phase, payment for the extended period (April 2022 onwards) was being made to NIC without any revised proposal or signing of MoU.

In spite of financial data being critical in nature, even after more than two years of implementation of the new IFMS solution with effect from April 2020, the requisite data could not be migrated fully from TCS-IFMS to

NIC-IFMS and even the knowledge transfer was not shared by the previous SI due to some disputes on pending payments. Without proper data migration and backup strategies, critical information may be at risk of being permanently damaged or lost.

No Change Management Policy was available with the Department with regard to changes/modifications being made in the new IFMS solution. Absence thereof could result in poor communication with regard to the reasons for change, expected impact and the benefits. Without a clear process for managing changes, there is a higher likelihood of project delays. Further, unplanned or uncontrolled changes can disrupt project timelines and deliverables.

In-house capacity building was not envisaged to identify and train responsible resource persons and the Department relied on NIC support for performing even petty activities. Without proper training, employees may struggle to use IT solutions efficiently. Besides, lack of capacity building can impede the transformation efforts, making it challenging for the organisation to adapt to new business models and processes.

Even after a lapse of more than 11 years of shifting various financial functions of the State Government from manual platform to eSolutions (IFMS) from July 2011 onwards, the existing financial codes *viz.* Punjab Financial Rules, Punjab Treasury Rules and Punjab Budget Manual were not amended to ensure synergy of business processes in the system.

Though three main modules of IFMS *viz.* eBudget, eTreasury and eReceipt were implemented, three important sub-modules thereunder i.e. Debt Management, eReconciliation and eSanction were still to be developed/ implemented.

During data analysis in IFMS, instances of generation of duplicate bill numbers, non-generation of token number during processing of bill, absence of flags to prioritise the processing/passing of bill, passing of bills flagged as rejected, mapping of head of accounts with types of bills, invalid Permanent Account Numbers, etc. were noticed. Generation of duplicate bill numbers and non-generation of token number could lead to the risk of double/fraudulent payments or unauthorised payments. Non-mapping of heads of account with type of bills may result in misreporting of expenditure for the respective object heads, besides making the reconciliation process difficult.

The integration of IFMS with other systems/applications being run in the State was inadequate, as is evident from various instances, such as generation of duplicate bill numbers in respect of POL bills prepared in Vehicle Management System (VMS), preparation of POL bills in IFMS instead of VMS in contravention of guidelines of the Finance Department, inadequate integration of IFMS with iHRMS, non-integration with Voucher Level

Computerisation (VLC) of AG (A&E) Punjab office, unfreezing of previous months' accounts for making corrections therein after submission of the monthly accounts to AG office, etc. Besides, data inconsistencies with regard to mobile numbers were also found in the database. Requisite validation checks were lacking in the system to restrict such discrepancies.

Security audit of the implemented modules was conducted after more than two years of their hosting, which is a risk in view of the fact that the financial transactions of the State were being made through the system. Due to delayed/non-conducting of security audits, the Department may remain unaware of vulnerabilities in its systems and networks leading to potential security breaches, data leakages and unauthorised access.

In 3,389 out of 44,081 instances, IP_Location was not captured/stored by the System; and in 49 instances, IP_Location of the device was found to be outside India.

The Department was neither having any Disaster Recovery Policy nor was any Disaster Recovery site available in case of any exigency. Security incidents and disasters could lead to financial losses, potential legal actions, loss of business opportunities, etc.

3.13 Recommendations

In light of the audit findings, the State Government/Department may ensure:

(i) signing of MoU with NIC incorporating therein requisite clauses with regard to stage-wise timelines including extension therein (if required), project cost, exit management plan for hindrance-free and smooth development and implementation of the system in the State;

(ii) migration of all legacy data into the new System, besides ensuring adequate change management controls and documentation thereof to avoid/track any risk of accidental or wrong changes to the system and data;

(iii) imparting adequate training to staff/users to minimise dependency on the System Integrator for routine activities;

(iv) requisite amendments in the existing financial codes to safeguard synergy of business processes in the system;

(v) implementation of all the modules of IFMS for running the financial functions of the State in an effective, efficient and transparent manner;

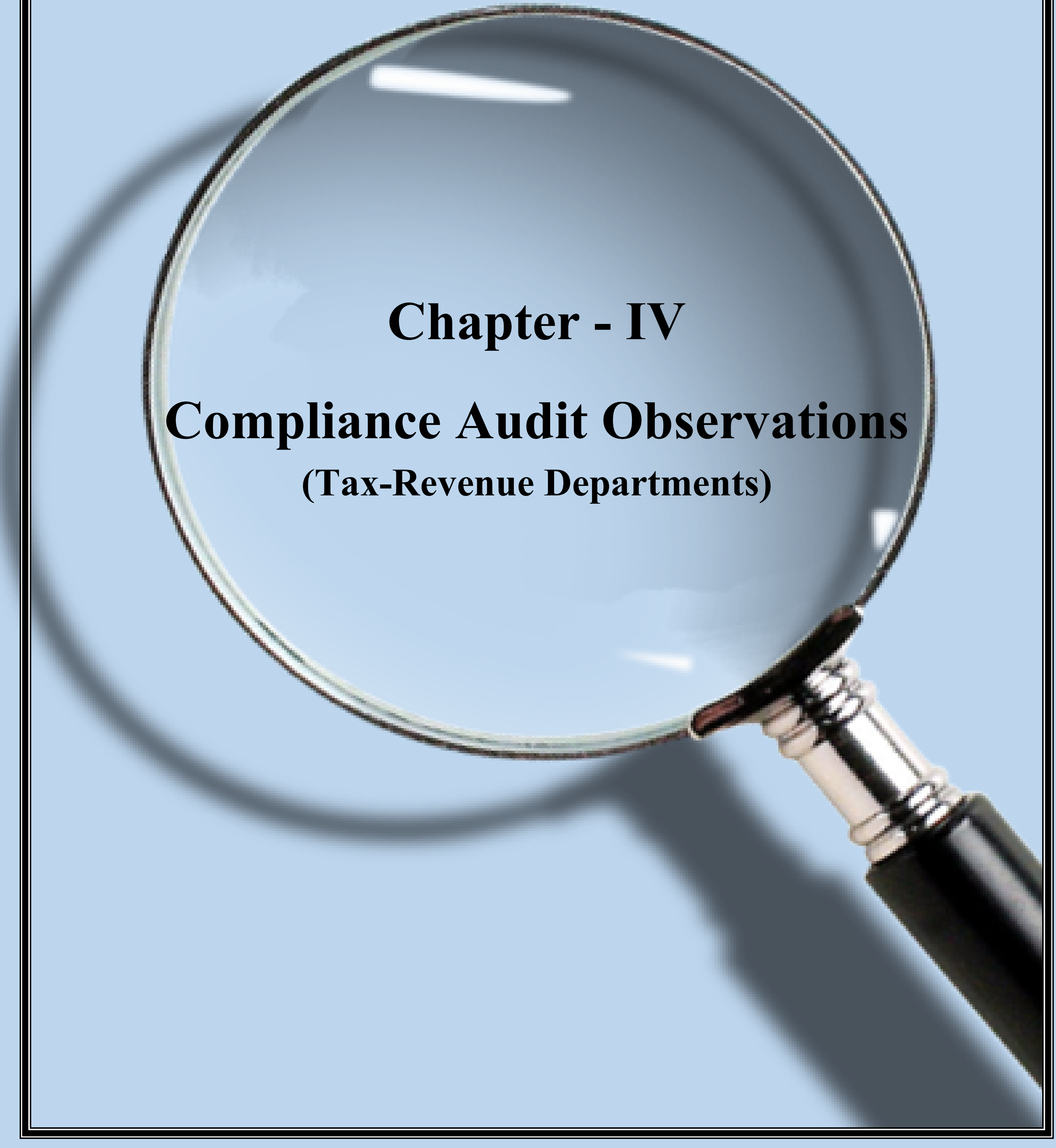
(vi) availability of requisite validation checks to prevent discrepancies in the system to avoid any risk to the financial transactions;

(vii) adequate integration of IFMS with other systems/applications being run in the State for its effective and efficient use;

(viii) timely conducting of security audit from empanelled agencies prior to hosting and after addition of new modules; and

(ix) putting in place a Disaster Recovery and Business Continuity Plan to ensure safety and smooth functioning of the IFMS.

The matter was referred (January 2023) to the State Government; their replies were awaited (February 2024).



Chapter - IV

Compliance Audit Observations

(Tax-Revenue Departments)

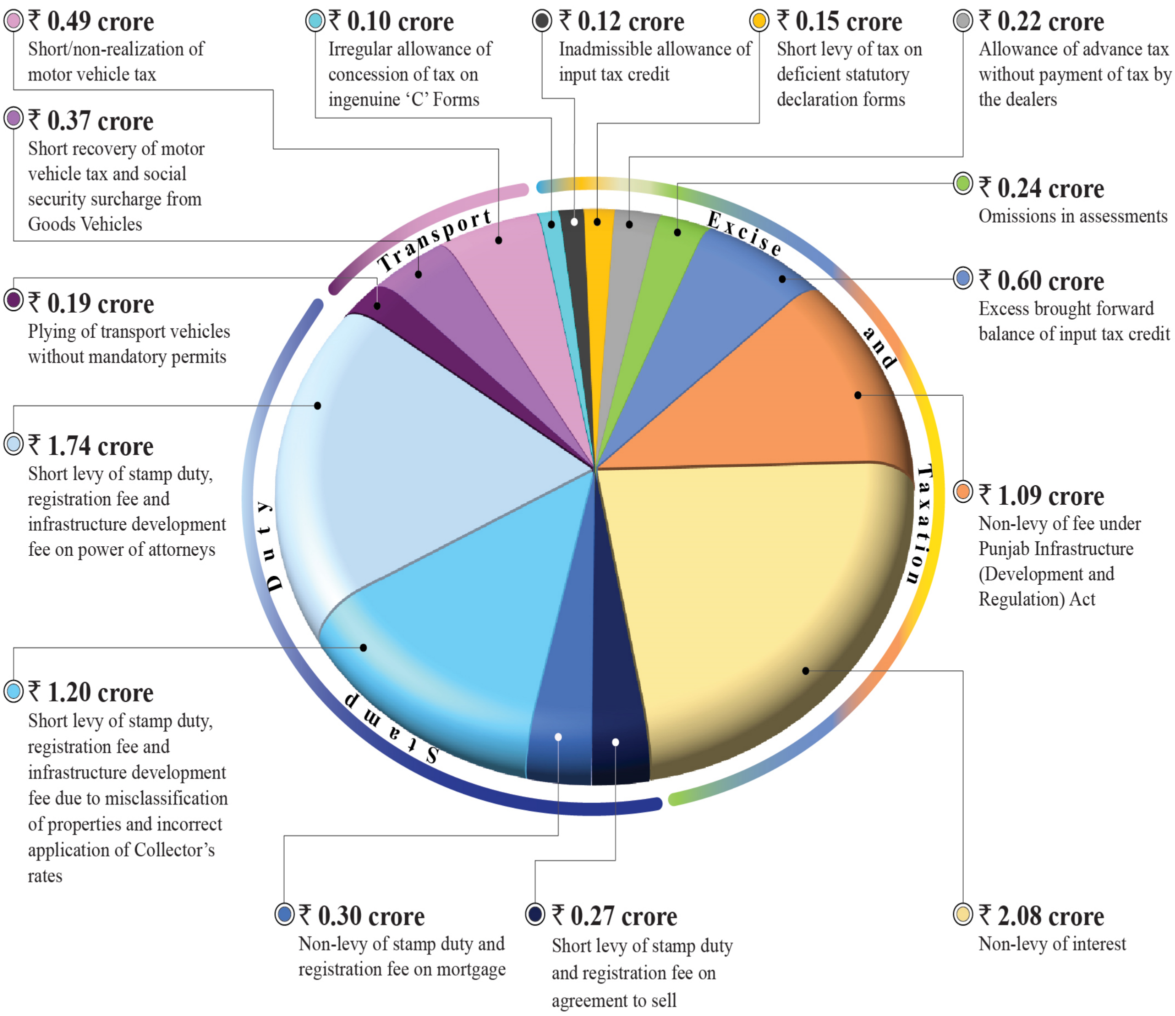
Chapter-IV

Compliance Audit Observations (Tax-Revenue Departments)

This chapter contains 15 observations covering compliance issues under Tax Revenue Departments involving financial effect of ₹ 9.16 crore in 2,151 cases. The Departments accepted audit observations involving ₹ 4.54 crore in 1,737 cases and recovered ₹ 0.12 crore in four cases. The replies provided by the authorities have been incorporated in the relevant observations. These are discussed in the following observations from paragraphs 4.1 to 4.15.

The details of audit observations are provided in **Chart 4.1** below:

Chart 4.1: Details of observations



This Chapter contains **15** Audit Observation involving **₹ 9.16 crore** in **2,151 cases**

Departments accepted **1,737 cases** involving **₹ 4.54 crore**

Recoveries of **₹ 0.12 crore** made in **four cases,** up to finalisation of Audit Report

Excise and Taxation Department

4.1 Non-levy of interest

Assessing Authorities in six ACsST raised additional demand of ₹5.18 crore in 29 assessment cases on account of non-submission of statutory declarations but did not levy interest of ₹2.08 crore.

Section 32(1) of the Punjab Value Added Tax Act, 2005 (PVAT Act) provides that if a person fails to pay the amount of tax due from him as per provisions of this Act, he shall be liable to pay simple interest on the amount of tax at the rate of half *per cent* per month from the due date of payment till the date he actually pays the amount of tax. Further, Section 9(2B) of the Central Sales Tax Act, 1956 (CST Act) provides that all the provisions of the sales tax law of each State relating to due date for payment of tax, rate of interest, assessment and collection of interest for delayed payment of tax, shall apply in relation to tax due under the CST Act.

Audit scrutiny (between July 2021 and February 2022) of 29 assessment cases finalised during 2019-20 to 2020-21 under six Assistant Commissioners[1] of State Tax (ACsST) revealed that the dealers had declared interstate sale/branch transfer/deemed export of taxable goods in their annual returns for the period from 2012-13 to 2014-15, and availed concession/exemption from Central sales tax on such sales in their annual returns. However, at the time of assessment, the dealers failed to produce statutory declarations in respect of transactions on which concession/exemption from Central sales tax had been availed in the annual returns. Consequently, the Assessing Authorities raised additional tax demands of ₹ 5.18 crore on account of differential tax amount due to non-submission of statutory declarations. Since the dealers had failed to produce statutory declarations, they were liable to pay interest of ₹ 2.08 crore at the rate of 0.5 *per cent* per month on the differential tax amount. However, the Assessing Authorities did not levy interest of ₹ 2.08 crore **(Appendix 4.1)**.

On being pointed out (between July 2021 and February 2022), the ACsST Jalandhar-II and Sangrur replied in 17 cases that Assessing Authorities have rightly not charged the interest because interest was not leviable for the period prior to date of assessment as per principles laid down by Hon'ble Supreme Court in case of J.K. Synthetics Ltd vs CTO (1994). They also referred to the cases of M/s Eicher Tractors Limited and M/s Eicher Goodearth Limited decided by Punjab and Haryana High Court on 2 December 2010 and 25 April 2013 respectively, where the High Court had relied on the principles laid down by the Apex Court in case of J.K. Synthetics Limited.

Replies of the ACsST Jalandhar-II and Sangrur were not acceptable because in the cases pointed out, audit had covered only such demands which were

[1] Jalandhar-I, Jalandhar-II, Ludhiana-I, Ludhiana-II, Bathinda, Sangrur

created due to failure of the dealers to produce statutory declarations at the time of assessment, while the dealers had already availed concessional payment of tax at the time of filing their tax returns. In the case of J.K. Synthetics Limited, the Apex Court, after considering various aspects, had ruled that tax law cannot expect the assessee to predicate the final assessment and expect him to pay the tax on that basis to avoid the liability to pay interest. That would be asking him to do the near impossible. However, in the cases pointed out by audit, the dealers had filed returns knowing the tax payable under the PVAT Act as well as under the CST Act. In order to get concessional rate of tax payable under the CST Act, the dealers knew that they had to furnish statutory declarations. They also knew that if they fail to furnish the statutory declarations, they would be liable to pay tax under the said Act. Therefore, the cases pointed out in audit are not such cases where the dealers were not aware of their liability to pay tax.

While expressing the above viewpoint, the audit had relied upon the case of M/s Maintec Technologies Pvt Ltd. vs State of Karnataka decided by High Court of Karnataka on 12 June 2014, where the dealer had failed to produce the statutory declaration form. In this case, the Court, after considering the principles laid down by the Apex Court, had decided that the dealer was conscious of his tax liability and was liable to pay interest from the date he was liable to pay tax, to compensate the delay in payment of tax. In a similar case of M/s Fosroc Chemicals (India) Pvt Ltd vs the State of Karnataka, the High Court of Karnataka had decided on 5 November 2014 that levy of interest in case of non-submission of statutory declaration forms was justified from the due date of tax payable till the date of assessment.

In addition to the above, the Government in its reply (September 2021) to a similar observation raised in the previous year, had accepted the applicability of interest at the rate of 0.5 *per cent* per month.

The matter was reported to the Government and Department (July 2022 and November 2022); their replies are awaited (February 2024).

The Government may direct the Department to fix responsibility on the Assessing Authorities concerned and avoid repetition of such errors.

4.2 Non-levy of fee under Punjab Infrastructure (Development and Regulation) Act

Assessing Authorities did not levy Punjab Infrastructure Development Fee of ₹ 1.09 crore on first stage purchase of cotton in three cases.

Section 25(1) read with Schedule III of Punjab Infrastructure (Development and Regulation) Act, 2002 (PIDR Act) provides for levy[2] of fee at the rate of

[2] Fee at the rate of two *per cent* was applicable on Cotton Seed and Cotton up to 2 February 2014 and thereafter Cotton Seed and Cotton stood were exempted vide notification no. S.O.13/P.A.8/2002/S.25/2014 dated 3 February 2014.

two *per cent* at the first stage of purchase of cotton seed and cotton. Further, Section 25(3) of the Act provides that the authorities empowered to assess and collect the tax under Punjab Value Added Tax Act, 2005 will also assess and collect the fee under PIDR Act and the provisions of PVAT Act relating to assessment and collection shall apply accordingly.

Audit scrutiny (September 2021 to January 2022) of records of two Assistant Commissioners of State Tax revealed that the Assessing Authorities did not levy fee of ₹ 1.09 crore in three cases[3] assessed between August 2019 and November 2020. In these cases, the fee under PIDR Act was leviable on the first stage of purchase of cotton valuing ₹ 54.66 crore, which was declared by the dealers in their VAT returns. However, neither did the dealers pay the applicable fee, nor did the Assessing Authorities levy fee during assessment of the cases. The omissions resulted in non-levy of fee of ₹ 1.09 crore **(Appendix 4.2)** under PIDR Act.

The matter was reported to the Government and Department (July 2022 and November 2022). ACST Mansa replied (October 2022) that fee was not levied due to oversight. Now fee of ₹ 0.91 crore had been levied in the revised assessment orders of two cases of Mansa. ACST Sangrur in one case of ₹ 0.18 crore replied (December 2022) that revision of the assessment had been taken up.

The Government may direct the Department to fix responsibility on the Assessing Authorities concerned for the lapses and ensure that provisions of Section 25(3) of Punjab Infrastructure (Development and Regulation) Act, 2002 are adhered to during assessments.

4.3 Excess brought forward balance of input tax credit

Assessing Authorities in two cases brought forward input tax credit of ₹0.60 crore, in excess of what was determined in assessment orders of the preceding year.

Section 15(4) of the Punjab Value Added Tax Act, 2005 provides that excess amount of input tax credit, if any, after adjustment of tax liability for a tax period, may be carried over to the subsequent tax period.

Scrutiny of records (November and December 2021) of Assistant Commissioners of State Tax Ludhiana-I and Mohali revealed that the Assessing Authorities, while assessing the cases of two dealers for the year 2013-14, determined the unutilised carry forward balance of input tax credit as ₹ 1.93 crore. However, audit observed that the Assessing Authorities in these cases brought forward opening balance of input tax credit of ₹ 2.53 crore in the assessment orders for the year 2014-15. This resulted in excess allowance of input tax credit of ₹ 0.60 crore (**Appendix 4.3**).

[3] Mansa (2) and Sangrur (1)

The matter was reported to the Government and Department (February 2023). Assistant Commissioner of State Tax, Mohali in one case involving ₹ 0.31 crore accepted (May 2023) the audit observation and initiated revision of the assessment case. Reply in case of Assistant Commissioner of State Tax, Ludhiana-I was awaited (July 2023).

The Government may direct the Department to ensure that due diligence is exercised by the Assessing Authorities during assessments besides fixing responsibility on the officials for such lapses.

4.4 Omissions in assessments

Assessing Authorities made omissions in assessment orders involving tax implication of ₹ 0.24 crore in four cases.

Rule 48 of PVAT Rules, 2005 provides that the designated officer, after considering the objections and documentary evidence, if any, filed by the person, shall pass an order of assessment in writing, determining the tax liability of such a person.

Audit observed (July 2021 to December 2021) that four Assistant Commissioners[4] of State Tax made omissions in assessment orders involving tax implication of ₹ 0.24 crore in four cases. The cases are discussed below.

[A] Audit scrutiny (September 2021) of a case[5] assessed by the Assistant Commissioner of State Tax (ACST), Bathinda in November 2019 revealed that the dealer purchased 'Schedule-H' goods (cotton/*narma*) worth ₹ 52.34 crore[6] during the year 2012-13, on which input tax credit of ₹ 2.30 crore[7] at the rate of 4.4 *per cent* was allowed. Gross sale of the dealer was ₹ 56.33 crore, of which Schedule 'H' or goods manufactured therefrom having value of ₹ 4.08 crore was in the course of interstate sales, on which the dealer paid Central sales tax of ₹ 0.08 crore at the rate of two *per cent*. As per provisions of Section 19(5) of the Punjab Value Added Tax Act, 2005, input tax credit admissible against Schedule 'H' or goods manufactured therefrom, which were sold outside of the State, was subject to be restricted by the amount that the dealer had paid on account of Central sales tax. Audit observed that cotton/*narma* worth ₹ 3.79 crore was included within interstate sale of ₹ 4.08 crore and input tax credit of ₹ 0.17 crore at the rate of 4.4 *per cent* (including surcharge) was availed by the dealer on such cotton/*narma*, however, Central sales tax of ₹ 0.08 crore at the rate of two *per cent* was paid during interstate sale. The Assessing Authority did not reverse the input tax credit of ₹ 0.09 crore, which was availed in excess of the

4 Bathinda, Ludhiana-I, SAS Nagar, Jalandhar-II

5 Assessment Disposal No. 288 dated 1 November 2019

6 Purchases under Section 19(1): ₹ 49.84 crore and other local purchases: ₹ 2.50 crore (₹ 2.11 crore + ₹ 0.39 crore)

7 Input Tax Credit of ₹ 2.19 crore on account of Purchase Tax paid under Section 19(1) of the Punjab Value Added Tax Act, 2005 and ₹ 0.11 crore on account of other local purchases.

limit prescribed by Section 19(5) of the Act. This omission resulted in excess allowance of input tax credit of ₹ 0.09 crore **(Appendix 4.4)**.

On being pointed out, Assistant Commissioner of State Tax, Bathinda replied (May 2023) that additional tax demand of ₹ 0.22 crore[8] (including interest) has been created. Recovery was awaited (July 2023).

[B] Audit observed (December 2021) that the Assistant Commissioner of State Tax, Ludhiana-I, while assessing the case[9] of a dealer for the year 2013-14, brought forward input tax credit of ₹ 0.36 crore from the previous year, whereas input tax credit assessed to be carried forward was ₹ 0.27 crore in the assessment order for the year 2012-13. The omission in assessment resulted in excess allowance of input tax credit of ₹ 0.09 crore to the dealer.

On being pointed out, Assistant Commissioner of State Tax, Ludhiana-I accepted (March 2023) the omission caused due to oversight.

[C] Audit observed (October 2021) that the Assistant Commissioner of State Tax, S.A.S. Nagar, while assessing the case[10] of a dealer for the year 2013-14, adjusted the input tax credit of ₹ 0.04 crore available with the dealer from the liability of Central sales tax of ₹ 0.40 crore. Further, the dealer had paid ₹ 0.24 crore in cash towards Central sales tax. However, the Assessing Authority adjusted ₹ 0.28 crore as payment in cash by including ₹ 0.04 crore, that was paid from input tax credit. Thus, the Assessing Authority allowed benefit of ₹ 0.04 crore twice, resulting in short output tax liability of Central sales tax of ₹ 0.04 crore.

On being pointed out, Assistant Commissioner of State Tax, S.A.S. Nagar accepted (May 2023) the audit observation and informed that rectified assessment order has been issued. Recoveries were awaited (July 2023).

[D] Audit observed (July 2021) that Assessing Authority under Assistant Commissioner of State Tax, Jalandhar-II, while assessing (November 2019) the case[11] of a dealer for the year 2012-13 assessed Central sales tax liability of ₹ 0.20 crore at the normal rate of tax applicable in the State due to short 'C' forms. However, Assessing Authority omitted to levy surcharge of ₹ 0.02 crore at the rate of 10 *per cent* on the assessed tax liability of ₹ 0.20 crore in terms of provisions of Section 8-B of the Punjab Value Added Tax Act, 2005.

On being pointed out, Assistant Commissioner of State Tax, Jalandhar-II replied (April 2023) that additional tax demand[12] of ₹ 0.014 crore (including

[8] Tax Demand ₹ 7,79,206 and interest ₹ 13,91,051

[9] Assessment Disposal No. 214 Dated 14 December 2020

[10] Assessment Disposal No. 366 Dated 10 December 2020

[11] Assessment Disposal No. 754 Dated 7 November 2019

[12] Tax Demand ₹ 93,222 and interest ₹ 50,338. Recovery of ₹ 93,222 has been made.

interest) has been created, out of which recovery of ₹ 0.009 crore has been made. The remaining amount was under process of recovery.

Above matters were reported to the Government and Department (November 2022 to January 2023); their replies are awaited (February 2024).

The Government may direct the Department to recover ₹ 0.24 crore in the cases pointed out and fix responsibility on Assessing Authorities concerned for the lapses.

4.5 Allowance of advance tax without payment of tax by the dealers

The Assessing Authority adjusted tax of ₹ 0.22 crore from final tax liability of two dealers without ensuring payment of advance tax made by the dealers.

Section 6(7) of the Punjab Value Added Tax Act, 2005 provides that the taxable person shall pay tax in advance including surcharge applicable on specified goods, when a taxable person imports such goods in the State. Such payment of tax in advance shall be counted towards the final tax liability of the taxable person.

Scrutiny of two assessment cases (February 2022) for the years 2012-13[13] and 2013-14[14] assessed in Assistant Commissioner of State Tax, Sangrur revealed that the Assessing Authority adjusted ₹ 0.24 crore from the final tax liability of two dealers on the basis of amount of advance tax mentioned in their returns. Audit observed that the evidences for payment of advance tax of ₹ 0.24 crore were not available in the assessment records. Further verification by audit in respect of information available under ETTSA[15] system, related to advance tax paid by the dealers, revealed that only ₹ 0.02 crore had been paid by one of the dealers. Thus, allowance of advance tax by Assessing Authority without ensuring actual payment made by the dealers resulted in short levy of output tax of ₹ 0.22 crore (**Appendix 4.5**).

The matter was reported to the Government and Department (November 2022). Assistant Commissioner of State Tax, Sangrur in his reply (November 2022) accepted the audit observation and stated that both the assessment cases have been taken up for amendment with the permission of the Taxation Commissioner.

The Government may direct the Department to recover ₹ 0.22 crore referred to in this paragraph and fix responsibility on the Assessing Authority allowing the benefit of advance tax without verifying its realisation into the treasury.

13 Assessment Disposal No. 84 dated 18 November 2019

14 Assessment Disposal No. 33 dated 8 October 2020

15 Computerised record maintained by Excise and Taxation Technical Services Agency in respect of Punjab Value Added Tax.

4.6 Short levy of tax on deficient statutory declaration forms

The Assessing Authority allowed benefit of concessional rate of tax on interstate sale with deficient 'C' forms which resulted in short levy of tax of ₹ 0.15 crore.

Sections 8(1) and 8(4) of Central Sales Tax (CST) Act, 1956 read with Rule 12(1) of Central Sales Tax (Registration and Turnover) Rules, 1957 provides that concessional tax at the rate of two *per cent* in case of interstate sale shall not apply unless the selling dealer furnishes to the prescribed authority, a declaration in Form 'C', duly filled and signed by the registered dealer to whom the goods are sold. Section 9(2) of Central Sales Tax Act, 1956 and Rule 2(cc) of Central Sales Tax (Registration and Turnover) Rules, 1957 provide that the prescribed authority in this case is the sales tax authority of the appropriate State.

Audit scrutiny (November 2021) of an assessment case[16] for the year 2013-14, assessed in December 2020 under Assistant Commissioner of State Tax, Ludhiana-III revealed that the Assessing Authority allowed concessional rate of tax of two *per cent* on interstate sale of ₹ 78.10 crore. However, as per VAT-20 return, the dealer had provided 709 'C' forms, the value of which was only ₹ 72.92 crore. Thus, concessional tax allowed on deficient 'C' forms having value of ₹ 5.18 crore was irregular, which resulted in short levy of tax of ₹ 0.15 crore as detailed in **Table 4.1.**

Table 4.1: Short levy of tax due to excess benefit of concessional tax

(₹ in crore)

Value of goods as per assessment orders	Details of 'C' forms		Difference	Tax Rate (*per cent*)	Short levy of tax
	Number of forms	Actual value of goods covered under 'C' forms			
78.10	709	72.92	5.18	2.95[17]	0.15

On being pointed out (November 2021), ACST Ludhiana-III replied (December 2022) that the dealer had been directed to submit the 'C' forms objected by audit. Further, ACST intimated (January 2023) that the assessment case would be taken up for revision.

The reply (December 2022) of the ACST acknowledges the fact that the Assessing Authority had allowed the concessional rate of tax without obtaining 'C' forms valuing ₹ 5.18 crore at the time of assessment and the same were being asked from the dealer only after the objection had been raised by audit.

16 Assessment Disposal No. 571 dated 15 December 2020

17 4.95 *per cent* (including surcharge) applicable rate of tax *minus* 2.00 *per cent* already paid. The rate of 4.95 *per cent* has been applied by adopting conservative audit approach as the dealer is also dealing in goods with higher tax rate but due to non-identification of specific commodity involved in interstate sale from the document available with Audit, the lower tax rate applicable to dealer's commodities has been applied by Audit. The Department may apply actual rate of tax on the basis of commodities involved in the pointed out 'C' forms.

The above matter was reported to the Government and Department (December 2022 and January 2023); their replies are awaited (February 2024).

The Government may direct the Department to recover ₹ 0.15 crore and fix responsibility on the officials concerned for allowing concessional rate of tax in the assessment order without obtaining statutory declaration forms from the dealer.

4.7 Inadmissible allowance of input tax credit

The Assessing Authority allowed input tax credit of ₹ 0.12 crore on goods which were not used towards taxable sale.

As per provisions contained under Section 13(1) of Punjab VAT Act, 2005, the tax paid on purchase of taxable goods within the State is available as input tax credit only when the goods are used in manufacture, processing and/or packing of taxable goods for sale.

Audit scrutiny (December 2021) of assessment records of Assistant Commissioner of State Tax, Ludhiana-I revealed that the Assessing Authority, while assessing the assessment case[18] of a dealer for the year 2013-14, allowed credit of tax that was paid by the dealer on purchases of taxable goods, however, all such purchased goods were not used towards taxable sale. Audit observed that the dealer had taxable purchases worth ₹ 8.32 crore on which input tax credit of ₹ 0.50 crore (including surcharge) was availed. Further, the dealer used tax paid purchases worth ₹ 8.13 crore towards sales, out of which only sale valuing ₹ 5.06 crore was tax paid. The remaining sale valuing ₹ 3.07 crore was tax-free. The dealer was not entitled for the input tax credit of ₹ 0.16 crore involved in the goods of ₹ 3.07 crore, which were cleared without paying tax. However, the dealer reversed only ₹ 0.04 crore in his return. The Assessing Authority did not reverse input tax credit of ₹ 0.12 crore during assessment resulting in inadmissible allowance of input tax credit of ₹ 0.12 crore (**Appendix 4.6**).

On being pointed out, Assistant Commissioner of State Tax, Ludhiana-I accepted (January 2023) the monetary implication to the extent of ₹ 0.03 crore. However, the reply of the ACST was not acceptable because calculations presented by the Department did not address the audit observation on input tax credit. No reply was given on the fact that input tax credit on purchases of ₹ 8.32 crore was availed, whereas output tax on ₹ 5.06 crore was determined. Therefore, in contravention of the provisions contained under Section 13(1) of Punjab VAT Act, 2005, input tax credit was allowed on such purchases against which output tax was not paid.

The matter was reported to the Government and Department (December 2022 and January 2023); their replies are awaited (February 2024).

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[18] Assessment Disposal No. 443 dated 4 December 2020

The Government may direct the Department to recover ₹ 0.12 crore referred to in this paragraph and fix responsibility on Assessing Authority for the lapses.

4.8 Irregular allowance of concession of tax on ingenuine 'C' Forms

The Assessing Authority allowed irregular concession of Central Sales Tax of ₹ 0.10 crore in one assessment case without ensuring that 'C' forms were genuine.

Section 8(4) of the Central Sales Tax Act, 1956 read with Rule 12(1) of Central Sales Tax (Registration and Turnover) Rules, 1957, provides that the concessional rate of tax of two *per cent* shall not be admissible unless the selling dealer furnishes a declaration in Form 'C' duly filled in and signed by the registered dealer to whom the goods are sold, in a prescribed form obtained from the prescribed authority.

Scrutiny of records (December 2021) in Assistant Commissioner of State Tax, Ludhiana-I revealed that the Assessing Authority allowed concessional tax (CST) of two *per cent* in one assessment case[19] of a dealer for the year 2013-14 against interstate sale of goods worth ₹ 3.76 crore on the basis of 17 'C' forms. Out of these 17 'C' forms, audit noticed that 12 'C' forms involving ₹ 2.59 crore were suspicious as they were not found on TINXSYS[20]. Audit verified these suspected 12 'C' forms from the respective issuing taxation authorities[21] and found that these forms were not issued by the concerned taxation authorities, and hence were not genuine. The Assessing Authority allowed the concessional rate of tax without ensuring that the forms were genuine. CST of ₹ 0.15 crore at the normal rate of 6.05 *per cent* was leviable on the goods of ₹ 2.59 crore, whereas CST of ₹ 0.05 crore at concessional rate of two *per cent* was levied. This resulted in irregular allowance of concessional tax of ₹ 0.10 crore[22].

The matter was reported to the Government and Department (November 2022 and December 2022). Assistant Commissioner of State Tax, Ludhiana-I replied (March 2023) that permission of the Commissioner has been sought for revision of the assessment case so that issue pointed out by audit may be addressed.

The Government may direct the Department to recover ₹ 0.10 crore and investigate the source of the fake statutory forms to fix responsibility on the person(s) involved.

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19 Assessment Case Disposal No. 147 dated 23 November 2020

20 Tax Information Exchange System (TINXSYS) is a project to facilitate effective tracking of inter-State transactions. The project is designed to facilitate Commercial Tax Departments of various States and Union Territories to exchange the data regarding the interstate trade and help them in checking evasion of tax.

21 Haryana: 2 'C' forms (HR/C 4276890, HR/C 4453120), Himachal Pradesh: 4 'C' forms (HP A/I 4521968, HP A/I 4521344, HP A/I 4523897, HP A/I 4522710), Uttar Pradesh: 3 'C' forms (423814356, 423764220, 423761234), Jammu Kashmir: 3 'C' forms (07V-908765, 07V-808510, 07V-712345)

22 Tax of ₹ 10,48,162 at the differential rate of tax of 4.05 *per cent* on value of ₹ 2,58,80,552 of 12 'C' forms

Department of Revenue, Rehabilitation and Disaster Management

4.9 Short levy of stamp duty, registration fee and infrastructure development fee on power of attorney

Joint Sub-Registrar Zirakpur and Sub-Registrar Derabassi did not levy stamp duty, registration fee and infrastructure development fee at applicable rates to conveyance, on power of attorney granting irrevocable and unequivocal rights to the developers for development, construction and sale of immovable property resulting in short levy of stamp duty, registration fee and infrastructure development fee of ₹1.74 crore.

The Supreme Court of India in SLP (C) No. 13917 of 2009 observed that power of attorney transactions were resorted to by persons, *inter alia*, who deal in real estate to avoid multiple stamp duties/registration fees so as to increase their profit margin. Thereafter, the Government of Punjab amended (October 2016) Entry 48(f) of Schedule I-A of the Indian Stamp Act, 1899 as applicable to Punjab and levied stamp duty on power of attorney at the rate as applicable to conveyances (Entry 23), when power of attorney was given for consideration and the attorney was authorised to sell any immovable property.

Scrutiny of records of Joint Sub-Registrar, Zirakpur (September 2020) and Sub-Registrar, Derabassi (August 2021) for the years 2019-20 and 2020-21 respectively, revealed that in two cases, landowners and developers entered into Joint Development Agreements to develop the property comprising commercial showrooms and residential structures. A Power of Attorney was also executed on the same day in both cases. By virtue of Joint Development Agreement and Power of Attorney, the landowners granted irrevocable and unequivocal rights of land to the developers for development, construction and sale of residential or commercial properties against consideration amount of ₹ 24.30 crore[23]. Being power of attorneys given in lieu of consideration and authorising attorneys to sell the immovable properties, the registering authorities were required to levy stamp duty, registration fee and infrastructure development fee of ₹ 1.74 crore. However, the power of attorneys were registered by levying stamp duty, registration fee and infrastructure development fee of only ₹ 4,800. This resulted in short levy of stamp duty, registration fee and infrastructure development fee of ₹ 1.74 crore **(Appendix 4.7)**.

The matter was reported to the Government and Department (between August 2021 and March 2023). The Department in its reply (March 2023) intimated that recovery orders for ₹ 0.42 crore against Derabassi case had been

[23] (i) In case of Derabassi (JDA-18), the consideration amount of ₹ 13.50 crore had been mentioned in Annexure-B, forming part to Clause 4.2.4 of Joint Development Agreement.
(ii) In case of Zirakpur (JDA-71), the owner had agreed to receive 40 *per cent* of sale proceeds under Clause 4 titled 'Consideration' and minimum anticipated sale proceeds was mentioned as ₹ 27.00 crore. Accordingly, 40 *per cent* of the minimum anticipated sale proceeds, which worked out to ₹ 10.80 crore, had been considered in the paragraph.

issued on the basis of the audit observation. The case of Zirakpur was taken up under Section 47-A of the Stamp Act for decision. However, both the cases pointed out would be revisited for recovery of ₹ 1.74 crore in view of money value revised[24] by audit.

The Government may direct the Department to fix responsibility on the registering authorities concerned for lapses and ensure that applicable stamp duty in such cases is invariably levied.

4.10 Short levy of stamp duty, registration fee and infrastructure development fee due to misclassification of properties and incorrect application of Collector's rates

Five Sub-Registrars short-levied stamp duty, registration fee and infrastructure development fee of ₹ 1.20 crore in 36 cases due to misclassification of properties and incorrect application of Collector's rates.

Rule 3-A of the Punjab Stamp (Dealing of under-valued instruments) Rules, 1983 empowers the Collector of a district to fix the minimum market value of land/properties located in the district, locality-wise and category-wise and convey the same to the Registering Officer(s) for the purpose of levying stamp duty and registration fee on instruments of transfer of property.

Scrutiny of the records (between November 2021 and March 2022) of five Sub-Registrars[25] revealed that 36 instruments of transfer of properties were valued at ₹ 6.26 crore and registered by applying rates for agricultural properties on which stamp duty, registration fee and infrastructure development fee of ₹ 0.48 crore was levied. However, the category of these properties at the time of registration was residential/industrial as per *girdawari* report, or the properties fell in such locations for which higher rate was prescribed in the rate list. Therefore, the properties were required to be valued at ₹ 21.61 crore and stamp duty, registration fee and infrastructure development fee of ₹ 1.68 crore was required to be levied. The misclassification of properties and incorrect application of Collector's rate resulted in short levy of stamp duty, registration fee and infrastructure development fee of ₹ 1.20 crore **(Appendix 4.8)**.

On being pointed out, Sub-Registrar, Jalandhar-II intimated (January 2023) recoveries of ₹ 0.07 crore in two cases[26]. Sub-Registrar, Baba Bakala Sahib replied (November 2022) in two cases that the matter was sent to Additional Deputy Commissioner for decision under Section 47-A of Indian Stamp Act, 1899. Sub-Registrar, Ludhiana (West) reported (April 2023) recovery of

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24 Money value in the Draft Paragraph was revised in March 2023 after receipt of 'Annexure-B' forming part to Clause 4.2.4 of Joint Development Agreement (JDA-18), which was earlier not provided to audit. In the absence of Annexure-B, the audit was initially constrained to adopt the collector value of land, which was revised after receipt of Annexure-B.

25 Baba Bakala Sahib (2), Kharar (3), Jalandhar-II (2), Ludhiana South Central (2) and Ludhiana West (27)

26 Deed No. 3355 dated 5.10.2020 and Deed No. 3442 dated 7.10.2020

₹ 0.03 crore in one case[27] and informed that 26 cases were pending for decision under Section 47-A of Indian Stamp Act, 1899. Sub-Registrar, Kharar in three cases informed (April 2023) that the cases were sent for decision under Section 47-A of Indian Stamp Act, 1899. Sub-Registrar, Ludhiana (South Central) in two cases stated that replies would be sent after verification of records.

The matter was reported to the Government and Department (between November 2022 and January 2023); their replies are awaited (February 2024).

The Government may direct the Department to fix responsibility on the registering authorities concerned for short levies and ensure that collector rate lists are prepared accurately.

4.11 Non-levy of stamp duty and registration fee on mortgage

Sub-Registrar, Phagwara did not levy stamp duty and registration fee of ₹ 0.30 crore on mortgage against the loan of ₹ 28.00 crore secured by industrial unit from a bank for the purpose of industrial production of poultry farm feed.

Punjab Government in June 2001 allowed remission[28] from payment of stamp duty and registration fee on any instrument executed by any person for securing loan from a Bank, Cooperative Society or Banking Institution subject to the condition that the loan was secured to meet expenditure for agricultural purposes or purposes allied to it including machinery and building, which was not used for commercial purpose. Further, stamp duty and registration fee at the rate of one *per cent* each was leviable[29] on mortgage deeds registered by industrial units.

Audit scrutiny (October 2021) of records of Sub-Registrar, Phagwara for 2019-21 revealed that the Sub-Registrar registered a mortgage[30] of an industrial unit in August 2019 without levying stamp duty and registration fee of ₹ 0.30 crore. The mortgage was against the loan of ₹ 28.00 crore secured from a bank for the purpose of industrial production of poultry farm feed. As the loan was secured for the industrial production of poultry farm feed, the registration of mortgage for such commercial activity was not eligible for remission from the payment of stamp duty and registration fee. The omission resulted in non-levy of stamp duty and registration fee of ₹ 0.30 crore[31].

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27 Deed No. 3831 dated 16.09.2020

28 Order no. S.O. 26/C.A.16/1908/Ss.78 and 79/Amd./2001 dated 21 June 2001 for remission of Registration Fee and Order no. S.O. 27/C.A.2/1899/S.9/Amd./2001 dated 21 June 2001 for remission of Stamp Duty.

29 Stamp Duty at the rate of one *per cent* as per Notification No. S.O.9./C.A.2/1899/S.9/2019 dated 7 February 2019 and Registration Fee at the rate of one *per cent* subject to maximum of rupees two lakh as per Notification No. S.O. 11/C.A.16/1908/Ss.78 and 79/Amd./2019 dated 4 February 2019.

30 Registration No. 97 dated 19 August 2019

31 Stamp duty ₹ 0.28 crore at the rate of one *per cent* and registration fee at the rate of one *per cent* subject to maximum of rupees two lakh.

The matter was brought to the notice of the Government and Department (July 2022 and November 2022). The Sub-Registrar, Phagwara replied (August 2022) that the case has been referred to Deputy Commissioner, Phagwara under Section 47-A of Indian Stamp Act, 1899.

The Government may direct the Department to fix responsibility on the registering authority concerned and ensure that legislative intent behind remissions are allowed correctly.

4.12 Short levy of stamp duty and registration fee on agreement to sell

Sub-Registrar, Phagwara short-levied stamp duty and registration fee of ₹ 0.27 crore (along with social infrastructure cess and infrastructure development fee) on an 'Agreement to Sell' with delivery of possession of the property.

Entry 5(cc) of Schedule I-A of Indian Stamp Act, 1899, as applicable to State of Punjab, provides that in case an 'Agreement to Sell' is followed by or evidencing delivery of possession of the immovable property, the same stamp duty would be applicable as is leviable in case of other conveyances[32] as per Entry 23 of Schedule I-A.

The Government of Punjab levied Social Infrastructure Cess at the rate of one *per cent* in February 2013 and Infrastructure Development Fee at the rate of one *per cent* in June 2015 on the value of purchase of any immovable property mentioned under Entry 23 of Schedule I-A.

Registration fee at the rate of one *per cent* of the value of the document is chargeable, subject to minimum of ₹ 50 and maximum of ₹ 2 lakh on all documents, which are compulsorily registrable (other than leases of immovable property).

Scrutiny of records (October 2021) of Sub-Registrar, Phagwara for 2020-21 revealed that an 'Agreement to Sell[33]' for land measuring 63 *Kanal* 18 *Marla* was registered on 15 July 2020 by levying stamp duty and registration fee of ₹ 0.01 crore[34] only. As per the said agreement, the selling party had already received ₹ 5.25 crore as consideration amount and had delivered physical possession of the property to the purchasing party before registration of the instrument. Audit further observed that no conveyance deed was registered by the parties to 'Agreement to Sell' up to February 2023. As per provisions of Schedule I-A, the Sub-Registrar was required to levy stamp duty and registration fee of ₹ 0.28 crore[35] (along with social infrastructure cess and infrastructure development fee) at the time of registration of the 'Agreement to Sell', however, stamp duty and registration fee of ₹ 0.01 crore was levied by

32 Stamp Duty at the rate of three *per cent* is applicable on other conveyances as per Entry 23 of Schedule I-A.

33 Deed No. 67 dated 15 July 2020

34 Stamp Duty: ₹ 4,000 and Registration Fee: ₹ 1,00,000

35 Stamp Duty: ₹ 15,75,000, Registration Fee: ₹ 2,00,000, Social Infrastructure Cess: ₹ 5,25,000 and Infrastructure Development Fee: ₹ 5,25,000

the Sub Registrar. This resulted in short levy of stamp duty and registration fee of ₹ 0.27 crore[36] (along with social infrastructure cess and infrastructure development fee).

The matter was reported to the Government and Department (October 2021 and February 2023). The Sub-Registrar, Phagwara replied (March 2023) that audit observation has been accepted and recovery orders have been issued by the Collector.

The Government may direct the Department to fix responsibility on the registering authority concerned for the lapse and ensure that duties on agreements to sell are correctly levied.

Transport Department

4.13 Short/non-realisation of motor vehicle tax and surcharge from tourist permit buses and maxi/motor cabs

The State Transport Department did not collect motor vehicle tax and surcharge of ₹ 0.49 crore in respect of 18 tourist permit buses and 432 maxi/motor cabs. Further, Vahan 4.0 system had no provision of charging interest on delayed payments of motor vehicle tax in line with the provisions of the Act.

Section 3 of the Punjab Motor Vehicle Taxation Act, 1924, as amended by the Punjab Motor Vehicle Taxation (Amendment Act), 2007 provides for imposition of tax on every motor vehicle on year-to-year basis and empowers the State Government to fix the rates of Motor Vehicle Tax (MVT). The Government of Punjab fixed the rates of MVT for tourist buses as ₹ 7,000 and for maxi/motor cabs as ₹ 750 per seat per annum, registered in the State of Punjab. The tax was payable monthly, quarterly or annually in advance by the 15th of the month or by the 15th of the first month of the quarter or 15th April of the year, as the case may be. Further, in pursuance to Section 3(iii) of the Punjab Social Security Act, 2018, the Government of Punjab levied[37] Social Security surcharge at the rate of ten *per cent* of tax on transportation vehicles, which was payable with effect from 16 November 2018.

Further, Section 11-A of the Punjab Motor Vehicle Taxation Act, 1924 provides that vehicle owner shall pay simple interest at the rate of one and half *per cent* per month for failure to pay the due amount of motor vehicle tax.

Audit observed (July 2022) from the data analysis of Vahan 4.0 portal and scrutiny of records of the State Transport Commissioner that motor vehicle tax including social security surcharge of ₹ 0.49 crore **(Appendix 4.9)** in respect

[36] Stamp Duty: ₹ 15,71,000, Registration Fee: ₹ 1,00,000, Social Infrastructure Cess: ₹ 5,25,000 and Infrastructure Development Fee: ₹ 5,25,000

[37] Notification No. S.O./150/P.A.8/2018/S.3/2018 Dated 22 October 2018

of 18 tourist permit buses[38] and 432 maxi/motor cabs[39] was recoverable for the year 2020-21[40].

Audit further observed that there was no provision in Vahan 4.0 to charge interest on delayed payments of motor vehicle tax, whereas computerised systems are expected to be mapped with the relevant Acts and Rules for which these are designed so that the provisions of such Acts and Rules are implemented effectively.

On being pointed out in audit (July 2022), the State Transport Commissioner replied (July 2022) that recoveries would be made and intimated to audit.

The matter was reported to the Government and Department (October 2022 and January 2023); their replies are awaited (February 2024).

4.14 Short recovery of motor vehicle tax and social security surcharge from goods vehicles

Eleven Regional Transport Authorities of Punjab short-recovered Motor Vehicle Tax and Social Security Surcharge of ₹ 0.37 crore from 1,076 goods vehicles.

Section 3 of the Punjab Motor Vehicle Taxation Act, 1924, as amended by the Punjab Motor Vehicle Taxation (Amendment Act), 2007 provides for imposition of tax on every motor vehicle on year-to-year basis and empowers the State Government to fix the rates of motor vehicle tax. Government of Punjab in the Department of Transport fixed (September 2017) rates[41] of motor vehicle tax payable for Goods Vehicles registered in the State of Punjab based on Gross Vehicle Weight. The tax shall be paid in advance for full year or quarterly in four equal instalments commencing on the first day of April, the first day of July, the first day of October and the first day of January. Further, Department of Finance, Government of Punjab, in pursuance to Section 3(iii) of the Punjab Social Security Act, 2018 levied (22 October 2018) Social Security Surcharge at the rate of ten *per cent* of tax on transportation vehicles with effect from 16 November 2018.

Audit observed (between July and September 2022) from the data analysis of VAHAN 4.0 portal and scrutiny of records in 11 Regional Transport Authorities (RTAs) for the year 2020-21, that motor vehicle tax including social security surcharge of ₹ 1.20 crore was recovered from 1,076 Goods

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38 Out of 121 number of tourist buses registered with the department.

39 Out of 19,679 number of maxi/motor cabs registered with the department.

40 Due to Covid-19 pandemic, the Government of Punjab exempted tourist buses and maxi/motor cabs from payment of MVT from 23 March 2020 to 19 May 2020 under Section 13(3) of Punjab Motor Vehicle Taxation Act, 1924. The contract carriages up to 16 seaters (maxi/motor cabs) were further exempted from tax up to 31 December 2020. The exempted period has been excluded while calculating the MVT in the audit para.

41 Goods Vehicles having Gross Vehicle Weight
(a) Not exceeding 1.2 tonnes: ₹ 5,000 per annum;
(b) Exceeding 1.2 tonnes, but not exceeding 6 tonnes: ₹ 7,000 per annum;
(c) Exceeding 6 tonnes, but not exceeding 16.2 tonnes: ₹ 9,500 per annum;
(d) Exceeding 16.2 tonnes, but not exceeding 25 tonnes: ₹ 15,000 per annum; and,
(e) Exceeding 25 tonnes: ₹ 22,000 per annum.

Vehicles out of total tax of ₹ 1.57 crore payable by these vehicles. This resulted in short recovery of motor vehicle tax and social security surcharge of ₹ 0.37 crore.[42]

On being pointed (between July and September 2022), the concerned RTAs replied (September 2022 and December 2022) that recoveries would be made.

The matter was reported to the Government and Department (October 2022 and November 2022); their replies are awaited (February 2024).

4.15 Plying of transport vehicles without mandatory permits

Eleven Regional Transport Authorities of Punjab did not recover permit application fee and permit fee of ₹ 0.19 crore from 542 transport vehicles.

Section 66(1) of the Motor Vehicles Act, 1988 provides that no owner of a motor vehicle shall use or permit the use of the vehicle as a transport vehicle in any public place, save in accordance with the conditions of a permit[43] granted or counter-signed by a regional or State authority. The goods vehicles having gross weight less than 3,000 kilograms are not required to obtain permits as mentioned under Section 66(3)*(i)* of the Act. Further, e-carts and e-rickshaws used for the purpose of carriage of goods and passengers are also exempt[44] from the provisions of Section 66(1) of the Act.

Plying vehicle without permit is punishable offence under Section 192A of the Act. First offence is punishable with a fine and subsequent offence is punishable with imprisonment or fine or both.

Rule 67 of the Punjab Motor Vehicles Rules, 1989 prescribes the amount of application fee for grant or renewal of permit and Rule 68 prescribes the amount of permit fee payable for different categories of transport vehicles.

Audit analysis of Vahan portal data in respect of all eleven Regional Transport Authorities (RTAs) revealed that 6,732 transport vehicles registered with the Department during the period from April 2020 to March 2021 were without permits, out of which 6,139 vehicles were exempt from the requirement of permits being e-Rickshaws[45] and goods carriers[46] having laden weight less than 3,000 kilograms. During audit examination of remaining 593 vehicles under the concerned Regional Transport Authorities, it was noticed that 51 vehicles had paid permit fee and application fee for grant or renewal of permit, leaving 542 vehicles which had not paid mandatory fee. Audit further noticed that out of 542 vehicles, 535 vehicles were plying on roads without obtaining mandatory permits as evidenced from the payment history of motor vehicle tax of these vehicles. Permit application fee and permit fee amounting

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42 Due to Covid-19 pandemic, the Government of Punjab exempted Goods Vehicles from payment of MVT from 23 March 2020 to 19 May 2020. This period has been excluded while calculating the MVT in the audit para.

43 Duration of permit is five years from the date of issue.

44 Order No. S.O. 2812(E) dated 30 August 2016 issued by Ministry of Road Transport and Highways, Government of India.

45 456 e-Rickshaws

46 5,683 goods vehicles

to ₹ 0.19 crore was payable by the owners of 542 vehicles, which was not recovered by the Department. Moreover, plying of transport vehicles without mandatory permits was a punishable offence, which invites action of the Department under Section 192A of the Act.

On being pointed out (between July to September 2022), seven RTAs[47] replied that recoveries would be made. RTA Hoshiarpur and Patiala replied that action would be taken after verification. RTA Sangrur replied that as per advisory of Ministry of Road Transport, the permits expired between February 2020 and October 2021 were treated as valid up to October 2021 due to Covid-19. Further, if owner approaches late for renewal of permits, the penal fee is also charged from him. Moreover, if a vehicle is found plying without mandatory permit, the penalties are imposed through traffic police by routine checking. It was also stated that amounts pointed out by audit would be recovered as per procedures mentioned above. RTA Mohali did not furnish reply.

Reply of the RTA Sangrur was not acceptable because audit had raised objection in respect of new registrations only, whereas the advisory was issued for the already expired permits.

The matter was reported to the Government and Department (December 2022 and January 2023); their replies are awaited (February 2024).

Chandigarh **(NAZLI J. SHAYIN)**
The 13 May 2024 **Principal Accountant General (Audit), Punjab**

Countersigned

New Delhi **(GIRISH CHANDRA MURMU)**
The 21 May 2024 **Comptroller and Auditor General of India**

[47] Amritsar, Bathinda, Faridkot, Ferozepur, Gurdaspur, Jalandhar and Ludhiana

Appendices

Appendix 1.1

(Referred to in Table 1.3)

Receipts under Heads of Non-Tax Revenue included in 'Others' at Sr. No. 12 of Table 1.3

Sr. No.	Head of Revenue	Receipt (₹ in crore)		*Per cent* increase (+) or decrease (-) over 2020-21	
		2020-21	2021-22		
1.	0050-Dividend and Profits	1.26	6.66	(+)	428.57
2.	0051-Public Service Commission	46.53	30.19	(-)	35.12
3.	0056-Jails	2.08	2.07	(-)	0.48
4.	0057-Supplies and Disposals	0.18	0.13	(-)	27.78
5.	0058-Stationery and Printing	6.29	3.20	(-)	49.13
6.	0071-Contributions and Recoveries towards Pension and Other Retirement Benefits	209.90	148.35	(-)	29.32
7.	0211-Family Welfare	0.03	0.03		0.00
8.	0215-Water Supply and Sanitation	8.76	1.09	(-)	87.56
9.	0216-Housing	6.36	10.03	(+)	57.70
10.	0217-Urban Development	49.78	92.52	(+)	85.86
11.	0220-Information and Publicity	0.07	0.07		0.00
12.	0230-Labour and Employment	27.44	39.87	(+)	45.30
13.	0235-Social Security and Welfare	44.00	280.42	(+)	537.32
14.	0250-Other Social Services	45.35	2.32	(-)	94.88
15.	0401-Crop Husbandry	7.62	7.14	(-)	6.30
16.	0403-Animal Husbandry	6.19	8.54	(+)	37.96
17.	0404-Dairy Development	0.08	0.006	(-)	92.50
18.	0405-Fisheries	0.17	0.54	(+)	217.65
19.	0415-Agricultural Research and Education	0.00	0.0023	(+)	100.00
20.	0435-Other Agricultural Programmes	2.77	4.85	(+)	75.09
21.	0515-Other Rural Development Programmes	3.44	3.42	(-)	0.58
22.	0801-Power	0.0021	0.00	(-)	100.00
23.	0802-Petroleum	0.00	0.0001	(+)	100.00
24.	0851-Village and Small Industries	0.41	0.73	(+)	78.05
25.	0852-Industries	0.01	0.03	(+)	200.00
26.	1053-Civil Aviation	0.06	0.00	(-)	100.00
27.	1054-Roads and Bridges	0.01	92.49	(+)	9,24,800.00
28.	1055-Road Transport	110.17	99.77	(-)	9.44
29.	1275-Other Communication Services	0.0001	0.0001		0.00
30.	1452-Tourism	0.50	0.10	(-)	80.00
31.	1456-Civil Supplies	178.45	246.41	(+)	38.08
32.	1475-Other General Economic Services	24.92	63.47	(+)	154.70
Total		**782.83**	**1,144.44**	**(+)**	**46.19**

Appendices 2.1

(Referred to in Paragraph 2.5)

[A]-Details of samples selected for 'Circle Audit'

Sr. No.	Circle	Return Year
1.	Bathinda	2017-18 to 2020-21
2.	Fatehgarh Sahib	2017-18 to 2020-21
3.	Jalandhar-I	2017-18 to 2020-21
4.	Jalandhar-II	2017-18 to 2020-21
5.	Ludhiana-I	2017-18 to 2020-21
6.	Ludhiana-II	2017-18 to 2020-21
7.	Ludhiana-III	2017-18 to 2020-21
8.	Mohali	2017-18 to 2020-21
9.	Muktsar Sahib	2017-18 to 2020-21
10.	Patiala	2017-18 to 2020-21

[B]-Details of samples selected for 'Centralised Audit'

Sr. No.	Jurisdiction	Ward No.	GSTIN	Return Year
1.	Amritsar-I	3	03**********1Z8	2017-18
2.	Amritsar-I	9	03**********1Z0	2017-18
3.	Amritsar-I	8	03**********2ZQ	2017-18
4.	Amritsar-I	4	03**********3ZQ	2017-18
5.	Amritsar-I	1	03**********1ZH	2017-18
6.	Amritsar-I	2	03**********1Z1	2017-18
7.	Amritsar-I	1	03**********1ZJ	2017-18
8.	Amritsar-I	1	03**********1ZQ	2017-18
9.	Amritsar-I	4	03**********1ZD	2017-18
10.	Amritsar-I	1	03**********1ZV	2017-18
11.	Amritsar-I	7	03**********1ZP	2017-18
12.	Amritsar-I	2	03**********1Z1	2017-18
13.	Amritsar-I	1	03**********2Z4	2017-18
14.	Amritsar-I	9	03**********1Z1	2017-18
15.	Amritsar-I	8	03**********1ZW	2017-18
16.	Amritsar-II	1	03**********1ZG	2017-18
17.	Amritsar-II	3	03**********1ZW	2017-18
18.	Amritsar-II	6	03**********1Z3	2017-18
19.	Amritsar-II	9	03**********1ZR	2017-18
20.	Amritsar-II	9	03**********1ZI	2017-18
21.	Amritsar-II	1	03**********1ZJ	2017-18
22.	Amritsar-II	3	03**********1ZK	2017-18
23.	Amritsar-II	5	03**********1Z9	2017-18
24.	Amritsar-II	9	03**********1ZU	2017-18
25.	Amritsar-II	3	03**********1ZC	2017-18
26.	Amritsar-II	4	03**********1ZN	2017-18
27.	Amritsar-II	5	03**********1ZZ	2017-18
28.	Barnala	3	03**********2Z1	2017-18
29.	Barnala	2	03**********2ZM	2017-18
30.	Bathinda	7	03**********1ZG	2017-18
31.	Bathinda	2	03**********1ZY	2017-18
32.	Bathinda	7	03**********1Z7	2017-18
33.	Bathinda	7	03**********1ZQ	2017-18
34.	Bathinda	7	03**********2Z3	2017-18
35.	Bathinda	3	03**********1Z9	2017-18

Sr. No.	Jurisdiction	Ward No.	GSTIN	Return Year
36.	Bathinda	3	03**********1Z7	2017-18
37.	Bathinda	7	03**********1Z9	2017-18
38.	Bathinda	9	03**********1ZI	2017-18
39.	Bathinda	1	03**********1ZQ	2017-18
40.	Bathinda	7	03**********1ZB	2017-18
41.	Bathinda	9	03**********1ZL	2017-18
42.	Bathinda	6	03**********1ZO	2017-18
43.	Bathinda	3	03**********1ZP	2017-18
44.	Bathinda	7	03**********3ZD	2017-18
45.	Bathinda	2	03**********1ZU	2017-18
46.	Bathinda	3	03**********1ZP	2017-18
47.	Bathinda	6	03**********1ZR	2017-18
48.	Bathinda	3	03**********1ZD	2017-18
49.	Bathinda	3	03**********1ZN	2017-18
50.	Bathinda	8	03**********1ZQ	2017-18
51.	Bathinda	5	03**********1ZZ	2017-18
52.	Bathinda	8	03**********1ZA	2017-18
53.	Bathinda	3	03**********1ZP	2017-18
54.	Faridkot	2	03**********1ZJ	2017-18
55.	Fatehgarh Sahib	3	03**********1Z5	2017-18
56.	Fatehgarh Sahib	5	03**********1ZX	2017-18
57.	Fatehgarh Sahib	2	03**********1Z4	2017-18
58.	Fatehgarh Sahib	5	03**********1Z1	2017-18
59.	Fatehgarh Sahib	2	03**********1ZY	2017-18
60.	Fatehgarh Sahib	6	03**********1ZH	2017-18
61.	Fatehgarh Sahib	1	03**********1ZO	2017-18
62.	Fatehgarh Sahib	1	03**********1Z3	2017-18
63.	Fatehgarh Sahib	1	03**********1Z2	2017-18
64.	Fatehgarh Sahib	6	03**********1Z6	2017-18
65.	Fatehgarh Sahib	3	03**********1ZL	2017-18
66.	Fatehgarh Sahib	1	03**********1Z2	2017-18
67.	Fatehgarh Sahib	5	03**********1ZJ	2017-18
68.	Fatehgarh Sahib	5	03**********1ZY	2017-18
69.	Fatehgarh Sahib	4	03**********1ZU	2017-18
70.	Fazilka	1	03**********1Z2	2017-18
71.	Fazilka	1	03**********1ZT	2017-18
72.	Ferozepur	3	03**********4ZP	2017-18
73.	Gurdaspur	2	03**********1ZT	2017-18
74.	Gurdaspur	3	03**********1Z0	2017-18
75.	Gurdaspur	1	03**********1Z9	2017-18
76.	Gurdaspur	3	03**********1ZL	2017-18
77.	Gurdaspur	4	03**********1ZF	2017-18
78.	Gurdaspur	2	03**********1ZJ	2017-18
79.	Gurdaspur	1	03**********1ZI	2017-18
80.	Gurdaspur	1	03**********1ZX	2017-18
81.	Gurdaspur	2	03**********1Z5	2017-18
82.	Gurdaspur	4	03**********1ZE	2017-18
83.	Gurdaspur	1	03**********1ZB	2017-18
84.	Gurdaspur	4	03**********1ZZ	2017-18
85.	Gurdaspur	1	03**********1ZE	2017-18
86.	Gurdaspur	1	03**********1Z6	2017-18
87.	Gurdaspur	1	03**********1ZN	2017-18
88.	Gurdaspur	6	03**********1ZJ	2017-18
89.	Gurdaspur	5	03**********1Z6	2017-18
90.	Hoshiarpur	4	03**********1ZQ	2017-18
91.	Hoshiarpur	3	03**********1ZR	2017-18

Sr. No.	Jurisdiction	Ward No.	GSTIN	Return Year
92.	Hoshiarpur	4	03**********2ZH	2017-18
93.	Hoshiarpur	1	03**********1ZT	2017-18
94.	Hoshiarpur	2	03**********1Z2	2017-18
95.	Jalandhar-I	2	03**********1ZL	2017-18
96.	Jalandhar-I	2	03**********1Z2	2017-18
97.	Jalandhar-I	7	03**********1ZN	2017-18
98.	Jalandhar-I	8	03**********1ZK	2017-18
99.	Jalandhar-I	3	03**********1ZT	2017-18
100.	Jalandhar-I	2	03**********1ZV	2017-18
101.	Jalandhar-I	4	03**********1ZA	2017-18
102.	Jalandhar-I	8	03**********1ZS	2017-18
103.	Jalandhar-I	6	03**********1ZB	2017-18
104.	Jalandhar-I	5	03**********1ZX	2017-18
105.	Jalandhar-I	3	03**********1ZQ	2017-18
106.	Jalandhar-I	3	03**********2Z5	2017-18
107.	Jalandhar-I	1	03**********1ZK	2017-18
108.	Jalandhar-II	14	03**********1ZL	2017-18
109.	Jalandhar-II	10	03**********2ZG	2017-18
110.	Jalandhar-II	12	03**********1ZN	2017-18
111.	Jalandhar-II	10	03**********2ZG	2017-18
112.	Jalandhar-II	2	03**********2ZU	2017-18
113.	Jalandhar-II	13	03**********1ZN	2017-18
114.	Jalandhar-II	13	03**********1Z2	2017-18
115.	Jalandhar-II	14	03**********1ZD	2017-18
116.	Jalandhar-II	3	03**********1Z7	2017-18
117.	Jalandhar-II	1	03**********1ZU	2017-18
118.	Jalandhar-II	12	03**********1ZR	2017-18
119.	Jalandhar-II	2	03**********2ZB	2017-18
120.	Jalandhar-II	14	03**********1ZH	2017-18
121.	Jalandhar-II	10	03**********1ZG	2017-18
122.	Jalandhar-II	13	03**********1ZT	2017-18
123.	Jalandhar-II	12	03**********1ZX	2017-18
124.	Jalandhar-II	3	03**********1Z1	2017-18
125.	Jalandhar-II	14	03**********1Z7	2017-18
126.	Jalandhar-II	9	03**********1ZN	2017-18
127.	Jalandhar-II	13	03**********1Z5	2017-18
128.	Jalandhar-II	10	03**********1ZG	2017-18
129.	Jalandhar-II	9	03**********1ZX	2017-18
130.	Jalandhar-II	10	03**********1ZA	2017-18
131.	Jalandhar-II	12	03**********1ZM	2017-18
132.	Kapurthala	1	03**********1Z1	2017-18
133.	Kapurthala	4	03**********1ZW	2017-18
134.	Kapurthala	1	03**********2ZS	2017-18
135.	Ludhiana-I	1	03**********1Z9	2017-18
136.	Ludhiana-I	17	03**********2ZI	2017-18
137.	Ludhiana-I	3	03**********2ZW	2017-18
138.	Ludhiana-I	3	03**********1ZG	2017-18
139.	Ludhiana-I	4	03**********1ZF	2017-18
140.	Ludhiana-I	17	03**********1ZV	2017-18
141.	Ludhiana-I	18	03**********1ZT	2017-18
142.	Ludhiana-I	5	03**********1ZQ	2017-18
143.	Ludhiana-I	18	03**********1Z2	2017-18
144.	Ludhiana-I	4	03**********1ZA	2017-18
145.	Ludhiana-I	19	03**********1ZS	2017-18
146.	Ludhiana-I	18	03**********1ZD	2017-18
147.	Ludhiana-I	14	03**********1Z9	2017-18

Sr. No.	Jurisdiction	Ward No.	GSTIN	Return Year
148.	Ludhiana-I	16	03**********1ZS	2017-18
149.	Ludhiana-I	3	03**********1Z3	2017-18
150.	Ludhiana-I	9	03**********1ZX	2017-18
151.	Ludhiana-I	5	03**********1ZS	2017-18
152.	Ludhiana-I	5	03**********1Z9	2017-18
153.	Ludhiana-I	3	03**********1Z6	2017-18
154.	Ludhiana-I	12	03**********1ZU	2017-18
155.	Ludhiana-I	16	03**********1ZB	2017-18
156.	Ludhiana-I	7	03**********1ZH	2017-18
157.	Ludhiana-I	17	03**********1Z5	2017-18
158.	Ludhiana-I	18	03**********1ZS	2017-18
159.	Ludhiana-I	15	03**********1ZZ	2017-18
160.	Ludhiana-I	1	03**********1ZU	2017-18
161.	Ludhiana-I	13	03**********1ZX	2017-18
162.	Ludhiana-I	7	03**********1ZH	2017-18
163.	Ludhiana-I	8	03**********1ZU	2017-18
164.	Ludhiana-I	16	03**********1ZO	2017-18
165.	Ludhiana-I	8	03**********1ZO	2017-18
166.	Ludhiana-I	18	03**********1ZK	2017-18
167.	Ludhiana-I	7	03**********1Z9	2017-18
168.	Ludhiana-I	13	03**********1ZX	2017-18
169.	Ludhiana-I	19	03**********1ZA	2017-18
170.	Ludhiana-I	16	03**********1ZY	2017-18
171.	Ludhiana-I	18	03**********1Z6	2017-18
172.	Ludhiana-I	7	03**********1ZO	2017-18
173.	Ludhiana-I	3	03**********1ZH	2017-18
174.	Ludhiana-I	7	03**********1ZT	2017-18
175.	Ludhiana-I	2	03**********1Z6	2017-18
176.	Ludhiana-I	11	03**********1Z0	2017-18
177.	Ludhiana-I	4	03**********1ZY	2017-18
178.	Ludhiana-I	3	03**********1ZH	2017-18
179.	Ludhiana-I	19	03**********1ZM	2017-18
180.	Ludhiana-I	4	03**********1ZY	2017-18
181.	Ludhiana-I	16	03**********1ZV	2017-18
182.	Ludhiana-I	7	03**********1Z4	2017-18
183.	Ludhiana-I	7	03**********1ZT	2017-18
184.	Ludhiana-I	17	03**********1Z5	2017-18
185.	Ludhiana-I	1	03**********1Z7	2017-18
186.	Ludhiana-I	19	03**********1Z9	2017-18
187.	Ludhiana-I	7	03**********1Z4	2017-18
188.	Ludhiana-I	17	03**********2ZZ	2017-18
189.	Ludhiana-I	2	03**********1ZE	2017-18
190.	Ludhiana-I	6	03**********1ZG	2017-18
191.	Ludhiana-I	6	03**********1ZG	2017-18
192.	Ludhiana-II	38	03**********1ZM	2017-18
193.	Ludhiana-II	43	03**********1ZO	2017-18
194.	Ludhiana-II	38	03**********1Z8	2017-18
195.	Ludhiana-II	43	03**********1Z9	2017-18
196.	Ludhiana-II	34	03**********1ZM	2017-18
197.	Ludhiana-II	35	03**********1ZY	2017-18
198.	Ludhiana-II	38	03**********1ZD	2017-18
199.	Ludhiana-II	31	03**********1ZD	2017-18
200.	Ludhiana-II	32	03**********1ZP	2017-18
201.	Ludhiana-II	35	03**********1ZB	2017-18
202.	Ludhiana-II	41	03**********1ZI	2017-18
203.	Ludhiana-II	38	03**********1ZW	2017-18

Sr. No.	Jurisdiction	Ward No.	GSTIN	Return Year
204.	Ludhiana-II	39	03**********1ZU	2017-18
205.	Ludhiana-II	34	03**********1Z7	2017-18
206.	Ludhiana-II	27	03**********1ZG	2017-18
207.	Ludhiana-II	32	03**********1Z0	2017-18
208.	Ludhiana-II	33	03**********1ZZ	2017-18
209.	Ludhiana-II	40	03**********1Z3	2017-18
210.	Ludhiana-II	40	03**********1Z3	2017-18
211.	Ludhiana-II	40	03**********1ZQ	2017-18
212.	Ludhiana-II	40	03**********1Z3	2017-18
213.	Ludhiana-II	35	03**********1Z5	2017-18
214.	Ludhiana-II	31	03**********1ZC	2017-18
215.	Ludhiana-II	31	03**********1ZP	2017-18
216.	Ludhiana-II	32	03**********1Z6	2017-18
217.	Ludhiana-II	34	03**********1ZT	2017-18
218.	Ludhiana-II	40	03**********1ZX	2017-18
219.	Ludhiana-II	30	03**********1Z2	2017-18
220.	Ludhiana-II	27	03**********1Z9	2017-18
221.	Ludhiana-II	33	03**********1ZF	2017-18
222.	Ludhiana-II	40	03**********1Z4	2017-18
223.	Ludhiana-II	33	03**********1ZK	2017-18
224.	Ludhiana-II	31	03**********1ZW	2017-18
225.	Ludhiana-II	39	03**********1Z1	2017-18
226.	Ludhiana-II	43	03**********1ZP	2017-18
227.	Ludhiana-II	31	03**********1ZC	2017-18
228.	Ludhiana-II	32	03**********1ZN	2017-18
229.	Ludhiana-II	31	03**********1Z6	2017-18
230.	Ludhiana-II	31	03**********1ZZ	2017-18
231.	Ludhiana-II	31	03**********1ZC	2017-18
232.	Ludhiana-II	31	03**********2ZR	2017-18
233.	Ludhiana-II	31	03**********2ZR	2017-18
234.	Ludhiana-II	39	03**********1ZX	2017-18
235.	Ludhiana-III	63	03**********1ZQ	2017-18
236.	Ludhiana-III	52	03**********1ZN	2017-18
237.	Ludhiana-III	63	03**********1ZS	2017-18
238.	Ludhiana-III	52	03**********1ZC	2017-18
239.	Ludhiana-III	55	03**********1Z9	2017-18
240.	Ludhiana-III	53	03**********1Z3	2017-18
241.	Ludhiana-III	59	03**********1ZX	2017-18
242.	Ludhiana-III	66	03**********1Z7	2017-18
243.	Ludhiana-III	61	03**********1Z2	2017-18
244.	Ludhiana-III	55	03**********1Z8	2017-18
245.	Ludhiana-III	61	03**********1ZM	2017-18
246.	Ludhiana-III	62	03**********1ZS	2017-18
247.	Ludhiana-III	56	03**********1Z1	2017-18
248.	Ludhiana-III	60	03**********1Z8	2017-18
249.	Ludhiana-III	64	03**********1ZE	2017-18
250.	Ludhiana-III	64	03**********2ZV	2017-18
251.	Ludhiana-III	51	03**********1ZQ	2017-18
252.	Ludhiana-III	65	03**********1ZV	2017-18
253.	Ludhiana-III	52	03**********2ZD	2017-18
254.	Ludhiana-III	61	03**********1ZT	2017-18
255.	Ludhiana-III	54	03**********1Z3	2017-18
256.	Ludhiana-III	59	03**********1ZJ	2017-18
257.	Ludhiana-III	58	03**********4ZK	2017-18
258.	Ludhiana-III	58	03**********1ZE	2017-18
259.	Ludhiana-III	51	03**********3ZX	2017-18

Sr. No.	Jurisdiction	Ward No.	GSTIN	Return Year
260.	Ludhiana-III	65	03**********1ZM	2017-18
261.	Ludhiana-III	60	03**********1ZO	2017-18
262.	Ludhiana-III	61	03**********1ZJ	2017-18
263.	Ludhiana-III	60	03**********1Z5	2017-18
264.	Ludhiana-III	51	03**********1ZT	2017-18
265.	Ludhiana-III	61	03**********1ZZ	2017-18
266.	Ludhiana-III	53	03**********1ZA	2017-18
267.	Ludhiana-I	9	03**********1ZQ	2017-18
268.	Ludhiana-I	10	03**********1ZA	2017-18
269.	Ludhiana-II	32	03**********1ZN	2017-18
270.	Ludhiana-II	40	03**********1Z1	2017-18
271.	Mansa	1	03**********1ZH	2017-18
272.	Mansa	3	03**********1ZA	2017-18
273.	Mansa	1	03**********1ZO	2017-18
274.	Mansa	3	03**********1ZV	2017-18
275.	Mansa	1	03**********1ZK	2017-18
276.	Mansa	1	03**********1ZJ	2017-18
277.	Mansa	3	03**********1ZV	2017-18
278.	Moga	2	03**********1ZS	2017-18
279.	Moga	5	03**********1Z7	2017-18
280.	Moga	2	03**********HZY	2017-18
281.	Moga	1	03**********1ZM	2017-18
282.	Mohali	10	03**********1ZU	2017-18
283.	Mohali	7	03**********1ZH	2017-18
284.	Mohali	7	03**********1ZB	2017-18
285.	Mohali	3	03**********1ZR	2017-18
286.	Mohali	5	03**********1ZR	2017-18
287.	Mohali	8	03**********1ZU	2017-18
288.	Mohali	8	03**********1ZZ	2017-18
289.	Mohali	7	03**********1ZV	2017-18
290.	Mohali	3	03**********1Z5	2017-18
291.	Mohali	7	03**********1ZL	2017-18
292.	Mohali	3	03**********1Z1	2017-18
293.	Mohali	7	03**********1ZZ	2017-18
294.	Mohali	7	03**********1ZR	2017-18
295.	Mohali	8	03**********1ZM	2017-18
296.	Mohali	12	03**********1ZP	2017-18
297.	Mohali	6	03**********1ZI	2017-18
298.	Mohali	11	03**********1ZO	2017-18
299.	Mohali	4	03**********1ZN	2017-18
300.	Mohali	5	03**********1Z9	2017-18
301.	Mohali	4	03**********1ZS	2017-18
302.	Mohali	3	03**********1Z4	2017-18
303.	Mohali	8	03**********1ZI	2017-18
304.	Mohali	3	03**********1Z0	2017-18
305.	Mohali	4	03**********1ZT	2017-18
306.	Mohali	6	03**********1Z3	2017-18
307.	Mohali	6	03**********1ZT	2017-18
308.	Mohali	9	03**********1ZM	2017-18
309.	Mohali	5	03**********1Z6	2017-18
310.	Mohali	9	03**********1ZB	2017-18
311.	Mohali	6	03**********1ZD	2017-18
312.	Mohali	7	03**********2Z5	2017-18
313.	Mohali	10	03**********1ZU	2017-18
314.	Mohali	10	03**********1Z3	2017-18
315.	Mohali	3	03**********3ZX	2017-18

Sr. No.	Jurisdiction	Ward No.	GSTIN	Return Year
316.	Mohali	12	03**********1Z1	2017-18
317.	Mohali	8	03**********1Z0	2017-18
318.	Mohali	6	03**********1Z5	2017-18
319.	Mohali	3	03**********1Z3	2017-18
320.	Mohali	8	03**********1ZZ	2017-18
321.	Mohali	3	03**********1Z2	2017-18
322.	Mohali	5	03**********1ZJ	2017-18
323.	Mohali	12	03**********1ZV	2017-18
324.	Mohali	8	03**********2ZN	2017-18
325.	Mohali	8	03**********1ZI	2017-18
326.	Mohali	4	03**********1ZL	2017-18
327.	Mohali	12	03**********1ZT	2017-18
328.	Mohali	5	03**********1Z0	2017-18
329.	Mohali	10	03**********1ZA	2017-18
330.	Mohali	10	03**********1ZL	2017-18
331.	Mohali	10	03**********1ZY	2017-18
332.	Mohali	4	03**********1ZS	2017-18
333.	Mohali	10	03**********1ZA	2017-18
334.	Mohali	7	03**********1Z3	2017-18
335.	Mohali	7	03**********1ZY	2017-18
336.	Mohali	2	03**********1Z9	2017-18
337.	Mohali	8	03**********1Z2	2017-18
338.	Mohali	4	03**********1ZZ	2017-18
339.	Mohali	3	03**********1Z4	2017-18
340.	Mohali	11	03**********1ZE	2017-18
341.	Mohali	9	03**********1ZG	2017-18
342.	Mohali	2	03**********1Z0	2017-18
343.	Mohali	3	03**********1ZG	2017-18
344.	Mohali	4	03**********1Z8	2017-18
345.	Mohali	2	03**********1ZM	2017-18
346.	Mohali	5	03**********1ZE	2017-18
347.	Mohali	3	03**********1Z4	2017-18
348.	Mohali	3	03**********1ZJ	2017-18
349.	Mohali	3	03**********2ZP	2017-18
350.	Mohali	6	03**********1ZR	2017-18
351.	Mohali	7	03**********1ZI	2017-18
352.	Mohali	3	03**********1ZS	2017-18
353.	Mohali	3	03**********2ZG	2017-18
354.	Mohali	3	03**********1Z2	2017-18
355.	Mohali	1	03**********1ZA	2017-18
356.	Mohali	8	03**********1ZN	2017-18
357.	Muktsar Sahib	1	03**********1ZF	2017-18
358.	Muktsar Sahib	1	03**********1ZN	2017-18
359.	Nawanshahr	2	03**********1ZF	2017-18
360.	Nawanshahr	1	03**********1ZD	2017-18
361.	Nawanshahr	2	03**********1ZP	2017-18
362.	Nawanshahr	2	03**********1ZO	2017-18
363.	Nawanshahr	1	03**********1ZZ	2017-18
364.	Nawanshahr	2	03**********1Z2	2017-18
365.	Nawanshahr	2	03**********1ZI	2017-18
366.	Nawanshahr	1	03**********1Z2	2017-18
367.	Nawanshahr	1	03**********1ZZ	2017-18
368.	Nawanshahr	2	03**********1ZT	2017-18
369.	Nawanshahr	2	03**********1Z6	2017-18
370.	Pathankot	2	03**********1ZM	2017-18
371.	Pathankot	2	03**********1ZW	2017-18

Sr. No.	Jurisdiction	Ward No.	GSTIN	Return Year
372.	Pathankot	3	03**********1Z5	2017-18
373.	Pathankot	2	03**********1ZA	2017-18
374.	Pathankot	1	03**********1ZB	2017-18
375.	Pathankot	2	03**********1ZV	2017-18
376.	Pathankot	3	03**********1ZO	2017-18
377.	Pathankot	1	03**********1Z8	2017-18
378.	Patiala	9	03**********1Z7	2017-18
379.	Patiala	9	03**********1ZT	2017-18
380.	Patiala	7	03**********2ZP	2017-18
381.	Patiala	8	03**********1ZP	2017-18
382.	Patiala	2	03**********3Z7	2017-18
383.	Patiala	2	03**********1ZR	2017-18
384.	Patiala	4	03**********1ZM	2017-18
385.	Patiala	3	03**********1ZF	2017-18
386.	Patiala	3	03**********2Z4	2017-18
387.	Patiala	11	03**********1Z6	2017-18
388.	Patiala	5	03**********1ZY	2017-18
389.	Patiala	1	03**********1Z9	2017-18
390.	Patiala	3	03**********1Z0	2017-18
391.	Ropar	4	03**********1ZD	2017-18
392.	Ropar	3	03**********1ZU	2017-18
393.	Ropar	1	03**********1ZG	2017-18
394.	Sangrur	9	03**********1ZJ	2017-18
395.	Sangrur	9	03**********1ZQ	2017-18
396.	Sangrur	4	03**********1ZK	2017-18
397.	Sangrur	4	03**********1ZO	2017-18
398.	Sangrur	4	03**********1Z0	2017-18
399.	Sangrur	8	03**********1ZT	2017-18
400.	Sangrur	2	03**********1ZX	2017-18
401.	Sangrur	3	03**********1ZA	2017-18
402.	Sangrur	3	03**********1Z2	2017-18
403.	Sangrur	9	03**********1ZD	2017-18
404.	Sangrur	4	03**********1ZI	2017-18
405.	Sangrur	4	03**********1ZH	2017-18
406.	Sangrur	5	03**********1ZO	2017-18
407.	Tarn Taran	2	03**********3Z8	2017-18
408.	Tarn Taran	1	03**********1ZQ	2017-18

[C]-Details of samples selected for 'Detailed Audit'

Sr. No.	Jurisdiction	Ward No.	GSTIN	Strata	Return Year
1.	Bathinda	1	03**********2ZD	Large	2017-18
2.	Bathinda	2	03**********1ZZ	Large	2017-18
3.	Bathinda	1	03**********1ZI	Large	2017-18
4.	Bathinda	4	03**********1ZF	Large	2017-18
5.	Bathinda	4	03**********1ZX	Medium	2017-18
6.	Bathinda	3	03**********1ZE	Medium	2017-18
7.	Bathinda	4	03**********1ZW	Medium	2017-18
8.	Fatehgarh Sahib	6	03**********1Z2	Medium	2017-18
9.	Fatehgarh Sahib	3	03**********1ZM	Small	2017-18
10.	Fatehgarh Sahib	1	03**********1ZX	Large	2017-18
11.	Fatehgarh Sahib	6	03**********1ZW	Large	2017-18
12.	Jalandhar-I	2	03**********2ZK	Large	2017-18
13.	Jalandhar-I	5	03**********1ZY	Medium	2017-18
14.	Jalandhar-I	6	03**********1ZQ	Large	2017-18
15.	Jalandhar-II	10	03**********1ZF	Large	2017-18

Sr. No.	Jurisdiction	Ward No.	GSTIN	Strata	Return Year
16.	Jalandhar-II	10	03**********3ZQ	Large	2017-18
17.	Jalandhar-II	4	03**********1ZA	Medium	2017-18
18.	Jalandhar-II	1	03**********1ZM	Medium	2017-18
19.	Jalandhar-II	4	03**********2ZO	Small	2017-18
20.	Jalandhar-II	1	03**********1ZD	Large	2017-18
21.	Ludhiana-I	4	03**********1ZL	Large	2017-18
22.	Ludhiana-I	6	03**********1ZT	Large	2017-18
23.	Ludhiana-I	19	03**********1Z0	Large	2017-18
24.	Ludhiana-I	2	03**********1ZA	Large	2017-18
25.	Ludhiana-I	14	03**********1Z8	Medium	2017-18
26.	Ludhiana-I	19	03**********1ZU	Large	2017-18
27.	Ludhiana-I	16	03**********1ZO	Large	2017-18
28.	Ludhiana-I	4	03**********1ZY	Medium	2017-18
29.	Ludhiana-I	14	03**********1ZA	Medium	2017-18
30.	Ludhiana-I	6	03**********1ZG	Small	2017-18
31.	Ludhiana-I	12	03**********1ZP	Large	2017-18
32.	Ludhiana-I	16	03**********1ZB	Medium	2017-18
33.	Ludhiana-I	6	03**********1Z7	Medium	2017-18
34.	Ludhiana-II	33	03**********1ZO	Large	2017-18
35.	Ludhiana-II	26	03**********1ZL	Large	2017-18
36.	Ludhiana-II	32	03**********1ZD	Large	2017-18
37.	Ludhiana-II	39	03**********1ZI	Large	2017-18
38.	Ludhiana-II	34	03**********1ZD	Medium	2017-18
39.	Ludhiana-II	30	03**********1ZD	Small	2017-18
40.	Ludhiana-III	62	03**********1ZZ	Large	2017-18
41.	Ludhiana-III	65	03**********1ZZ	Large	2017-18
42.	Ludhiana-III	62	03**********1ZU	Large	2017-18
43.	Ludhiana-III	59	03**********1ZL	Medium	2017-18
44.	Mohali	6	03**********1ZU	Large	2017-18
45.	Mohali	4	03**********1Z7	Large	2017-18
46.	Mohali	7	03**********1ZB	Large	2017-18
47.	Mohali	4	03**********1ZU	Large	2017-18
48.	Mohali	5	03**********1ZY	Large	2017-18
49.	Mohali	3	03**********1ZF	Large	2017-18
50.	Mohali	8	03**********1ZH	Large	2017-18
51.	Mohali	3	03**********1Z3	Medium	2017-18
52.	Mohali	6	03**********1ZA	Large	2017-18
53.	Mohali	2	03**********2ZI	Large	2017-18
54.	Mohali	3	03**********2ZM	Large	2017-18
55.	Mohali	7	03**********1ZZ	Large	2017-18
56.	Mohali	9	03**********1ZI	Large	2017-18
57.	Mohali	10	03**********1Z5	Small	2017-18
58.	Muktsar Sahib	3	03**********1ZZ	Large	2017-18
59.	Muktsar Sahib	1	03**********1ZX	Small	2017-18
60.	Patiala	3	03**********1ZF	Medium	2017-18
61.	Patiala	4	03**********2ZF	Large	2017-18

Appendix 2.2

(Referred to in Paragraph 2.7.2.1-B)

☛ Audit Dimension Number has been mentioned against each case detailed below in Tables I to X. These Audit Dimension Numbers in correlation with serial number of Table 2.8 in Chapter-II of this report show gist of Audit observations.

☛ Tables I to X included in this Appendix are listed below:

- I Details of cases where mismatches were due to data entry errors
- II Details of cases where action had been taken before audit query
- III Details of cases where Department had valid explanations
- IV Details of cases where Department had accepted audit queries and recoveries were made
- V Details of cases where Show Cause Notices were issued in response to audit queries
- VI Details of cases where ASMT-10 were issued in response to audit queries
- VII Details of cases which were under correspondence by the Department with taxpayers in response to audit queries
- VIII Details of cases in which Department's replies were not acceptable (Audit Rebuttal)
- IX Details of cases where Department's replies were not furnished with appropriate documentary evidences
- X Details of cases where Department stated that they were examining the audit query

I-Details of cases where mismatches were due to data entry errors

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in Crore)
1.	Amritsar-I	03**********3ZQ	6	31.86
2.	Amritsar-I	03**********1ZH	3	56.46
3.	Amritsar-I	03**********1Z1	5	3.12
4.	Amritsar-I	03**********1ZJ	12	0.17
5.	Amritsar-II	03**********1ZR	8	0.16
6.	Amritsar-II	03**********1ZI	8	0.21
7.	Amritsar-II	03**********1ZJ	9	1.21
8.	Amritsar-II	03**********1ZK	4	0.28
9.	Bathinda	03**********1ZG	3	95.14
10.	Bathinda	03**********1ZY	3	91.15
11.	Bathinda	03**********1Z7	3	532.13
12.	Bathinda	03**********1ZQ	3	60.99
13.	Bathinda	03**********2Z3	3	16.68
14.	Bathinda	03**********1Z9	3	201.94
15.	Bathinda	03**********1ZI	9	727.63
16.	Bathinda	03**********1ZQ	2	82.01
17.	Bathinda	03**********1ZB	2	80.92
18.	Bathinda	03**********1ZL	2	4,996.43
19.	Bathinda	03**********1ZO	4	0.97
20.	Bathinda	03**********1ZP	9	1.18
21.	Faridkot	03**********1ZJ	12	0.12
22.	Fatehgarh Sahib	03**********1Z6	9	1.61
23.	Fatehgarh Sahib	03**********1ZL	6	58.73
24.	Fazilka	03**********1ZT	3	35.46
25.	Gurdaspur	03**********1Z0	7	0.07
26.	Gurdaspur	03**********1Z9	7	0.07
27.	Gurdaspur	03**********1ZL	7	0.08
28.	Gurdaspur	03**********1ZF	8	0.18
29.	Gurdaspur	03**********1ZJ	8	0.12
30.	Gurdaspur	03**********1ZI	8	0.10
31.	Gurdaspur	03**********1ZX	8	0.11
32.	Gurdaspur	03**********1Z5	5	4.68
33.	Jalandhar-I	03**********1ZN	4	1.00
34.	Jalandhar-I	03**********1ZK	5	2.87
35.	Jalandhar-II	03**********2ZG	6	25.48
36.	Jalandhar-II	03**********2ZU	8	0.10
37.	Jalandhar-II	03**********1ZN	8	0.10
38.	Jalandhar-II	03**********1Z2	8	0.10
39.	Jalandhar-II	03**********1ZD	8	0.41
40.	Jalandhar-II	03**********1Z7	9	52,857.47

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in Crore)
41.	Jalandhar-II	03**********1ZU	4	3.24
42.	Ludhiana-I	03**********1Z2	6	34.14
43.	Ludhiana-I	03**********1ZA	6	36.18
44.	Ludhiana-I	03**********1ZS	6	69.95
45.	Ludhiana-I	03**********1ZD	6	55.16
46.	Ludhiana-I	03**********1Z9	6	25.56
47.	Ludhiana-I	03**********1ZS	6	25.49
48.	Ludhiana-I	03**********1Z3	6	25.12
49.	Ludhiana-I	03**********1ZX	8	0.33
50.	Ludhiana-I	03**********1ZS	8	0.24
51.	Ludhiana-I	03**********1Z9	8	0.22
52.	Ludhiana-I	03**********1Z6	9	1.22
53.	Ludhiana-I	03**********1ZU	9	1.98
54.	Ludhiana-I	03**********1ZB	9	1.31
55.	Ludhiana-I	03**********1ZH	4	25.20
56.	Ludhiana-I	03**********1Z5	5	4.50
57.	Ludhiana-I	03**********1ZS	13	18.98
58.	Ludhiana-I	03**********1ZZ	13	7.60
59.	Ludhiana-I	03**********1ZU	12	0.10
60.	Ludhiana-I	03**********1ZX	13	2.89
61.	Ludhiana-I	03**********1ZH	13	25.21
62.	Ludhiana-II	03**********1ZB	6	41.91
63.	Ludhiana-II	03**********1ZI	9	3.60
64.	Ludhiana-II	03**********1ZW	3	58.60
65.	Ludhiana-II	03**********1ZU	4	2.01
66.	Ludhiana-II	03**********1Z7	4	0.43
67.	Ludhiana-II	03**********1ZG	13	3.32
68.	Ludhiana-II	03**********1Z0	12	0.10
69.	Ludhiana-III	03**********1Z7	6	32.33
70.	Ludhiana-III	03**********1Z2	6	22.77
71.	Ludhiana-III	03**********1Z8	7	0.08
72.	Ludhiana-III	03**********1ZM	7	0.07
73.	Ludhiana-III	03**********1ZS	9	1.68
74.	Ludhiana-III	03**********1Z1	5	5.53
75.	Ludhiana-III	03**********1Z8	5	3.66
76.	Ludhiana-III	03**********1ZE	5	5.66
77.	Ludhiana-III	03**********2ZV	12	0.20
78.	Ludhiana-III	03**********1ZQ	12	0.52
79.	Ludhiana-III	03**********1ZV	12	0.27
80.	Mansa	03**********1ZO	6	23.17
81.	Mansa	03**********1ZV	3	35.85
82.	Moga	03**********1ZS	6	46.22
83.	Mohali	03**********1ZN	6	28.22
84.	Mohali	03**********1Z9	6	39.54
85.	Mohali	03**********1ZS	6	29.64
86.	Mohali	03**********1Z4	6	189.09
87.	Mohali	03**********1ZI	6	208.02
88.	Mohali	03**********1Z0	6	116.27
89.	Mohali	03**********1ZT	6	26.44
90.	Mohali	03**********1Z3	6	23.35
91.	Mohali	03**********1ZT	7	0.10
92.	Mohali	03**********1ZM	7	0.09
93.	Mohali	03**********1Z6	8	0.14
94.	Mohali	03**********1ZB	8	0.49
95.	Mohali	03**********1ZD	8	0.17
96.	Mohali	03**********2Z5	8	0.10
97.	Mohali	03**********1ZU	4	0.34

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in Crore)
98.	Mohali	03**********1Z3	6	31.43
99.	Nawanshahr	03**********1ZF	7	0.07
100.	Nawanshahr	03**********1ZD	7	0.07
101.	Nawanshahr	03**********1ZP	7	0.07
102.	Nawanshahr	03**********1ZO	7	0.07
103.	Nawanshahr	03**********1ZZ	7	0.07
104.	Nawanshahr	03**********1Z2	8	0.28
105.	Nawanshahr	03**********1ZI	8	0.38
106.	Nawanshahr	03**********1Z2	8	0.20
107.	Nawanshahr	03**********1ZZ	8	0.51
108.	Pathankot	03**********1ZM	7	0.09
109.	Pathankot	03**********1ZW	8	0.10
110.	Pathankot	03**********1Z5	4	14.36
111.	Pathankot	03**********1ZA	12	0.09
112.	Pathankot	03**********1ZB	8	0.10
113.	Patiala	03**********2ZP	7	0.08
114.	Patiala	03**********1ZP	9	1.57
115.	Ropar	03**********1ZU	8	0.35
116.	Sangrur	03**********1ZQ	7	0.07
117.	Sangrur	03**********1ZK	8	0.23
118.	Sangrur	03**********1ZO	8	0.10
119.	Sangrur	03**********1Z0	9	1.62
120.	Sangrur	03**********1ZT	4	0.37
121.	Sangrur	03**********1ZX	6	89.25
122.	Sangrur	03**********1ZA	9	1.61
123.	Sangrur	03**********1Z2	9	2.58
Total				**61,429.82**

II-Details of cases where action had been taken before audit query

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in Crore)
1.	Amritsar-I	03**********1ZQ	13	4.51
2.	Amritsar-I	03**********1ZD	9	2.20
3.	Amritsar-II	03**********1Z9	1	0.06
4.	Barnala	03**********2Z1	1	0.04
5.	Ferozepur	03**********4ZP	5	2.64
6.	Jalandhar-I	03**********1ZT	11	0.00
7.	Kapurthala	03**********1Z1	10	0.18
8.	Ludhiana-I	03**********1ZU	9	3.67
9.	Ludhiana-II	03**********1ZZ	10	0.12
10.	Ludhiana-II	03**********1Z3	2	47.03
11.	Ludhiana-II	03**********1Z3	10	0.16
12.	Ludhiana-II	03**********1ZQ	10	0.96
13.	Ludhiana-II	03**********1Z3	13	3.00
14.	Ludhiana-II	03**********1Z5	4	1.15
15.	Ludhiana-II	03**********1ZC	4	0.93
16.	Ludhiana-III	03**********2ZD	13	6.97
17.	Ludhiana-III	03**********1ZT	5	3.41
18.	Ludhiana-III	03**********1Z3	4	0.26
19.	Mansa	03**********1ZK	10	0.11
20.	Mansa	03**********1ZJ	10	0.39
21.	Mohali	03**********3ZX	10	0.40
22.	Mohali	03**********1Z1	4	0.20
23.	Mohali	03**********1Z0	12	0.32
24.	Mohali	03**********1Z5	10	0.42
25.	Mohali	03**********1Z3	4	0.31
26.	Mohali	03**********1ZZ	13	3.37

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in Crore)
27.	Mohali	03**********1Z2	4	7.59
28.	Mohali	03**********1ZJ	10	0.13
29.	Mohali	03**********1ZV	10	0.11
30.	Mohali	03**********2ZN	4	0.53
31.	Pathankot	03**********1ZV	8	0.12
32.	Sangrur	03**********1ZD	1	1.27
Total				**92.56**

III-Details of cases where Department had valid explanations

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in Crore)
1.	Amritsar-I	03**********1ZV	2	83.82
2.	Amritsar-II	03**********1ZU	2	39.09
3.	Barnala	03**********2ZM	3	13.84
4.	Bathinda	03**********1Z7	11	0.00
5.	Bathinda	03**********1Z9	11	0.00
6.	Bathinda	03**********3ZD	2	27.27
7.	Bathinda	03**********1ZU	4	0.88
8.	Fatehgarh Sahib	03**********1Z2	5	5.82
9.	Fatehgarh Sahib	03**********1ZJ	5	5.48
10.	Fatehgarh Sahib	03**********1ZY	5	1.83
11.	Gurdaspur	03**********1ZE	7	0.10
12.	Gurdaspur	03**********1ZB	2	11.64
13.	Hoshiarpur	03**********2ZH	9	2.65
14.	Jalandhar-I	03**********1ZV	2	15.33
15.	Jalandhar-I	03**********1ZA	2	17.87
16.	Jalandhar-I	03**********1ZS	3	15.33
17.	Jalandhar-I	03**********1ZB	11	0.00
18.	Jalandhar-I	03**********1ZX	11	0.00
19.	Jalandhar-II	03**********1ZR	2	40.74
20.	Jalandhar-II	03**********2ZB	2	13.20
21.	Jalandhar-II	03**********1ZH	5	1.83
22.	Jalandhar-II	03**********1ZG	11	0.00
23.	Jalandhar-II	03**********1ZT	11	0.00
24.	Jalandhar-II	03**********1ZX	11	0.00
25.	Kapurthala	03**********1ZW	11	0.00
26.	Ludhiana-I	03**********1ZO	2	204.24
27.	Ludhiana-I	03**********1ZO	2	11.66
28.	Ludhiana-I	03**********1ZK	9	1.71
29.	Ludhiana-I	03**********1Z9	3	31.45
30.	Ludhiana-I	03**********1ZX	4	2.89
31.	Ludhiana-I	03**********1ZA	4	0.37
32.	Ludhiana-I	03**********1ZY	4	0.00
33.	Ludhiana-I	03**********1Z6	5	1.71
34.	Ludhiana-II	03**********1ZP	2	13.66
35.	Ludhiana-II	03**********1Z6	2	24.33
36.	Ludhiana-II	03**********1ZT	2	9.80
37.	Ludhiana-III	03**********1ZJ	3	21.43
38.	Ludhiana-III	03**********4ZK	3	19.39
39.	Ludhiana-III	03**********1ZE	3	13.77
40.	Moga	03**********1Z7	2	14.76
41.	Moga	03**********HZY	5	3.30
42.	Mohali	03**********1ZI	9	9.49
43.	Mohali	03**********1ZL	2	599.41
44.	Mohali	03**********1ZT	2	52.55
45.	Mohali	03**********1Z0	2	50.27
46.	Mohali	03**********1ZA	2	21.85

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in Crore)
47.	Mohali	03**********1ZL	2	10.52
48.	Mohali	03**********1ZY	3	28.07
49.	Mohali	03**********1ZS	4	0.51
50.	Mohali	03**********1ZA	5	3.39
51.	Mohali	03**********1Z3	12	0.00
52.	Muktsar Sahib	03**********1ZN	3	38.02
53.	Patiala	03**********3Z7	3	349.20
54.	Patiala	03**********1ZR	3	18.03
55.	Patiala	03**********1ZM	3	15.27
56.	Patiala	03**********1ZF	4	0.39
57.	Patiala	03**********2Z4	11	0.00
58.	Ropar	03**********1ZG	4	1.75
59.	Sangrur	03**********1ZI	3	29.43
60.	Sangrur	03**********1ZH	11	0.00
61.	Tarn Taran	03**********3Z8	2	73.89
Total				**1,973.23**

IV-Details of cases where Department had accepted audit queries and recoveries were made

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in Crore)
1.	Amritsar-I	03**********2ZQ	10	0.52
2.	Amritsar-II	03**********1ZW	9	0.17
3.	Amritsar-II	03**********1Z3	7	0.06
4.	Hoshiarpur	03**********1ZR	9	0.03
5.	Jalandhar-I	03**********1Z2	8	0.10
6.	Ludhiana-I	03**********1ZV	4	0.35
7.	Ludhiana-II	03**********1ZP	10	0.02
8.	Ludhiana-II	03**********1ZM	10	0.66
9.	Ludhiana-III	03**********1ZC	4	0.17
10.	Ludhiana-III	03**********1ZX	4	0.01
11.	Mansa	03**********1ZA	4	0.02
12.	Mohali	03**********1ZI	7	0.00
13.	Mohali	03**********1ZP	1	0.00
14.	Muktsar Sahib	03**********1ZF	13	0.02
Total				**2.13**

V-Details of cases where Show Cause Notices were issued in response to audit queries

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (₹ in Crore)
1.	Amritsar-I	03**********1Z0	4	0.97
2.	Amritsar-II	03**********1ZG	10	0.24
3.	Fatehgarh Sahib	03**********1ZO	1	0.15
4.	Fatehgarh Sahib	03**********1Z2	7	0.09
5.	Fatehgarh Sahib	03**********1Z3	7	0.13
6.	Fatehgarh Sahib	03**********1Z1	13	3.12
7.	Fatehgarh Sahib	03**********1Z4	13	3.73
8.	Fazilka	03**********1Z2	1	2.55
9.	Hoshiarpur	03**********1ZQ	1	0.08
10.	Jalandhar-I	03**********1ZL	4	0.15
11.	Jalandhar-I	03**********1ZK	10	0.21
12.	Jalandhar-II	03**********2ZG	9	2.96
13.	Ludhiana-I	03**********2ZI	1	3.17
14.	Ludhiana-I	03**********1ZF	1	0.35
15.	Ludhiana-I	03**********1ZQ	1	0.01
16.	Ludhiana-II	03**********1ZD	1	0.11

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (*₹ in Crore)*
17.	Ludhiana-II	03**********1Z9	4	0.86
18.	Ludhiana-II	03**********1ZD	5	0.08
19.	Ludhiana-II	03**********1Z8	9	3.40
20.	Ludhiana-II	03**********1ZY	8	0.29
21.	Ludhiana-III	03**********1ZS	1	0.42
22.	Mansa	03**********1ZH	10	0.14
23.	Mohali	03**********1ZB	1	1.12
24.	Mohali	03**********1ZR	1	0.54
25.	Mohali	03**********1ZZ	1	0.30
26.	Mohali	03**********1ZZ	1	0.11
27.	Mohali	03**********1ZR	1	0.10
28.	Mohali	03**********1ZL	10	0.14
29.	Mohali	03**********1ZU	10	0.31
30.	Mohali	03**********1ZV	10	0.18
31.	Mohali	03**********1Z1	10	0.12
32.	Mohali	03**********1Z5	10	0.15
33.	Mohali	03**********1ZO	8	0.15
34.	Mohali	03**********1ZM	8	0.10
35.	Patiala	03**********1Z7	13	7.86
36.	Ropar	03**********1ZD	12	0.32
Total				**34.71**

VI-Details of cases where ASMT-10 were issued in response to audit queries

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (*₹ in Crore)*
1.	Amritsar-I	03**********1Z8	9	2.46
2.	Fatehgarh Sahib	03**********1ZX	8	4.26
3.	Fatehgarh Sahib	03**********1ZY	9	1.45
4.	Fatehgarh Sahib	03**********1Z5	9	12.22
5.	Fatehgarh Sahib	03**********1ZH	4	0.46
6.	Jalandhar-II	03**********1ZL	13	3.01
7.	Jalandhar-II	03**********1ZN	1	0.10
8.	Ludhiana-I	03**********1ZT	1	0.04
9.	Ludhiana-I	03**********2ZW	4	0.87
10.	Ludhiana-I	03**********1ZG	4	0.78
11.	Ludhiana-I	03**********1Z9	13	9.55
12.	Ludhiana-II	03**********1ZM	2	30.19
13.	Ludhiana-III	03**********1ZQ	13	12.32
14.	Ludhiana-III	03**********1ZN	12	4.17
15.	Ludhiana-III	03**********1Z9	7	0.07
16.	Ludhiana-III	03**********1Z3	1	0.03
17.	Mohali	03**********1ZU	2	31.69
18.	Mohali	03**********1ZH	5	3.82
19.	Sangrur	03**********1ZJ	13	3.16
Total				**120.65**

VII-Details of cases which were under correspondence by the Department with taxpayers in response to audit queries

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (*₹ in Crore)*
1.	Patiala	03**********1ZT	9	1.27
2.	Mohali	03**********1ZR	4	0.95
3.	Gurdaspur	03**********1ZT	7	0.07
4.	Ludhiana-II	03**********1ZO	12	3.42
Total				**5.71**

VIII-Details of cases in which Department's replies were not acceptable (Audit Rebuttal)

Sr. No.	Jurisdiction	GSTIN	Audit Dimensions Number	Mismatch Amount (*₹ in Crore*)
1.	Amritsar-I	03**********1ZP	8	0.10
2.	Amritsar-II	03**********1ZC	2	40.39
3.	Bathinda	03**********1ZR	1	0.58
4.	Bathinda	03**********1ZP	2	164.40
5.	Jalandhar-I	03**********1ZQ	7	0.09
6.	Jalandhar-II	03**********1ZN	8	0.10
7.	Jalandhar-II	03**********1Z7	12	0.49
8.	Jalandhar-II	03**********1Z1	13	3.08
9.	Ludhiana-I	03**********1ZT	8	1.48
10.	Ludhiana-I	03**********1ZO	2	345.27
11.	Ludhiana-I	03**********1ZH	5	3.20
12.	Ludhiana-I	03**********1Z6	12	0.11
13.	Ludhiana-II	03**********1Z2	1	0.13
14.	Ludhiana-II	03**********1Z9	1	0.04
15.	Ludhiana-II	03**********1ZX	8	0.19
16.	Ludhiana-III	03**********3ZX	4	1.40
17.	Ludhiana-III	03**********1ZO	1	0.05
18.	Ludhiana-III	03**********1ZM	4	0.67
19.	Mohali	03**********1ZZ	9	1.77
20.	Mohali	03**********1Z2	9	2.84
21.	Mohali	03**********1Z9	2	13.44
22.	Mohali	03**********1ZY	2	72.47
23.	Patiala	03**********1Z6	9	2.03
24.	Tarn Taran	03**********1ZQ	13	2.65
Total				**656.97**

IX-Details of cases where Department's replies were not furnished with appropriate documentary evidences

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount (*₹ in Crore*)
1.	Amritsar-I	03**********1Z1	8	0.17
2.	Amritsar-I	03**********2Z4	8	1.84
3.	Amritsar-I	03**********1Z1	9	1.23
4.	Amritsar-I	03**********1ZW	9	1.31
5.	Amritsar-II	03**********1ZN	4	0.55
6.	Amritsar-II	03**********1ZZ	9	2.57
7.	Bathinda	03**********1ZD	9	1.23
8.	Bathinda	03**********1ZN	2	26.75
9.	Bathinda	03**********1ZQ	2	12.70
10.	Bathinda	03**********1ZZ	4	0.36
11.	Bathinda	03**********1ZA	4	0.30
12.	Fatehgarh Sahib	03**********1ZU	4	0.62
13.	Gurdaspur	03**********1ZZ	8	0.11
14.	Gurdaspur	03**********1ZE	2	17.94
15.	Gurdaspur	03**********1Z6	4	0.44
16.	Hoshiarpur	03**********1ZT	8	0.49
17.	Hoshiarpur	03**********1Z2	13	34.58

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount *(₹ in Crore)*
18.	Jalandhar-I	03**********2Z5	4	0.32
19.	Jalandhar-II	03**********1Z5	8	0.11
20.	Jalandhar-II	03**********1ZG	2	133.54
21.	Jalandhar-II	03**********1ZX	12	0.09
22.	Jalandhar-II	03**********1ZA	13	2.60
23.	Jalandhar-II	03**********1ZM	12	0.36
24.	Kapurthala	03**********2ZS	2	131.17
25.	Ludhiana-I	03**********1Z0	8	0.48
26.	Ludhiana-I	03**********1ZY	9	3.73
27.	Ludhiana-I	03**********1ZH	9	2.11
28.	Ludhiana-I	03**********1ZM	9	4.24
29.	Ludhiana-I	03**********1ZY	5	3.97
30.	Ludhiana-I	03**********1ZV	10	0.18
31.	Ludhiana-I	03**********1Z4	12	3.69
32.	Ludhiana-I	03**********1ZT	12	0.52
33.	Ludhiana-I	03**********1Z5	12	5.11
34.	Ludhiana-I	03**********1Z7	12	0.18
35.	Ludhiana-I	03**********1Z9	2	42.44
36.	Ludhiana-I	03**********1Z4	2	11.19
37.	Ludhiana-I	03**********2ZZ	4	0.58
38.	Ludhiana-I	03**********1ZE	4	0.24
39.	Ludhiana-I	03**********1ZG	5	1.52
40.	Ludhiana-I	03**********1ZG	12	1.52
41.	Ludhiana-II	03**********1ZF	9	1.65
42.	Ludhiana-II	03**********1Z4	2	1,549.21
43.	Ludhiana-II	03**********1ZK	2	34.61
44.	Ludhiana-II	03**********1ZW	5	2.41
45.	Ludhiana-II	03**********1Z1	5	3.45
46.	Ludhiana-II	03**********1ZP	10	0.30
47.	Ludhiana-II	03**********1ZC	10	0.42
48.	Ludhiana-II	03**********1ZN	12	0.64
49.	Ludhiana-II	03**********1Z6	13	4.89
50.	Ludhiana-II	03**********1ZZ	12	0.38
51.	Ludhiana-II	03**********1ZC	2	41.16
52.	Ludhiana-II	03**********2ZR	2	22.01
53.	Ludhiana-II	03**********2ZR	4	2.66
54.	Ludhiana-II	03**********1ZX	9	1.71
55.	Ludhiana-III	03**********1ZJ	8	0.20
56.	Ludhiana-III	03**********1Z5	8	0.19
57.	Ludhiana-III	03**********1ZT	8	0.10
58.	Ludhiana-III	03**********1ZZ	9	1.44
59.	Ludhiana-III	03**********1ZA	9	2.79
60.	Mansa	03**********1ZV	4	0.24
61.	Moga	03**********1ZM	4	0.28
62.	Mohali	03**********1Z4	9	4.85
63.	Mohali	03**********1ZE	9	1.22
64.	Mohali	03**********1ZG	9	1.46
65.	Mohali	03**********1Z0	9	3.10
66.	Mohali	03**********1ZG	2	58.60

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount *(₹ in Crore)*
67.	Mohali	03**********1Z8	2	47.53
68.	Mohali	03**********1ZM	2	23.25
69.	Mohali	03**********1ZE	2	12.70
70.	Mohali	03**********1Z4	5	1.75
71.	Mohali	03**********1ZJ	13	2.56
72.	Mohali	03**********2ZP	13	3.33
73.	Mohali	03**********1ZR	12	0.97
74.	Mohali	03**********1ZI	12	0.71
75.	Mohali	03**********1ZS	2	14.51
76.	Mohali	03**********2ZG	2	13.02
77.	Mohali	03**********1Z2	8	7.59
78.	Mohali	03**********1ZA	4	0.30
79.	Mohali	03**********1ZN	8	0.13
80.	Nawanshahr	03**********1ZT	7	0.06
81.	Nawanshahr	03**********1Z6	8	0.11
82.	Pathankot	03**********1ZO	7	0.08
83.	Pathankot	03**********1Z8	4	0.54
84.	Patiala	03**********1ZY	9	1.18
85.	Patiala	03**********1Z9	10	0.35
86.	Patiala	03**********1Z0	2	97.24
87.	Sangrur	03**********1ZO	8	0.58
Total				**2,421.54**

X-Details of cases where Department stated that they were examining the audit query

Sr. No.	Jurisdiction	GSTIN	Audit Dimension Number	Mismatch Amount *(₹ in Crore)*
1.	Bathinda	03**********1ZP	9	1.76
Total				**1.76**

Appendix 2.3

(Referred to in Paragraph 2.7.2.2 (a))

Non-production of records

☞ This list contains details of important records only and does not represent as exhaustive list of records that were not produced to Audit.

☞ The amount shown against each case reflects mismatches identified by Audit, while analysing returns of the taxpayers and do not represent final audit finding since these cases could not be examined in detail because relevant granular records as listed below were not produced to Audit by the Department.

Sr. No.	Jurisdiction	GSTIN	Detail of records	Amount *(₹ in Crore)*
1.	Fatehgarh Sahib	03**********1Z2	1. Financial Statements along with Schedules for 2016-17 2. Ledger account of sundry creditors, sundry debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Nov 2017 and Jan 2018; ITC invoices/Bill of Purchases etc. for Oct 2017 and Nov 2017.	0.00
2.	Fatehgarh Sahib	03**********1ZM	1. Financial Statements along with Schedules for 2016-17, 2018-19 and 2019-20 2. Ledger account of sundry creditors, sundry debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Nov 17 and Jan 18; ITC invoices/Bill of Purchases etc. for Oct 17 and Nov 17.	0.00
3.	Fatehgarh Sahib	03**********1ZX	1. GSTR-9/9C not filed by taxpayer. GSTR-3B filed for Jul to Aug 2017 only. GSTR-1 filed for Jul 2017 to Jan 2018 only. Financial statements along with schedules for 2017-18. 2. Auditor's report in Form 3CD and Form 3CEB.	0.06
4.	Fatehgarh Sahib	03**********1ZW	1. Financial Statements along with Schedules for 2016-17, 2018-19 and 2019-20. 2. Ledger account of sundry creditors, sundry debtors for 2017-18. 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Detail of invoices of 2017-18 against which ITC was availed during 2018-19 for 2017-18; Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for the Nov 17 and Jan 18; ITC invoices/Bill of Purchases etc. for Oct 17 and Nov 17.	0.00
5.	Jalandhar-I	03**********2ZK	1. Ledger account of sundry creditors along with invoices and payment vouchers of amount reflecting in sundry creditors' list in balance sheet. 2. Copy of Form 3CD and Form 3CEB for 2017-18 3. Invoices/Bills of supplies/Receipt Vouchers /payment vouchers and other underlying documents (agreement, purchase order) etc. for Jan 2018 and Mar 2018. 4. Copies of ITC invoices/Bill of Purchases etc. for Jul 2017 and Dec 2017. 5. GSTR-2A returns showing invoice details.	1.75

Sr. No.	Jurisdiction	GSTIN	Detail of records	Amount (₹ in Crore)
6.	Jalandhar-I	03**********1ZQ	1. Trading and Profit and Loss account, Balance Sheet along with all relevant notes to accounts/schedules for 2016-17 to 2019-20. 2. Ledger account of sundry creditors along with invoices and payment vouchers of amount reflecting in sundry creditors list in balance sheet. 3. Copy of Form 3CD and Form 3CEB (along with annexures) for 2017-18 (complete set may be supplied), Cost Auditor's Report, Director's Report, Notes to Accounts for 2017-18. 4. Copies of invoices/ Bills of supplies/ Receipt Vouchers/ payment vouchers and other underlying documents (agreement, purchase order) for of Feb 2018 and Mar 2018; copies of ITC invoices/Bill of Purchases etc. for Feb 2018 and Mar 2018 along with granular/voucher level details of invoices declared in GSTR-2A and GSTR-3B. 5. GSTR-2A returns showing invoice-wise details.	0.63
7.	Jalandhar-II	03**********3ZQ	1. Financial Statements with schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors along with invoices and payment vouchers of amount reflecting in sundry creditors' list in balance sheet 3. Copy of Form 3CD and Form 3CEB for 2017-18, Cost Auditor's report, Director's report, Notes to Accounts for 2017-18 4. GSTR-2A returns showing invoice details.	42.53
8.	Ludhiana-I	03**********1ZL	1. Financial Statement with schedules for 2016-17 to 2019-20 2. Ledger accounts of sundry creditors/debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts 4. GSTR 2A showing HSN-wise details of goods for 2017-18 5. Copy of invoices of outward supplies for Dec 2017 and Mar 2018	31.02
9.	Ludhiana-I	03**********1ZO	1. Financial Statement with schedules for 2016-17 to 2019-20 2. Ledger accounts of sundry creditors/debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts 4. GSTR 2A showing HSN-wise details of goods for 2017-18 5. Copy of invoices of outward supplies for of Jul 17 and Aug 17 and inward supplies for Sep 17 and Mar 18	5.45
10.	Ludhiana-I	03**********1Z7	1. Financial Statement with schedules for 2016-17 to 2019-20 2. Ledger accounts of sundry creditors/debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts 4. GSTR 2A showing HSN wise details of goods for 2017-18 5. Copy of invoices of outward supplies for Jul 17 and Aug 17 and inward supplies for Sep 17 and Mar 18	0.00

Sr. No.	Jurisdiction	GSTIN	Detail of records	Amount (₹ in Crore)
11.	Ludhiana-III	03**********1ZL	1. Financial Statements along with schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry debtors, schedule of fixed assets for 2017-18 3. Auditor report in Form 3CD, Form 3CB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Nov 2017 and Dec 2017. 5. ITC invoices, Bill of Purchases etc. for Nov 2017 and Dec 2017 6. GSTR-2A returns showing invoice details for 2017-18	1.27
12.	Mohali	03**********2ZI	1. Financial Statements along with Schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry debtors for 2017-18 3. Auditor's report in Form 3CD, Form CEB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Aug 17 and Sep 17; ITC invoices/Bill of Purchases etc. for Aug 17 and Feb 18.	0.41
13.	Mohali	03**********1ZU	1. Financial Statements along with Schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Detail of invoices of FY 2017-18 against which ITC was availed during FY 2018-19 for 2017-18; Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Feb 18 and Mar 18; ITC invoices/Bill of Purchases etc. for Feb 18 and Mar 18. 5. Detail of zero-rated taxable amount- ₹ 239408	0.60
14.	Mohali	03**********1ZZ	1. Financial Statements along with Schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Feb 18 and Mar 18; ITC invoices/Bill of Purchases etc. for Aug 17 and Dec 17.	0.00
15.	Mohali	03**********1Z7	1. Financial Statements along with Schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Jul 17 and Aug 17; ITC invoices/Bill of Purchases etc. for Oct 17 and Nov 17. 5. Details of invoices related to Zero rated supplies invoices/Bill of Export/shipping bills/EGM for Feb 18 and Mar 18.	11.55
16.	Mohali	03**********1ZB	1. Financial Statements along with Schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB,	0.00

Sr. No.	Jurisdiction	GSTIN	Detail of records	Amount (₹ in Crore)
			Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for July-17 and Dec 17; ITC invoices/Bill of Purchases etc. for Jul 17 and Nov 17.	
17.	Mohali	03**********1ZU	1. Financial Statements along with Schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors and sundry debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Detail of invoices of 2017-18 against which ITC was availed during 2018-19 for 2017-18; Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Oct 17 and Mar 18; ITC invoices/Bill of Purchases etc. for Dec 17 and Feb 18.	0.88
18.	Mohali	03**********1ZY	1. Financial Statements along with Schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Oct 17 and Mar 18; ITC invoices/Bill of Purchases etc. for Sep 17 and Nov 17.	4.58
19.	Mohali	03**********1ZH	1. Financial Statements along with Schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Detail of Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Oct 17 and Nov 17; ITC invoices/Bill of Purchases etc. for Aug 17 and Jan 18.	0.00
20.	Mohali	03**********1ZA	1. Financial Statements along with Schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry Debtors for 2017-18 3. Auditor's report 3CD, 3CEB, Cost Auditor annual report, Director's report/Notes to Accounts (if applicable) for 2017-18 4. Detail of Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Feb 18 and Mar 18; ITC invoices/Bill of Purchases etc. for Dec 17 and Jan 18.	0.06
21.	Mohali	03**********1ZF	1. Financial Statements along with Schedules for 2016-17 to 2019-2020 2. Ledger account of sundry creditors, sundry Debtors for 2017-18 3. Auditor's report 3CD, 3CEB, Cost Auditor annual report, Director's report/Notes to Accounts (if applicable) for 2017-18 4. Detail of invoices of FY 2017-18 against which ITC was availed during FY 2018-19 (if applicable) for 2017-18; Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Feb 18 and Mar 18; ITC invoices/Bill of Purchases etc. for Aug 17 and Jan 18.	6.12
22.	Mohali	03**********2ZM	1. Financial Statements along with Schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry Debtors for 2017-18	0.00

Sr. No.	Jurisdiction	GSTIN	Detail of records	Amount *(₹in Crore)*
			3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts (if applicable) for 2017-18 4. Detail of invoices of FY 2017-18 against which ITC was availed during FY 2018-19 (if applicable) for 2017-18; Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Dec 17 and Jan 18; ITC invoices/Bill of Purchases etc. for Feb 18 and Mar 18. 5. Details of invoices related to Zero rated supplies invoices/Bill of Export/shipping bills/EGM for Sep 17 and Jan 18.	
23.	Mohali	03**********1Z3	1. Financial Statements along with Schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry Debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts (if applicable) for 2017-18 4. Detail of Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Dec 17 and Mar 18; ITC invoices/Bill of Purchases etc. for Sep 17 and Mar 18.	0.90
24.	Mohali	03**********1ZI	1. Financial Statements along with Schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry Debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts (if applicable) for 2017-18 4. Detail of invoices of FY 2017-18 against which ITC was availed during FY 2018-19 (if applicable) for 2017-18; Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Jul 17 and Jan 18; ITC invoices/Bill of Purchases etc. for Dec 17 and Jan 18.	2.17
25.	Patiala	03**********1ZF	1. Financial Statements along with Schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry Debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Annual GSTR-1 and GSTR-2A returns showing invoice details for 2017-18 5. Detail of invoices of FY 2017-18 against which ITC was availed during FY 2018-19 for 2017-18; Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Feb 2018 and Mar 2018; ITC invoices/Bill of Purchases etc. for Jul 2017	0.46
26.	Patiala	03**********2ZF	1. Financial Statements along with Schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry debtors for 2017-18 3. Auditor's report in Form 3CD, Form 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Annual GSTR-1 and GSTR-2A returns showing invoice details for 2017-18 5. Detail of invoices of 2017-18 against which ITC was availed during 2018-19 for 2017-18; Invoices/Bills of supplies/ Receipt Vouchers etc. to UDL for Feb 2018 and Mar 2018; ITC invoices/Bill of Purchases etc. for Feb 2018 and Mar 2018	0.00
Total				**110.44**

Appendix 2.4

(Referred to in Paragraph 2.7.2.2 (b))

Details of cases where records were partially produced

☞ The amount shown against each case reflects mismatches identified by Audit, while analysing returns of the taxpayers available on GSTN where only partial records were produced to Audit. Hence, amount shown may not represent final amount since these cases could not be examined in detail due to non-availability of granular records as listed below.

Sr. No.	Jurisdiction	GSTIN	Detail of records, not produced	Amount (*₹ in Crore*)
1.	Bathinda	03**********1ZW	1. Ledger accounts (in proper format) of sundry creditors and sundry debtors for 2017-18 2. Annual GSTR-1 and GSTR-2A returns showing invoice and HSN-wise details for 2017-18 3. Partial Invoices/Bills of supplies/Receipt Vouchers etc. for Aug 2017 and Sep 2017 4. Partial ITC invoices/Bill of Purchases etc. for Aug 2017 and Jan 2018	0.20
2.	Bathinda	03**********1ZE	1. Financial statements for 2016-17 2. Ledger account of sundry creditors and sundry debtors for 2017-18 3. Annual GSTR-1 returns showing invoice and HSN wise details. 4. ITC invoices/Bill of Purchases etc. for Jul 2017 and Mar 2018 5. Trading and Profit and Loss Account (Punjab Region only)	0.38
3.	Bathinda	03**********1ZF	1. Financial statements with schedules for 2016-17 to 2019-20 (Punjab Region only). 2. Ledger account of sundry creditors and sundry Debtors for 2017-18 3. Annual GSTR-1 showing invoice details. 4. Detail of invoices of FY 2017-18 against which ITC was availed during 2018-19 5. Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Jul 17 and Mar 18 6. ITC invoices/Bill of Purchases etc. for Nov 17 and Mar 18	16.85
4.	Bathinda	03**********1ZX	1. Financial statements with schedules for 2016-17 to 2019-20 (Punjab Region only). 2. Outward supplies depicting HSN-wise details in GSTR 01 for 2017-18 3. Copy of the invoices for outward supplies for Dec 17 and Feb 18 and inward supplies for Dec 17 and Jan 18. 4. Inward supplies depicting HSN-wise details in GSTR-2A for 2017-18 5. 3CD Report for 2017-18 6. Documents/Invoices of Inward and Outward supplies between related parties for 2017-18 7. Ledger account of sundry creditors and sundry debtors for 2017-18	0.15
5.	Bathinda	03**********1ZL	1. Financial statements with schedules for 2016-17 to 2019-20 (Punjab Region only). 2. HSN-wise list of inward supplies shown under GSTR 02 for 2017-18 3. Copy of the invoices for outward supplies for Nov 17 and Mar 18 and inward supplies for Dec 17 and Mar 18. 4. Ledger account of sundry creditors and sundry debtors for 2017-18 5. Auditor's report 3CD, 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts	22.59

Sr. No.	Jurisdiction	GSTIN	Detail of records, not produced	Amount (₹ in Crore)
6.	Bathinda	03**********2ZD	1. Financial statements with schedules for 2016-17 to 2019-20 (Punjab Region only). 2. HSN-wise list of inward supplies shown under GSTR 01 for 2017-18 3. Copy of the invoices for outward supplies for Nov 17 and Mar 18 and inward supplies for Nov 17 and Mar 18. 4. Sundry creditors/debtors' ledger for 2017-18 5. Invoice of the goods which was incorporated as addition in Fixed Assets schedule during 2017-18 6. Auditor's report 3CD, 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts.	0.11
7.	Bathinda	03**********1ZZ	1. Financial statements with schedules for 2016-17 to 2019-20 (Punjab Region only). 2. Ledger account of sundry creditors and sundry debtors for 2017-18 3. Auditor's report 3CD, 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18 4. Annual GSTR-1 and GSTR-2A returns showing invoice details 5. Detail of invoices of 2017-18 against which ITC was availed during 2018-19 6. Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Feb-18 and Mar 18 7. ITC invoices/Bill of Purchases etc. for Jan 18 and Feb 18	24.29
8.	Jalandhar-I	03**********1ZY	1. Sundry creditors' invoices in respect of Jul 17 to Mar 18 where payment was due/made after period of more than 180 days along payment vouchers of amount reflecting in sundry creditors' list. 2. Copy of invoices for inward supply from unregistered person. 3. List of invoices/Bills of supplies/Receipt Vouchers etc. for August 2017 and details of invoices declared in GSTR-1 and December 2017 with granular/ voucher level GSTR-3B 4. List of ITC invoices/Bill of Purchases etc. for Aug 2017 and Sep 2017 with granular/ voucher level details of invoices declared in GSTR- 2A and GSTR-3B; List of ITC invoices/Bill of Purchases etc. for Sep 2017 and Jan 2018.	0.30
9.	Jalandhar-II	03**********1ZM	1. Sundry creditors' invoices in respect of GST period (Jul 17 to Mar 18) where payment was due/made after period of more than 180 days along payment vouchers of amount reflecting in sundry creditors' list. Ledger account 2. Copies of invoices/Bills of supplies/Receipt Vouchers etc. for Dec 2017 and Mar 2018. 3. Copies of ITC invoices/Bill of Purchases etc. for Sep 2017 and Jan 2018. 4. Annual GSTR-1 and GSTR-2A returns showing invoice details. List of invoices/Bills of supplies/Receipt Vouchers etc. for Dec 2017 and Mar 2018 with granular/ voucher level details of invoices declared in GSTR-1 and GSTR-3B. invoices declared in GSTR- 2A and GSTR-3B.	0.06

Sr. No.	Jurisdiction	GSTIN	Detail of records, not produced	Amount (₹ in Crore)
10.	Jalandhar-II	03**********2ZO	1. Trading and P & L account, Balance Sheet along with all relevant notes to accounts/ schedules for 2016-17 to 2019-20; Details/schedules of Revenue from operations, other incomes, Other expenditure, expenditures on input purchase and purchase and sale of capital assets 2. Ledger account of sundry creditors along with invoices and payment vouchers of amount reflecting in sundry creditors' list in balance sheet 3. Copy of Form 3CD and Form 3CEB for 2017-18 (complete set may be supplied) 4. Copies of invoices/Bills of supplies/Receipt Vouchers/payment vouchers and other underlying documents (agreement, purchase order) etc. for Sep 2017 and Dec 2017 with granular/voucher level details of invoices declared in GSTR-1 and GSTR-3B; copies of ITC invoices/Bill of Purchases etc. for Aug 2017 and Sep 2017 with granular/voucher level details of invoices declared in GSTR-2A and GSTR-3B 5. Annual GSTR-1 and GSTR-2A returns showing invoice details.	0.08
11.	Jalandhar-II	03**********1ZA	1. Granular/voucher level details of ITC invoices/Bill of Purchases etc. declared in GSTR-2A and GSTR-3B for August 2017 and October 2017 2. Annual GSTR-1 and GSTR-2A returns showing invoice details. 3. Record/invoices in respect of related party transactions or distinct party having same PAN, for Oct 2017 and Nov 2017	0.21
12.	Jalandhar-II	03**********1ZD	1. Trading and Profit and Loss account, Balance Sheet along with all relevant notes to accounts/ schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors along with invoices and payment vouchers of amount reflecting in sundry creditors' list in balance sheet 3. Copy of Form 3CD and Form 3CEB for 2017-18 (complete set), Cost Auditor's report, Director's report, Notes to Accounts for 2017-18. 4. Copies of invoices/Bills of supplies/Receipt Vouchers/payment vouchers and other underlying documents (agreement, purchase order) etc. for Feb 2018 and Mar 2018 with granular/voucher level details of invoices declared in GSTR-1 and GSTR-3B 5. Copies of ITC invoices/Bill of Purchases etc. for Sep 2017 and Mar 2018 with granular/voucher level details of invoices declared in GSTR-2A and GSTR-3B 6. Annual GSTR-1 and GSTR-2A returns showing invoice details.	0.00
13.	Jalandhar-II	03**********1ZF	1. Copies of invoices/Bills of supplies/Receipt Vouchers/payment vouchers and other underlying documents (agreement, purchase order) etc. for Jul 2017 and Sep 2017. 2. Granular/voucher level details of invoices showing tax liability as per GSTR-1 and as per GSTR-3B for Jul and Sep 2017 3. Granular/voucher level details of ITC invoices/Bill of purchases whose ITC claimed in GSTR-3B for Jul and Aug 2017 4. Granular/voucher level details of ITC invoices/Bill of purchases whose ITC accrued as per GSTR-2A for Jul and Aug 2017	13.15

Sr. No.	Jurisdiction	GSTIN	Detail of records, not produced	Amount (*₹ in Crore*)
14.	Ludhiana-I	03**********1ZA	1. HSN-wise detail of Inward/Outward Supplies.	0.59
15.	Ludhiana-I	03**********1ZY	1. HSN-wise list of outward supplies shown under GSTR 01 for 2017-18 2. Documents related to Import of Goods during 2017-18 (As Bill of Lading, Invoices, Bill of Entry etc.) 3. Financial statements for 2016-17, 2018-19 and 2019-20 4. Copy of the invoices of outward supplies for Nov 17 and Jan 18, inward supplies for Nov 17 and Dec 17. 5. 3CEB Report for 2017-18 6. Ledger account of sundry creditors for 2017-18	0.46
16.	Ludhiana-I	03**********1Z0	1. Financial statements with schedules for 2016-17 to 2019-20 (Punjab Region only). 2. Copy of the invoices of outward supplies for Feb 18 and Mar 18 and inward supplies for Sep 17 and Mar 18. 3. 3CEB Report for 2017-18 4. Sundry creditors' ledger for 2017-18	1.30
17.	Ludhiana-I	03**********1ZU	1. Sundy creditors ledger for 2017-18 2. CEB report for 2017-18 3. Complete invoices of supplies for Feb 2018 and Mar 2018 4. Zero rated supplies invoices/Bill of Export/shipping bills/EGM etc. Feb 2018 and Mar 2018 5. Invoices related to addition in fixed asset during 2017-18. 6. GSTR-2A details for 2017-18	0.95
18.	Ludhiana-I	03**********1ZA	1. Financial Statements for 2016-17 2. GSTR 1 and 2A showing HSN-wise details for 2017-18 3. Copy of the invoices for outward supplies Feb 18 and Mar 18 and inward supplies Aug 17 and Sep 17. 4. Ledgers for 2017-18 pertaining to below mentioned creditors a. Appu International b. Cyclotech Bikes LLP c. H. Sahi and Associates 5. Sundry debtors' ledger for 2017-18. 6. Invoice of the goods which was incorporated as addition in Fixed Assets schedule during 2017-18	0.77
19.	Ludhiana-I	03**********1Z8	1. Sale register and Purchase register for 2017-18 2. GSTR 1 and 2A showing HSN-wise invoice details for 2017-18 3. Copy of the invoices of outward supplies for Nov 17 and Jan 18 and inward supplies for Nov 17 and Dec 17. 4. S. Creditors/ S. Debtors ledger for 2017-18.	0.04
20.	Ludhiana-I	03**********1ZT	1. Copy of the invoices of outward supplies for Jul 2017 and Aug 2017 and inward supplies for Jul 2017 and Oct 2017. 2. Copy of P & L account, Balance Sheet with scheduled for 2016-17. 3. Invoices related to addition in fixed asset during 2017-18.	0.00
21.	Ludhiana-I	03**********1ZG	1. List of sundry creditors ledger for 2017-18 2. Financial Statements along with schedules for 2016-17, 2018-19 and 2019-20 3. Copy of GSTR 9 and 9C for 2017-18	0.42
22.	Ludhiana-I	03**********1ZB	1. Copy of the invoices of inward supplies for Oct 17 and Jan 18. 2. P & L account for 2016-17	0.37

Sr. No.	Jurisdiction	GSTIN	Detail of records, not produced	Amount (₹ in Crore)
23.	Ludhiana-I	03**********1ZP	1. Financial Statement with schedules for 2016-17 to 2019-20 2. Ledger accounts of sundry creditors/debtors for 2017-18 3. Auditor's report 3CD, 3CEB, Cost Auditor's annual report, Director's report/Notes to Accounts 4. GSTR 1 and 2A showing HSN-wise details of goods for 2017-18 5. Copy of invoices of outward supplies for Sep 17 and Feb 18 and inward supplies for Aug 17 and Oct 17	0.00
24.	Ludhiana-II	03**********1ZI	1. Trading and P & L account, Balance Sheet along with schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors along with invoices and payment vouchers of amount reflecting in Sundry creditors' list in balance sheet 3. Copy of Form 3CD and Form 3CEB report for 2017-18, Cost Auditor's report, Director's report, Notes to Accounts 4. Copies of Debit note, Credit note along with connected amendments for Aug 2017 and Sep 2017. 5. Copies of invoices/Bills of supplies/Receipt Vouchers etc. for Nov 2017 and Mar 2018 6. Copies of ITC invoices/Bill of Purchases etc. for Sep 2017 and Nov 2017 7. Annual GSTR-1 and GSTR-2A returns showing invoice details.	8.34
25.	Ludhiana-II	03**********1ZD	1. Ledger account of sundry creditors along with invoices and payment vouchers of amount reflecting in sundry creditors' list in balance sheet 2. Copies of Debit note, Credit note along with connected amendments, for Feb 2018, Mar 2018, Jul 2017 and Oct 2017 3. Copies of invoices/Bills of supplies/Receipt Vouchers etc. for Feb 2018 and Mar 2018 4. Copies of ITC invoices/Bill of Purchases etc. for Jul 2017 and Oct 2017 5. Annual GSTR-1 and GSTR-2A returns showing invoice details.	0.39
26.	Ludhiana-II	03**********1ZD	1. Trial balance/Balance Sheet, P & L account in respect of units in Punjab State along with schedules for 2016-17 and 2017-18 2. Ledger account of sundry creditors along with invoices and payment vouchers of amount reflecting in Sundry creditors' list in balance sheet 3. Copy along with annexures of Form 3CD and Form 3CEB report for 2017-18 4. Copies of invoices/Bills of supplies/Receipt Vouchers etc. for Jul 2017 and Dec 2017. 5. Copies of ITC invoices/Bill of Purchases etc. for Jan 2018 and Mar2018. 6. Annual GSTR-1 showing invoice details.	1.85
27.	Ludhiana-II	03**********1ZL	1. Trading and P & L account and schedules of Balance Sheet for 2016-17 to 2019-20. 2. Ledger account of sundry creditors 3. Annual GSTR-1 return showing invoice details 4. Debit note and Credit note issued for Jul 2017, Oct 2017, Nov 2017 and Mar 2018	3.67
28.	Ludhiana-II	03**********1ZO	1. Ledger account of sundry creditors along for 2017-18 2. Copies of Invoices/Bills of supplies/Receipt Vouchers etc. for Nov 2017 and Mar 2018 3. Copies of ITC invoices/Bill of Purchases etc. for Feb 2018 and Mar 2018. 4. Copies of Bill of Entries for 2017-18	3.15

Sr. No.	Jurisdiction	GSTIN	Detail of records, not produced	Amount (₹ in Crore)
29.	Ludhiana-II	03**********1ZD	1. Trading and P & L account, Balance Sheet along with schedules for 2019-20 2. Ledger account of sundry creditors along with invoices and payment vouchers of amount reflecting in sundry creditors' list of balance sheet. 3. Form 3CD supplied for 2017-18 4. Copies of invoices/Bills of supplies/Receipt Vouchers etc. for Nov 2017 and Mar 2018 5. Copies of ITC invoices/Bill of Purchases etc. for Nov 2017 and Mar 2018.	0.11
30.	Ludhiana-III	03**********1ZZ	1. Ledger account of sundry creditors along with invoices and payment vouchers of amount reflecting in sundry creditors' list in balance sheet 2. Copies of invoices/Bills of supplies/Receipt Vouchers etc. for Feb 2018 and Mar 2018 3. Copies of ITC invoices/Bill of Purchases etc. for Oct 2017 and Mar 2018. 4. Annual GSTR-1 and GSTR-2A returns showing invoice details.	0.00
31.	Ludhiana-III	03**********1ZZ	1. Auditor report 3CD, 3CB, Cost Auditor's annual report, Director's report/Notes to Accounts. 2. Invoices/Bills of supplies/Receipt Vouchers; ITC invoices/Bill of Purchases 3. Annual GSTR-1 and GSTR-2A returns showing invoice details	2.58
32.	Ludhiana-III	03**********1ZU	1. Financial Statements along with schedules for 2016-17 to 2019-20 2. Ledger account of sundry creditors, sundry Debtors, schedule of fixed assets for 2017-18 3. Auditor report 3CD,3CB, Cost Auditor's annual report, Director's report/Notes to Accounts for 2017-18. 4. Invoices/Bills of supplies/Receipt Vouchers etc. to UDL for Aug 2017 and Jan 2018 5. ITC invoices/Bill of Purchases etc. for Sep 2017 and Nov 2017 6. Annual GSTR-1 and GSTR-2A returns showing invoice details. GSTR-1 returns available for download in Portal shows only summary of transactions for 2017-18	2.11
33.	Muktsar Sahib	03**********1ZX	1. Ledger account of sundry creditors along with invoices and payment vouchers of amount reflecting in sundry creditors' list in balance sheet. Similar documents for Sundry Debtors may also be supplied. 2. Copies of invoices/Bills of supplies/Receipt Vouchers, advance vouchers and related amended invoices etc. for Sep 2017 and Jan 2018 along with granular/ voucher level details of invoices declared in GSTR-1 and GSTR-3B. 3. Copies of ITC invoices/Bill of Purchases etc. for Aug 2017 and Sep 2017 along with granular/voucher level details of invoices declared in GSTR-2A and GSTR-3B.	0.15

Sr. No.	Jurisdiction	GSTIN	Detail of records, not produced	Amount (₹ in Crore)
34.	Muktsar Sahib	03**********1ZZ	1. Ledger accounts of sundry creditors along with invoices and payment vouchers of amount reflecting in sundry creditors' list in balance sheet 2. Ledger account of RCM transactions, ledger account of commission paid, ledger account of misc. 3. Copies of invoices/Bills of supplies/Receipt Vouchers, advance vouchers and related amended invoices etc. for Jul 2017 and Mar 2018 along with granular/voucher level details of invoices declared in GSTR-1 and GSTR-3B; Photocopies of ITC invoices/Bill of Purchases, etc. for Jul 2017 and Feb 2018 along with granular/voucher level details of invoices declared in GSTR-2A and GSTR-3B. 4. Annual GSTR-1 showing invoice details. 5. Copy of Form 3CEB report for 2017-18 along with annexures.	0.16
Total				**105.78**

Appendix 2.5

(Referred to in Paragraph 2.7.2.2(A)(a))

Non-payment of interest on delayed payments of tax

Sr No.	Jurisdiction	GSTIN	Delay Range (in days)	Interest Payable (*Amount in ₹*)
1.	Bathinda	03**********1ZF	7	44,784
2.	Bathinda	03**********1ZX	3 to 20	11,969
3.	Bathinda	03**********1ZW	8 to 142	8,081
4.	Jalandhar-II	03**********1ZF	4	16,343
5.	Ludhiana-I	03**********1ZT	180 to 341	53,941
6.	Ludhiana-I	03**********1Z0	16	55,810
7.	Ludhiana-I	03**********1ZA	28 to 54	16,73,596
8.	Ludhiana-I	03**********1ZY	77 to 127	24,048
9.	Ludhiana-II	03**********1ZO	3 to 183	32,465
10.	Ludhiana-III	03**********1ZU	5	8,139
11.	Ludhiana-III	03**********1ZL	2 to 26	7,312
12.	Mohali	03**********1Z7	28 to 84	42,55,904
13.	Mohali	03**********1ZU	1	4,331
14.	Mohali	03**********2ZI	203 to 281	1,19,018
15.	Mohali	03**********1ZZ	330 to 418	6,261
16.	Mohali	03**********1ZI	1	2,824
17.	Muktsar Sahib	03**********1ZZ	1 to 5	14,103
18.	Patiala	03**********1ZF	37 to 100	32,334
Total				**63,71,263**

Appendix 2.6

(Referred to in Paragraph 2.7.2.2 (A)(b))

Data entry errors in return

Sr. No.	Jurisdiction	GSTIN	Return	Month	Amount (₹)	Remarks
1.	Fatehgarh Sahib	03**********1ZW	GSTR-3B	July, August, September & November 2017	79,28,975	IGST availed (as ITC) on import of goods was shown in table 4(A)(5) instead of table 4(A)(1) of GSTR-3B in the returns.
2.	Jalandhar-II	03**********1ZD	GSTR-3B	September 2017	2,61,14,648	Due to clerical error, the firm availed ITC of ₹ 2.61 crore in the return of September 2017, which was later reversed in July 2018.
3.	Muktsar Sahib	03**********1ZX	GSTR-1	January 2018	7,14,629	Values of supply and tax were wrongly entered by the firm. On verification of invoice wise detail of the firm, no difference in outward supplies and tax was noticed by the Department.
Total					**3,47,58,252**	

Appendix 2.7

(Referred to in Paragraph 2.7.2.2(B)(a)(1))

A - Mismatch in input tax credit availed under Reverse Charge Mechanism

(Amount in ₹)

Sr. No.	Jurisdiction	GSTIN	RCM tax payable as per GSTR-3B [Table 3.1(D)]	RCM ITC availed as per GSTR-3B [Table 4A(2) + Table 4A(3) of GSTR-3B + Table 6C of GSTR-9]	Difference
1.	Mohali	03**********1Z7	25,70,03,319	25,86,34,613	16,31,294
Total-I			**25,70,03,319**	**25,86,34,613**	**16,31,294**

(Referred to in Paragraph 2.7.2.2(B)(a)(2))

B – Mismatch in input tax credit availed under Reverse Charge Mechanism

(Amount in ₹)

Sr. No.	Jurisdiction	GSTIN	RCM ITC as per GSTR-9 [Table 6C+6D+6F]	ITC availed under RCM as per GSTR-3B [Table 4A(3)]	Difference
1.	Ludhiana-I	03**********1ZL	21,56,172	21,00,78,202	20,79,22,030
Total-II			**21,56,172**	**21,00,78,202**	**20,79,22,030**

Appendix 2.8

(Referred to in Paragraph 2.7.2.2(B)(a)(3))

A-Non/short reversal of input tax credit on capital goods

(Amount in ₹)

Sr. No.	Jurisdiction	GSTIN	ITC on Capital goods availed [Table 6 of GSTR-9]	Total Turnover [Table 5N of GSTR9]	Exempt Turnover [Table 5N of GSTR9]	Reversal of ITC due as per Rule 43 of PGST Rules
1.	Mohali	03**********1ZU	8,22,306	3,93,86,66,141	3,67,28,80,802	7,67,045
2.	Muktsar Sahib	03**********1ZZ	5,58,44,496	5,05,91,07,436	1,70,52,323	1,88,231
Total (A)			**5,66,66,802**			**9,55,276**

B-Non/short reversal of input tax credit in respect of common inputs used for taxable and exempted supplies

(Amount in ₹)

Sr. No.	Jurisdiction	GSTIN	Total turnover as per GSTR-9	Exempt turnover as per GSTR-9	Input Tax Credit availed on inputs/ input services	Reversal due as per Rule-42	Reversal made under Table 7 of GSTR-9	Non/short reversal
1	Bathinda	03**********2ZD	4,37,69,32,267	4,36,35,26,144	11,63,822	11,60,257	48,329	11,11,928
2	Jalandhar-I	03**********1ZY	6,00,92,034	17,600	91,44,465	2,678	0	2,678
3	Jalandhar-I	03**********1ZQ	13,27,39,053	9,46,396	1,38,98,481	99,093	0	99,093
4	Ludhiana-II	03**********1ZD	70,13,19,692	10,27,084	8,76,35,061	1,28,342	91,485	36,857
5	Ludhiana-II	03**********1ZI	2,27,18,01,150	14,85,30,592	8,87,38,924	58,01,760	0	58,01,760
6	Ludhiana-III	03**********1ZL	12,30,21,824	6,48,500	2,52,19,041	1,32,940	0	1,32,940
7	Ludhiana-III	03**********1ZU	26,35,21,514	2,83,67,504	1,94,60,834	20,94,915	0	20,94,915
8	Muktsar Sahib	03**********1ZZ	5,05,91,07,680	1,70,52,323	36,26,46,697	12,22,343	1,21,240	11,01,103
9	Patiala	03**********1ZF	4,31,96,660	12,15,884	53,75,548	1,51,309	90,777	60,532
Total (B)			**13,03,17,31,874**	**4,56,13,32,027**	**61,32,82,873**	**1,07,93,637**	**3,51,831**	**1,04,41,806**

Total Turnover	*GSTR9*	*5N-5F*
Exempted Turnover	*GSTR9*	*5D+5E*
ITC availed	*GSTR9*	*6B+6C+6D+6E (Input & Input services) + 6F+6G+8C - (3B_ITC Ineligible Other + 7E + 12)*
Reversal worked out		*(Exempted Turnover ÷ Total Turnover) × ITC availed*

Gross Total (A + B) = 11 instances (₹ 1,13,97,082)

Appendix 2.9

(Referred to in Paragraph 2.7.2.2(B)(a)(4))

ISD credit incorrectly availed by the recipients

(Amount in ₹)

Sr. No.	Jurisdiction	GSTIN	Details of ISD Credit			Total
			CGST	SGST	IGST	
1.	Bathinda	03**********1ZI	2,71,937	2,71,937	70,696	6,14,570
2.	Ludhiana-I	03**********1ZY	0	0	8,40,969	8,40,969
3.	Ludhiana-I	03**********1ZG	3,57,258	3,57,258	0	7,14,516
Total			**6,29,195**	**6,29,195**	**9,11,665**	**21,70,055**

Appendix 2.10

(Referred to in Paragraph 2.7.2.2(B)(a)(5))

Excess availing of input tax credit

(Amount in ₹)

Sr. No.	Jurisdiction	GSTIN	Value of ITC as per GSTR-2A	ITC as per GSTR-9 other than RCM [Table 6B+8C-7H]	Excess ITC availed
1.	Jalandhar-I	03**********2ZK	7,51,01,153	9,25,75,552	1,74,74,399
2.	Jalandhar-I	03**********1ZY	73,43,387	91,49,775	18,06,388
3.	Jalandhar-I	03**********1ZQ	1,38,77,175	1,38,83,981	6,806
4.	Jalandhar-II	03**********1ZF	56,44,87,349	69,60,35,392	13,15,48,043
5.	Jalandhar-II	03**********3ZQ	1,35,72,11,156	1,78,24,79,788	42,52,68,632
6.	Jalandhar-II	03**********1ZA	1,95,64,404	2,03,18,269	7,53,865
7.	Jalandhar-II	03**********1ZM	24,27,190	24,66,495	39,305
8.	Ludhiana-II	03**********1ZO	6,45,79,957	9,03,62,938	2,57,82,981
9.	Ludhiana-II	03**********1ZL	2,86,83,240	3,18,05,362	31,22,122
10.	Ludhiana-II	03**********1ZD	4,31,22,796	6,12,42,921	1,81,20,125
11.	Ludhiana-II	03**********1ZI	5,17,60,780	8,87,38,927	3,69,78,147
12.	Ludhiana-II	03**********1ZD	61,72,144	62,06,762	34,618
13.	Ludhiana-II	03**********1ZD	25,63,742	26,74,036	1,10,294
14.	Ludhiana-III	03**********1ZZ	3,63,99,497	5,06,49,400	1,42,49,903
15.	Ludhiana-III	03**********1ZU	76,06,598	2,61,87,361	1,85,80,763
16.	Ludhiana-III	03**********1ZL	34,17,094	1,44,54,210	1,10,37,116
17.	Mohali	03**********1Z7	95,45,33,467	1,04,36,16,720	8,90,83,253
18.	Mohali	03**********1ZU	90,78,637	1,00,18,318	9,39,681
19.	Mohali	03**********1ZY	1,99,33,107	2,60,73,313	61,40,206
20.	Mohali	03**********1ZF	20,28,17,092	21,55,32,563	1,27,15,471
21.	Mohali	03**********1Z3	97,16,748	1,55,64,739	58,47,991
22.	Mohali	03**********2ZI	1,55,16,104	1,70,21,826	15,05,722
23.	Mohali	03**********1ZI	11,86,84,079	14,00,56,739	2,13,72,660
24.	Muktsar Sahib	03**********1ZX	6,94,388	22,09,581	15,15,193
Total-A (24 cases)			**3,61,52,91,284**	**4,45,93,24,968**	**84,40,33,684**

Sr. No.	Jurisdiction	GSTIN	ITC as per GSTR-2A	ITC availed as per GSTR-3B minus ITC RCM [Table 4A(5)-4B(2) of GSTR-3B + Table 8C of GSTR-9]	Excess ITC availed
1.	Bathinda	03**********1ZZ	24,32,35,097	24,98,05,808	65,70,711
2.	Bathinda	03**********1ZI	8,17,72,177	18,90,68,637	10,72,96,460

Sr. No.	Jurisdiction	GSTIN	ITC as per GSTR-2A	ITC availed as per GSTR-3B minus ITC RCM [Table 4A(5)-4B(2) of GSTR-3B + Table 8C of GSTR-9]	Excess ITC availed
3.	Bathinda	03**********1ZF	64,34,22,107	81,19,54,960	16,85,32,853
4.	Bathinda	03**********1ZX	48,62,698	50,00,832	1,38,134
5.	Bathinda	03**********1ZE	1,01,37,034	1,38,98,484	37,61,450
6.	Bathinda	03**********1ZW	77,74,918	89,45,274	11,70,356
7.	Ludhiana-I	03**********1Z0	29,99,87,713	31,13,35,047	1,13,47,334
8.	Ludhiana-I	03**********1ZA	1,30,47,37,624	1,31,05,27,570	57,89,946
9.	Ludhiana-I	03**********1Z8	2,12,23,834	2,16,10,968	3,87,134
10.	Ludhiana-I	03**********1ZU	2,13,33,133	3,08,65,592	95,32,459
11.	Ludhiana-I	03**********1ZO	14,09,31,008	17,45,56,144	3,36,25,136
12.	Ludhiana-I	03**********1ZY	4,08,984	27,52,618	23,43,634
13.	Ludhiana-I	03**********1ZA	57,36,207	1,03,59,636	46,23,429
14.	Ludhiana-I	03**********1ZG	28,25,631	41,14,079	12,88,448
15.	Ludhiana-I	03**********1ZB	63,14,594	76,39,685	13,25,091
16.	Patiala	03**********1ZF	45,66,519	55,82,476	10,15,957
Total-B (16 cases)			**2,79,92,69,278**	**3,15,80,17,810**	**35,87,48,532**

☞ ***Data of GSTR-2A shown in above table may vary from the figures of GSTR-2A returns available on GSTN. The variation is caused due to amendments considered by Audit in the above data, which were carried out in the subsequent year.***

Gross Total (A + B) = 40 cases (₹ 1,20,27,82,216)

Appendix 2.11

(Referred to in Paragraph 2.7.2.2(B)(a)(6))

Mismatch between input tax credit availed in Annual Return and Financial Statements

(Amount in ₹)

Sr. No.	Jurisdiction	GSTIN	ITC Claimed as per GSTR-9	ITC availed in Financial Statements	Unreconciled ITC
1	Bathinda	03**********1ZI	19,21,33,305	8,43,60,450	10,77,72,855
2	Jalandhar-I	03**********1ZQ	1,84,87,493	1,38,98,481	45,89,012
3	Ludhiana-II	03**********1ZI	12,02,61,278	9,43,47,025	2,59,14,253
4	Ludhiana-III	03**********1ZZ	6,47,18,845	5,32,88,140	1,14,30,705
5	Mohali	03**********1ZF	29,54,31,062	29,49,91,659	4,39,403
Total			**69,10,31,983**	**54,08,85,755**	**15,01,46,228**

Annexure 2.12

(Referred to in Paragraph 2.7.2.2(B)(a)(7))

Mismatch between input tax credit availed in Annual Return and Financial Statements

(Amount in ₹)

Sr. No.	Jurisdiction	GSTIN	ITC Claimed as per GSTR-9	ITC availed in Financial Statements	Unreconciled ITC
1.	Ludhiana-I	03**********1ZL	1,66,39,71,937	1,56,21,09,030	10,18,62,907
2.	Ludhiana-I	03**********1ZO	14,05,73,682	12,07,16,128	1,98,57,554
Total			**1,80,45,45,619**	**1,68,28,25,158**	**12,17,20,461**

Appendix 2.13

(Referred to in Paragraph 2.7.2.2(B)(a)(8))

Mismatch in input tax credit in returns

(Amount in ₹)

Sr. No.	Jurisdiction	GSTIN	Total amount of input Tax availed as per Table 6A of GSTR-9	Input tax credit available as per Table 6B to 6H of GSTR-9	Difference
1.	Bathinda	03**********1ZZ	24,98,05,815	24,58,13,588	39,92,227
2.	Bathinda	03**********1ZW	1,11,52,138	1,11,45,318	6,820
3.	Jalandhar-II	03**********1ZM	42,45,649	42,28,609	17,040
4.	Ludhiana-I	03**********1ZB	76,39,685	68,19,168	8,20,517
5.	Ludhiana-II	03**********1ZD	84,14,026	67,02,151	17,11,875
6.	Ludhiana-II	03**********1ZL	6,53,95,685	3,18,05,363	3,35,90,322
7.	Mohali	03**********1ZU	81,80,857	61,52,963	20,27,894
8.	Muktsar Sahib	03**********1ZZ	46,66,11,407	46,63,23,053	2,88,354
9.	Patiala	03**********1ZF	55,14,022	49,34,914	5,79,108
Total			**82,69,59,284**	**78,39,25,127**	**4,30,34,157**

Appendix 2.14

(Referred to in Paragraph 2.7.2.2(B)(a)(9))

Non-reversal of input tax credit on non-payment of consideration beyond 180 days

(Amount in ₹)

<table>
<tr><th>Sr. No.</th><th>Jurisdiction</th><th>GSTIN</th><th>GSTINs of supplier</th><th>Date of Supply</th><th>Outstanding consideration after 180 days</th></tr>
<tr><td rowspan="3">1</td><td rowspan="3">Jalandhar-I</td><td rowspan="3">03**********1ZY</td><td rowspan="4">Not Available</td><td>21.08.2017 and 22.08.2017</td><td>93,810</td></tr>
<tr><td>27.07.2017</td><td>1,16,820</td></tr>
<tr><td>27.07.2017</td><td>29,736</td></tr>
<tr><td>2</td><td>Jalandhar-II</td><td>03**********1ZA</td><td>28.09.2017 to 30.09.2017</td><td>89,377</td></tr>
<tr><td rowspan="5">3</td><td rowspan="5">Ludhiana-I</td><td rowspan="5">03**********1ZG</td><td>03**********1Z4</td><td>14.07.2017 to 25.07.2017</td><td>4,40,105</td></tr>
<tr><td>03**********1ZA</td><td>15.09.2017 to 30.09.2017</td><td>1,81,686</td></tr>
<tr><td>Not Available</td><td>17.09.2017 to 20.09.2017</td><td>2,07,000</td></tr>
<tr><td>03**********1ZA</td><td>30.08.2017 to 14.09.2017</td><td>3,65,832</td></tr>
<tr><td>Not Available</td><td>15.09.2017</td><td>33,428</td></tr>
<tr><td colspan="5">Total</td><td>15,57,794</td></tr>
</table>

Appendix 2.15

(Referred to in Paragraph 2.7.2.2(C)(a)(1))

Short payment of tax

(Amount in ₹)

Sr. No.	Jurisdiction	GSTIN	Tax payable as per GSTR-9	Tax paid as per GSTR-9	Difference
1.	Fatehgarh Sahib	03**********1ZW	3,94,84,411	3,94,41,208	43,203
2.	Mohali	03**********1ZA	6,91,861	63,903	6,27,958
Total (2 cases)			**4,01,76,272**	**3,95,05,111**	**6,71,161**

Appendix 2.16

(Referred to in Paragraph 2.7.2.2(C)(a)(2))

Tax payment under Reverse Charge Mechanism

(Amount in ₹)

Sr. No.	Jurisdiction	GSTIN	RCM tax liability as per Table 4G of GSTR-9	Tax paid as per Table 6.1(B) of GSTR-3B	Tax short paid
1.	Mohali	03**********1ZI	4,15,153	3,89,221	25,932

Appendix 2.17

(Referred to in Paragraph 2.7.2.2(C)(a)(3))

Mismatch in tax liability declared

(Amount in ₹)

Sr. No.	Jurisdiction	GSTIN	Tax Liability as per GSTR-1	Tax payable as per GSTR-9 [Table 4N- 4G]	Tax liability Col.A or Col.B, whichever is higher	Tax paid as per GSTR-3B	Tax paid as per GSTR-9 (Net of RCM)	Tax short paid GSTR-3B	Tax short paid as per GSTR-9
			Col. A	Col. B	Col. C	Col. D	Col. E	[Col. C - Col. D]	[Col. C - Col.E]
1.	Bathinda	03**********1ZI	9,50,75,520	5,86,58,866	9,50,75,520	NA	8,48,51,106	NA	1,02,24,414
2.	Bathinda	03**********1ZW	83,60,764	83,61,085	83,61,085	NA	75,75,960	NA	7,85,125
3.	Jalandhar-I	03**********1ZY	1,02,44,118	1,02,42,608	1,02,44,118	NA	90,60,460	NA	11,83,658
4.	Jalandhar-II	03**********1ZA	1,78,60,008	1,78,62,612	1,78,62,612	NA	1,65,66,589	NA	12,96,023
5.	Jalandhar-II	03**********1ZM	57,10,809	51,39,736	57,10,809	NA	51,39,734	NA	5,71,075
6.	Jalandhar-II	03**********2ZO	40,86,767	0	40,86,767	32,78,103		8,08,664	
7.	Ludhiana-I	03**********1ZL	2,68,17,00,100	2,68,25,84,123	2,68,25,84,123	NA	2,68,21,59,497	NA	4,24,626
8.	Ludhiana-I	03**********1ZO	27,11,13,824	27,21,54,963	27,21,54,963	NA	27,11,13,837	NA	10,41,126
9.	Ludhiana-I	03**********1ZY	52,72,463	38,30,663	52,72,463	NA	38,28,663	NA	14,43,800
10.	Ludhiana-I	03**********1ZA	80,61,226	80,61,226	80,61,226	NA	64,85,390	NA	15,75,836
11.	Ludhiana-I	03**********1ZG	28,84,329	28,84,329	28,84,329	NA	7,40,628	NA	21,43,701
12.	Ludhiana-I	03**********1ZB	68,31,955	68,36,038	68,36,038	NA	60,43,652	NA	7,92,386
13.	Ludhiana-II	03**********1ZO	11,00,78,072	11,00,65,904	11,00,78,072	NA	10,43,61,236	NA	57,16,836
14.	Ludhiana-II	03**********1ZL	3,27,14,450	3,27,18,763	3,27,18,763	NA	3,27,17,904	NA	859
15.	Ludhiana-II	03**********1ZD	12,60,67,184	12,57,23,568	12,60,67,184	NA	12,57,21,174	NA	3,46,010
16.	Ludhiana-II	03**********1ZI	32,23,18,080	32,00,85,090	32,23,18,080	NA	30,75,88,030	NA	1,47,30,050
17.	Ludhiana-II	03**********1ZD	65,19,893	65,14,897	65,19,893	NA	43,77,527	0	21,42,366
18.	Ludhiana-II	03**********1ZD	26,90,930	6,70,821	26,90,930	NA	16,80,876	NA	10,10,054
19.	Ludhiana-III	03**********1ZZ	3,61,58,696	3,61,38,002	3,61,58,696	NA	3,59,90,990	NA	1,67,706
20.	Ludhiana-III	03**********1ZU	3,26,41,438	3,20,56,863	3,26,41,438	NA	3,21,75,200	NA	4,66,238
21.	Ludhiana-III	03**********1ZL	2,34,72,468	2,16,31,754	2,34,72,468	NA	2,19,01,751	NA	15,70,717
22.	Mohali	03**********1ZU	4,84,91,928	4,32,42,944	4,84,91,928	NA	4,32,42,944	NA	52,48,984
23.	Mohali	03**********1Z7	1,89,52,02,820	1,87,07,16,158	1,89,52,02,820	NA	1,87,04,29,661	NA	2,47,73,159
24.	Mohali	03**********1ZU	7,03,77,176	6,47,93,312	7,03,77,176	NA	6,79,12,472	NA	24,64,704
25.	Mohali	03**********1ZY	7,34,04,312	3,37,41,435	7,34,04,312	NA	3,37,41,435	NA	3,96,62,877
26.	Mohali	03**********1ZF	28,99,31,488	24,19,32,353	28,99,31,488	NA	24,19,26,233	NA	4,80,05,255
27.	Mohali	03**********1Z3	2,02,00,738	1,70,86,366	2,02,00,738	NA	1,70,86,367	NA	31,14,371
28.	Mohali	03**********2ZI	2,05,14,956	1,79,75,358	2,05,14,956	NA	1,79,67,452	NA	25,47,504
29.	Mohali	03**********1ZI	13,53,51,104	13,51,00,490	13,53,51,104	NA	13,50,95,803	NA	2,55,301
30.	Patiala	03**********1ZF	92,25,134	56,80,390	92,25,134	NA	62,56,564	NA	29,68,570
Total (30 cases)			**6,37,25,62,750**	**6,19,24,90,717**	**6,37,44,99,233**	**6,19,70,17,238**		**8,08,664**	**17,66,73,331**
								17,74,81,995	

Appendix 2.18

(Referred to in Paragraph 2.7.2.2(C)(a)(4))

Details of mismatch in turnover declared in GSTR-9C

(Amount in ₹)

Sr. No.	Jurisdiction	GSTIN	Taxable Turnover as per Financial Statement	Taxable Turnover as per GSTR-9	Difference in GSTR-9C (Table 5R/7G)
1.	Bathinda	03**********1ZZ	4,88,98,78,390	4,65,75,55,967	23,23,22,423
2.	Bathinda	03**********1ZW	7,06,82,613	7,50,40,937	-43,58,324
3.	Jalandhar-I	03**********1ZQ	23,95,73,300	23,79,71,315	16,01,985
4.	Ludhiana-I	03**********1ZA	9,45,85,28,630	9,45,84,36,740	91,890
5.	Mohali	03**********1ZU	36,46,71,703	36,13,23,134	33,48,569
6.	Mohali	03**********1ZF	1,47,22,29,580	1,47,21,76,442	53,138
Total			**16,42,48,81,603**	**16,18,74,63,598**	**23,74,18,005**

☞ ***Money value of cases at Sr. No. 2 not considered in paragraph being negative amount.***

Appendix 2.19

(Referred to in Paragraph 2.7.2.2(C)(a)(5))

Mismatch between tax paid in annual return and financial statements

[As per GSTR-9C]

(Amount in ₹)

Sr No	Jurisdiction	GSTIN	CGST payable	SGST payable	IGST payable	CGST paid	SGST paid	IGST paid	CGST Unreconciled amount (Table 9R)	SGST Unreconciled amount (Table 9R)	IGST unreconciled amount (Table 9R)
1	Ludhiana-I	03**********1Z0	13,74,23,100	13,74,23,100	3,21,47,318	14,86,07,992	13,60,35,196	3,18,57,236	-1,11,84,892	13,87,904	2,90,082
2	Ludhiana-I	03**********1ZA	40,30,613	40,30,613	0	32,57,250	32,57,250	0	7,73,363	7,73,363	0
3	Ludhiana-I	03**********1ZB	40,815	40,815	67,54,408	38,446	38,446	59,66,760	2,369	2,369	7,87,648
Total			**40,71,428**	**14,14,94,528**	**3,89,01,726**	**32,95,696**	**13,93,30,892**	**3,78,23,996**	**7,75,732**	**21,63,636**	**10,77,730**
			18,44,67,682			**18,04,50,584**			**40,17,098**		

* ***CGST portion at Sr. No. 1 (grey shaded) ignored being negative amount***

Appendix 3.1

(Referred to in paragraph 3.9.2)

Adherence of timelines of project proposal

Sr. No.	Activity	Date of completion as per proposal	Actual completion detail as noticed in audit	Delay/Remarks
1.	Implementation of IFMS Haryana application in Punjab	March 2020	April 2020	Within time.
2.	Purchase of hardware for Development Team	November 2019	Budget provided for purchase of software and hardware (30 December 2019)	Almost within time
3.	Understanding processes, Requirement Study and Design, Business Process Reengineering	May 2020	As discussed with NIC, during the period, they did in-house discussion for development of new module. Hardware requirement shared (December 2019) GAP analysis (January 2020) Training portal (March 2020)	Within time.
4.	Development	September 2020	eBilling / ePayment and eReceipt - April 2020 AG Monthly account statement module - July 2020 IFMS-PFMS integration completed - September 2020 eBudget – NA (Revised budget estimates of 2020-21 were processed through this module) Debt management module, e-sanction and RBI e-receipt integration - yet to be implemented	Largely within time Modules like Debt Management, eSanction, e Reconciliation, etc. are awaited (March 2023).
5.	Black Box Testing, White Box Testing, Unit Testing, Integration Testing, Dummy Data Testing, Beta Testing and Security Audit	January 2021	Security audit of e-treasury was done in May 2022; e-receipt done in October 2022; and of e-budget done in November 2022.	Up to one year and eleven months.
6.	Deployment with Payment, SMS, and E-mail configuration	February 2021	Letter sent for SMS configuration to MD of NICSI on 02 March 2020. OTP facility for DDO is working through SMS (April 2020).	Within time.
7.	Training and deployment of new IFMS	March 2021	Department/NIC provided user manuals/YouTube videos on various functionalities of IFMS modules. Though a training portal was introduced in February 2020, the relevant documents/information with regard to preparation of any training plan, collection of feedback from trained participants, etc. were not maintained/provided to Audit; in the absence of which effectiveness of training or fulfilment of users' requirement could not be ascertained (as discussed in paragraph 2.6).	--
8.	Development, testing and deployment of new modules to newly developed IFMS Punjab	March 2022	New IFMS system was in development phase, as Modules like Debt Management, eSanction, e Reconciliation and adequate integration with other systems (as discussed in paragraph 3.3) were still awaited (March 2023).	--

Source: Departmental data

Appendix 3.2

(Referred to in paragraph 3.10.1)

Table 3.1: Status of implementation of modules under NIC-IFMS

Sr. No.	Module	Sub-module	Status	Description
1.	eBudget	Budget Preparation	Implemented	Implemented in October 2020. Budget for the year 2021-22 was prepared through new IFMS and books were got printed in the required format from the System.
2.		Grant Allocation	Implemented	Budget distribution from FD to HoD/CO and from HoD/CO to DDO was being done through the System.
3..		Debt Management	Not Implemented	The Department stated (March 2023) that this module was ready, but UAT was pending at the end of the Reserve Bank of India.
4.	eTreasury	Online Bill Processing	Implemented	There are 39 types of bills available in the System. All the bills were being generated and submitted in Treasury through the System.
5.		Treasury Bill Processing	Implemented	After submitting bills into Treasury by DDOs, the bill gets processed into Treasury at different levels. All the steps were being done through the System.
6.		Accounting	Implemented	Monthly Accounts were being submitted to AG Office in the required format from the System. All the logics were developed in concurrence with AG office.
7.		New Pension Scheme	Implemented	All the processing of NPS was being done through the System. IFMS was completely integrated with NSDL portal for processing of NPS related activities like PRAN generation, PRAN modification, SCF file validation and submission at NSDL portal and automatic generation and submission of contribution bills of employees and employers.
8.		Earnest Money Deposits	Implemented	Bills can be prepared against the receipt deposited and balances were also being maintained in the System.
9.		Employee Management	--	Data pertaining to all employees was being maintained in the System as per the employee's category like Regular, Third Party, Contractual, etc.
10.	eReceipt	--	Implemented	All the Government receipts were being deposited by different modes like net banking, debit card, credit card, etc.
11.	Management Information System (MIS)	--	Implemented	It is used by decision makers for coordination, control, analysis and visualisation of information related to IFMS.
12.	Audit Management System	--	Developed and rolled out	All the audits done by the Audit Department and AG office would be managed and tracked from the System.

Source: Departmental information

Appendix 3.3

(Referred to in paragraph 3.10.2.1(i))

Funds released by the Finance Department pending for reappropriation

(₹ in thousand)

Sr. No.	Demand (Grant No.)	Head	Budget Estimate	Budget sanctioned by FD	Released by FD	Amount reappro-priated	Expenditure
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*
1.	1	240100800359936	0	60,50,000	60,50,000	0	60,50,000
2.	1	240199108229933	0	17,50,000	17,50,000	0	17,50,000
3.	2	240300101180026	0	286	286	0	286
4.	5	220202107089934	0	54,600	54,600	0	54,600
5.	5	220203102169936	0	24,700	24,700	0	24,700
6.	5	220203102169931	0	20,000	20,000	0	20,000
7.	8	207000001010208	0	816	816	0	793
8.	8	223560104010050	0	10	10	0	10
9.	10	205200090010050	0	50	50	0	50
10.	11	221001190020131	0	1,60,625	1,60,625	0	1,07,083
11.	11	221002101010030	0	800	800	0	778
12.	12	207500800040007	0	1,772	1,772	0	1,643
13.	13	285100800030050	0	3,100	3,100	0	3,100
14.	15	470157800024653	0	2,42,100	1,36,000	0	1,36,000
15.	15	470157800024553	0	1,69,300	1,50,000	0	1,50,000
16.	15	470157800021153	0	60,000	90,000	0	59,963
17.	21	505404337079953	0	5,00,000	5,00,000	0	5,00,000
18.	21	505404789030153	0	2,50,000	1,85,935	0	1,85,935
19.	27	220300102029931	0	50,000	50,000	0	50,000
20.	29	305500190050135	0	10,000	10,000	0	5,397
21.	29	305380001010028	0	486	486	0	485
22.	38	221005102019931	0	3,500	3,500	0	3,500
23.	41	421501102389953	0	1,40,000	1,32,700	0	1,29,426
24.	42	422501789080053	0	1,05,000	1,05,000	0	1,02,900
Total				**95,97,145**	**94,30,380**	**0**	**93,36,649**

Source: IFMS database

Note: Information as per Column No. 7 was not depicting in MIS available on IFMS portal.

Appendix 3.4

(Referred to in paragraph 3.10.2.5)

Details of passing of bills flagged as rejected

Sr. No.	Bill number	Year of bill	Gross amount (in ₹)	Bill status (rejected)	Token date	Bill status (passed)	ECS_Id	Date of payment	Voucher number	Date of voucher
1.	200902073510006	2020-21	8,56,063	1	20-04-2020	30	1628	20-04-2020	9	20-04-2020
2.	200600080910001	2020-21	94,968	1	20-04-2020	30	1570	20-04-2020	1165	20-04-2020
3.	201000044410001	2020-21	22,07,700	1	19-06-2020	30	11209	23-06-2020	1722	23-06-2020
4.	202502017010025	2020-21	12,126	1	17-06-2020	30	NULL	16-07-2020	659	16-07-2020
5.	202402012610028	2020-21	11,65,438	1	30-06-2020	30	14471	10-07-2020	2	10-07-2020
6.	200704014610075	2020-21	2,86,325	1	07-07-2020	30	13905	08-07-2020	73	08-07-2020
7.	201100005310043	2020-21	99,998	1	31-03-2021	30	57246	31-03-2021	40	31-03-2021
8.	202800062610953	2020-21	9,996	1	17-09-2020	30	27108	13-10-2020	762	13-10-2020
9.	202800062610954	2020-21	32,072	1	17-09-2020	30	26898	12-10-2020	481	12-10-2020
10.	200600060810153	2020-21	26,74,601	1	08-10-2020	30	33416	25-11-2020	9	25-11-2020
11.	200500052510175	2020-21	9,087	1	09-11-2020	30	33976	27-11-2020	42	27-11-2020
12.	202800003111406	2020-21	66,140	1	27-10-2020	30	29989	04-11-2020	70	04-11-2020
13.	201308032010167	2020-21	8,530	1	10-11-2020	30	43219	25-01-2021	253	25-01-2021
14.	202300060910202	2020-21	2,08,444	1	19-11-2020	30	42673	22-01-2021	95	22-01-2021
15.	201700014510076	2020-21	12,81,608	1	14-01-2021	30	44535	28-01-2021	53	28-01-2021
16.	201600053110060	2020-21	15,765	1	22-01-2021	30	44101	28-01-2021	296	28-01-2021
17.	200901022310262	2020-21	11,42,383	1	01-02-2021	30	49439	25-02-2021	176	25-02-2021
18.	201008014810143	2020-21	1,44,245	1	17-02-2021	30	48230	17-02-2021	158	17-02-2021
19.	201000016010527	2020-21	12,28,012	1	24-03-2021	30	55262	25-03-2021	237	25-03-2021
20.	211105045910003	2021-22	11,80,146	1	28-04-2021	30	61598	28-04-2021	59	28-04-2021
21.	210600044910579	2021-22	12,19,354	1	17-08-2021	30	82029	26-08-2021	152	26-08-2021
22.	210600007910028	2021-22	4,000	1	22-09-2021	30	89073	11-10-2021	1935	11-10-2021
23.	211801074810062	2021-22	6,82,927	1	27-10-2021	30	90542	02-11-2021	18	02-11-2021
24.	210600051910120	2021-22	2,51,761	1	21-12-2021	30	98750	22-12-2021	12	22-12-2021
25.	210600002710090	2021-22	9,40,992	1	02-02-2022	30	107078	03-02-2022	1242	03-02-2022
26.	211000054210611	2021-22	1,44,743	1	10-03-2022	30	116370	25-03-2022	78	25-03-2022
27.	220700050510338	2022-23	2,072	1	06-09-2022	30	142609	09-09-2022	91	09-09-2022

Source: IFMS database

Appendix 3.5

(Referred to in paragraph 3.10.3.1(i))

Generation of duplicate bill numbers

Sr. No.	Bill Number	VMS Database				IFMS Database (e-Treasury)			
		Preparation date	Amount (in ₹)	Expenditure details	Status	Preparation date	Amount (in ₹)	SOE details	Status (Passed)
1.	200902063210958	23-03-2021	1,47,782	Maintenance	Pending	24-03-2021	2,21,610	93 (Electricity)	30
2.	201300051910008	18-04-2020	9,502	Contractual Vehicle Claim	Bill Discarded	19-04-2020	705	92 (Telephone)	30
3.	202100007310147	26-06-2020	13,008	Fuel Consumption	Objection Raised	29-06-2020	520	11 (Domestic Travel)	30
4.	202800002510032	18-04-2020	59,897	Maintenance	Bill Discarded	20-04-2020	1,32,000	4 (Pensionary charges)	30
5.	202800002510033	18-04-2020	59,897	Maintenance	Bill Discarded	20-04-2020	95,424	4 (Pensionary charges)	30
6.	202800002510034	18-04-2020	89,573	Maintenance	Bill Discarded	20-04-2020	31,078	4 (Pensionary charges)	30
7.	210500056010032	06-05-2021	32,950	MT Store Claim	Pending	07-05-2021	707	92 (Telephone)	30
8.	210706080110006	18-12-2020	20,379	Fuel Consumption	Pending	26-04-2021	2,13,863	4 (Pensionary charges)	30
9.	211100051010142	26-04-2021	19,890	Maintenance	Bill Discarded	27-04-2021	3,18,937	1 (Salary)	30
10.	211102033910017	26-04-2021	39,997	Fuel Consumption	Bill Discarded	27-04-2021	6,99,297	1 (Salary)	30
11.	212000052510012	26-04-2021	20,790	Fuel Consumption	Bill Discarded	29-04-2021	4,200	13 (Office Expenses)	30
12.	212200053410027	26-04-2021	4,038	Fuel Consumption	Bill Discarded	27-04-2021	42,315	1 (Salary)	30
13.	212200053410029	26-04-2021	515	Maintenance	Bill Discarded	27-04-2021	25,057	1 (Salary)	30

Source: VMS and IFMS database

Appendix 3.6

(Referred to in paragraph 3.10.4(i))

Details of empty tables in IFMS database

Sr. No.	Table Name	Description
e-Budget		
1.	FD_BUD_PLN_NABARD_SANCTION_2020	NABARD sanction details of year 2020
2.	FD_BUD_PLN_PFMS_SANCTION_HOA	HoA-wise PFMS sanction data
3.	FD_BUD_PREP_RCG_MST_TEMP	Revenue/Capital/GoI temporary table for calculation
4.	FD_BUD_PREP_RCG_TXN_FINAL_TEMP	Revenue/Capital/GOI temporary table for calculation
5.	FD_BUD_PREP_RCG_TXN_TEMP	SOE-wise budget data temporary table for calculation
6.	FD_BUD_PREP_RCPT_MST_TEMP	Transaction (*TXN)
7.	FD_BUD_PREP_RCPT_TXN_FINAL_TEMP	--
8.	FD_BUD_PREP_RCPT_TXN_TEMP	--
9.	FD_BUD_PREP_SD_TXN_TEMP	--
10.	FD_GRT_RE_APPR_TEMP	Re-appropriation calculation
11.	FD_GRT_WALLET_TEMP	Temporary table for Grant wallet calculation
e-Treasury		
12.	T_P_FailedTransaction	Processing of failed transactions are stored in this table
e-Receipt		
13.	Bank_Request	Bank Json Log
14.	DPT_Bank_Request	Integration Department Bank request
15.	DPT_GRN_Amount_mismatch	Integration Department GRN mismatch details
16.	GRN_Amount_mismatch	GRN mismatch amount details
17.	grn_Maxvoucherno	Use in eGRAS Haryana
18.	IFMSheader	Integration Department header details
19.	M_AccountMonth	Use in eGRAS Haryana
20.	MoE_BankCode	Memorandum of error table used in GST for fetching bank details
21.	MoE_errormaster	Memorandum of error table used in GST that reflects error
22.	MstBankTable	Online bank details
23.	MstDeptIntegration	Integrated Department details
24.	SMSLogs	SMS Logs

Source: IFMS database

Appendix 4.1

(Referred to in paragraph 4.1)

Non-levy of interest

(Amount in ₹)

Sr. No.	ACST	Assessment Year	Disposal No./Date	CST Demand	No. of months	Interest leviable
1	Bathinda	2013-14	538/15-12-2020	2,82,741	81	1,14,510
2	Jalandhar-1	2012-13	532/ 19-11-2019	4,27,744	80	1,71,098
3	Jalandhar-II	2013-14	429/17-12-2020	1,51,42,269	81	61,32,619
4		2013-14	741/10-12-2020	44,94,616	81	18,20,319
5		2012-13	171/01-11-2019	26,41,702	80	10,56,681
6		2013-14	111/22-10-2020	2,10,624	79	83,196
7		2012-13	179/13-11-2019	64,837	80	25,935
8		2013-14	110/22-10-2020	1,52,119	79	60,087
9		2013-14	372/20-11-2020	16,84,132	80	6,73,653
10		2013-14	226/14-12-2020	11,65,352	81	4,71,968
11		2012-13	112/20-11-2019	11,16,485	80	4,46,594
12		2013-14	285/06-11-2020	3,01,914	80	1,20,766
13		2013-14	293/09-11-2020	6,12,229	80	2,44,892
14		2012-13	459/20-11-2019	4,63,817	80	1,85,527
15		2013-14	23/29-10-2020	11,43,581	79	4,51,714
16		2013-14	60/18-11-2020	8,38,109	80	3,35,244
17		2013-14	61/18-11-2020	7,79,492	80	3,11,797
18		2013-14	234/20-11-2020	7,21,090	80	2,88,436
19		2012-13	59/09-10-2019	5,61,254	79	2,21,695
20	Ludhiana-1	2013-14	456/07-12-2020	70,88,432	81	28,70,815
21	Ludhiana-II	2013-14	1/22-05-2020	1,56,685	74	57,973
22		2013-14	218/24-11-2020	2,19,138	80	87,655
23		2014-15	436/21-12-2020	1,43,353	69	49,457
24		2013-14	397/15-12-2020	1,98,846	81	80,533
25		2013-14	21/05-10-2020	1,83,936	79	72,655
26		2013-14	553/12-12-2020	3,01,754	81	1,22,210
27		2013-14	163/03-12-2020	10,06,124	81	4,07,480
28	Sangrur	2012-13	57/18-11-2019	82,18,322	80	32,87,329
29		2012-13	708/12-09-2019	14,88,922	78	5,80,680
Total				**5,18,09,619**		**2,08,33,518**

Appendix 4.2

(Referred to in paragraph 4.2)

Non-levy of Infrastructure Development Fee

(Amount in ₹)

Sr. No.	ACST	Assessment Year	Disposal No. and Date	Item	Purchase Value	Rate of IDF (%)	IDF leviable
1	Mansa	2012-13	22/19.08.2019	Cotton	25,24,27,836	2	50,48,557
2		2011-12	32/20.11.2019	Cotton	20,17,57,638	2	40,35,153
3	Sangrur	2013-14	101/03.11.2020	Cotton	9,24,50,017	2	18,49,000
Total					**54,66,35,491**		**1,09,32,710**

Appendix 4.3

(Referred to in paragraph 4.3)

Excess brought forward balance of input tax credit

(Amount in ₹)

Sr. No.	ACST	2013-14		2014-15		Excess ITC brought forward
		Disposal No. and Date	ITC determined in 2013-14 for carry forward	Disposal No. and Date	ITC brought forward in 2014-15	
1	Ludhiana-I	521/15-12-2020	10,02,097	148/30-09-2021	38,79,808	28,77,711
2	Mohali	274/14-12-2020	1,83,21,977	07-09-2021	2,14,34,095	31,12,118
Total			**1,93,24,074**		**2,53,13,903**	**59,89,829**

Appendix 4.4

(Referred to in paragraph 4.4-A)

Calculation of reversal of input tax credit U/S 19 (5) of PVAT Act 2005
(On the basis of cotton/narma consumed in manufacturing of goods, that were sold outside of the State)
Disposal No. 288 dated 1 November 2019 (Bathinda)

	Percentage of Inter-State Sale to Gross Sale	***Amount in ₹***
1	Gross Sale	56,32,84,290
2	Value of interstate sale at the tax rate of two *per cent*	4,07,64,432
3	Interstate sale as percentage of gross sale	7.24 *per cent*
	Details of raw material purchased and consumed	
4	Total value of raw material purchased	52,83,66,634
5	Value of raw material consumed	53,01,58,116
	Opening Stock of cotton/narma: ₹ 3,56,74,265 ***Add*** cotton purchased: ₹ 1,58,44,073 ***Add*** Narma purchased: ₹ 50,43,28,329 ***Less*** Closing Stock of cotton/narma: ₹ 2,56,88,551	
6	Percentage of gross purchase consumed	100.3 *per cent*
	Value of Schedule-H goods (cotton/narma) used in manufacturing of goods sold interstate	
7	Value of Schedule-H goods (cotton/narma) on which input tax credit availed Purchases under Section 19(1): ₹ 49,84,54,899 Local Purchases: ₹ 2,49,82,554 (₹ 2,10,54,916 + ₹ 39,27,638)	52,34,37,453
8	Value of Schedule-H goods (cotton/narma) used in manufacturing of goods sold interstate at the tax rate of two *per cent* (7.24 *per cent* of ₹ 52,34,37,453)	3,78,96,871
	Calculation of reversal of input tax credit under Section 19(5)	
9	Value of Schedule-H goods (cotton/narma) consumed in interstate sale	3,78,96,871
10	Input tax credit allowed by assessing authority on cotton/narma consumed in interstate sale (4.4 *per cent*[#] of ₹ 3,78,96,871)	16,67,462
11	Central Sales Tax paid at the rate of two *per cent* on inter-state sale[$]	8,15,289
12	Reversal of input tax credit required to be made under Section 19(5) (10-11)	8,52,173
13	Reversal of input tax credit made in the assessment order	0
14	Short reversal of input tax credit (12-13)	**8,52,173**

Rate of input tax credit of 4.95 *per cent* ignored being very small amount of purchase. Major portion of purchase of dealer for cotton/narma is at the rate of 4.4 *per cent*.

$ The benefit of entire amount of central sales tax paid by dealer has been allowed by audit in above calculations.

Appendix 4.5

(Referred to paragraph 4.5)

Allowance of advance tax without payment of tax by the dealers

(Amount in ₹)

Sr. No.	ACST	Disposal No. and Date	Assessment Year	Benefit of Advance Tax availed by dealer	Advanced Tax paid by dealer as per ETTSA System	Excess benefit allowed by Assessing Authority
1	Sangrur	84/18.11.2019	2012-13	11,33,970	0	11,33,970
2	Sangrur	33/08.10.2020	2013-14	12,68,850	1,99,900	10,68,950
Total				**24,02,820**	**1,99,900**	**22,02,920**

Appendix 4.6

(Referred to in Paragraph 4.7)

Disposal No. 443 dated 4 December 2020 (Ludhiana-I)

Calculation showing allowance of input tax credit on goods not used towards taxable sale

(Amount in ₹)

1	Opening Balance of inventory as on 1 April 2013	1,83,30,042
2	***Add:*** Taxable purchase during 2013-14 on which input tax credit was allowed	8,32,26,090
3	Value of total taxable goods (Row 1+2)	10,15,56,132
4	***Less:*** Closing Balance of inventory as on 31 March 2014	2,02,93,680
5	Value of tax paid goods consumed during 2013-14 (Row 3-4)	8,12,62,452
6	***Less***: Taxable Sales *(Taxable local sale = ₹4,24,94,515 plus Taxable Inter-State sale = ₹81,25,328)*	5,06,19,843
7	Value of tax paid goods that were not used towards taxable sale (Row 5-6)	3,06,42,609
8	Tax implication* on goods mentioned at Row 7 (₹ 2,04,16,890 at the rate of 4.95 *per cent* and remaining ₹ 1,02,25,719 at the rate of 6.05 *per cent*)	16,29,291
9	***Less***: Input tax credit disallowed in Assessment Order	4,43,045
10	**Excess allowance of ITC** (Row 8-9)	**11,86,246**

* Tax implication has been worked out by adopting conservative audit approach. Out of ₹ 3,06,42,609, the value of ₹ 2,04,16,890 has been worked out at the rate of 4.95 *per cent* by considering the entire value of taxable purchase of dealer at the rate of 4.95 *per cent* during the year. Thereafter, tax implication on remaining amount of ₹ 1,02,25,719 has been worked out at next higher rate of tax paid, that dealer paid on taxable purchases during the year.

Appendix 4.7

(Referred to in Paragraph 4.9)

Short levy of stamp duty, registration fee and IDF on Power of Attorney

(Amount in ₹)

Sr. No	Name of Unit SR/JSR	JDA/Power of Attorney Deed No./Date	Area of Property	Consideration Amount	Leviable*	Levied	Short levied
1	Derabassi	18/22.06.2020 19/22.06.2020	18.378 Acre	13,50,00,000#	96,50,000	2.400	**96,47,600**
2	Zirakpur	71/29.04.2019 72/29.04.2019	5.413 Acre	10,80,00,000$	77,60,000	2,400	**77,57,600**
Total					**1,74,10,000**	**4,800**	**1,74,05,200**

* *This includes Stamp Duty at the rate of five per cent, Social Infrastructure Cess at the rate of one per cent, Registration Fee at the rate of one per cent subject to maximum of rupees two lakh, and Infrastructure Development Fee at the rate of one per cent of value of the property.*

In case of Derabassi (JDA-18), the consideration amount of ₹13.50 crore had been mentioned in Annexure-B, forming part to Clause 4.2.4 of Joint Development Agreement.

$ *In case of Zirakpur (JDA-71), the owner had agreed to receive 40 per cent of sale proceeds under Clause 4 titled 'Consideration' and minimum anticipated sale proceeds was mentioned as ₹27.00 crore. Accordingly, 40 per cent of the minimum anticipated sale proceeds, which worked out to ₹10.80 crore, had been considered in the paragraph.*

Appendix 4.8

(Referred to in paragraph 4.10)

Details of deeds in which Stamp Duty, Registration Fee and Infrastructure Development Fee was short levied due to misclassification of properties and incorrect application of Collector's rates

(Amount in ₹)

Sr. No	Name of Unit SR/JSR	Deed No./Date	##	Area of Property in Deed	Value as per Collector Rate	Value as per deed	Short levied *(SD, SIC, RF, IDF)*
1	Baba Bakala Sahib	435/16-05-19	A + GT	14K 13.50M	59,92,031	16,51,000	3,47,192
2		436/16-05-19	A + GT	14K 13.50M	59,92,031	16,51,000	3,47,192
3	Jalandhar-II	3355/05-10-20	A + M	10K 10.6M	64,76,678	26,57,500	3,05,485
4		3442/07-10-20	A + M	10K 10.6M	64,76,678	26,57,500	3,05,485
5	Kharar	13836/17-03-21	I	3B 6.33B 0B	2,08,93,950	74,20,000	7,99,498
6		12928/01-03-21	I	1B 18B 0B	1,19,70,000	42,00,000	6,21,600
7		13326/05-03-21	I	1B 8.33B 0B	89,23,950	31,20,000	4,64,317
8	Ludhiana South	12984/30-03-21	R	6K	98,01,000	16,50,000	6,51,880
9		9212/08-01-21	R	7K	97,82,850	18,00,000	6,38,529
10	Ludhiana West	5949/26-10-20	A + R	4K	40,70,663	10,00,000	2,45,554
11		5951/26-10-20	R	4K	41,14,000	10,00,000	2,49,020
12		5954/26-10-20	R	4K	41,14,000	10,00,000	2,49,020
13		5956/26-10-20	R	4K	41,14,000	10,00,000	2,49,020
14		5963/26-10-20	R	5K 11M	57,08,175	13,90,000	3,45,355
15		13944/09-03-21	A + R	24K	2,06,26,212	1,24,50,000	6,47,835
16		9841/31-12-20	R	5K 10M	56,56,750	9,00,000	3,80,541
17		13911/08-03-21	A + R	4K	32,47,250	7,00,000	1,99,781
18		5288/14-10-20	R	10K	1,02,85,000	25,00,000	6,22,800
19		5295/15-10-20	R	10K	1,02,85,000	25,00,000	6,22,800
20		1083/23-06-20	R	4K	41,14,000	6,47,000	2,77,180
21		14843/23-03-21	R	3K	30,85,500	6,00,000	1,98,840
22		10458/15-01-21	R	3K 10M	38,11,500	8,00,000	2,40,920
23		14201/12-03-21	R	2K 2M	22,86,900	5,50,000	1,38,852
24		14194/12-03-21	R	3K	32,67,000	8,00,000	1,97,360
25		3957/18-09-20	R	8K	87,12,000	18,00,000	5,52,860

Sr. No	Name of Unit SR/JSR	Deed No./Date	##	Area of Property in Deed	Value as per Collector Rate	Value as per deed	Short levied *(SD, SIC, RF, IDF)*
26		600/08-06-20	R	2K	20,57,000	3,25,000	1,38,060
27		14842/23-03-21	R	3K	30,85,500	6,00,000	1,98,840
28		14819/23-03-21	R	5K	51,42,500	9,31,000	3,38,680
29		1837/14-07-20	R	2K 2M	22,86,900	4,72,500	1,45,002
30		7990/26-11-20	R	4K	43,56,000	9,00,000	2,76,480
31		857/15-06-20	R	2K 2M	21,59,850	3,45,000	1,45,089
32		3831/16-09-20	R	3K 8.83M	35,39,583	5,80,000	2,36,667
33		9090/17-12-20	R	2K 2M	21,59,850	3,45,000	1,45,089
34		10528/14-01-21	R	2K 10M	27,22,500	5,70,000	1,72,200
35		13816/05-03-21	R	2K 2M	22,86,900	4,80,000	1,04,114
36		13823/05-03-21	R	2K 6M	25,04,700	6,00,000	1,52,376
Total					**21,61,08,401**	**6,25,92,500**	**1,19,51,513**

Actual classification of property as per Revenue Record (A-Agricultural, GT-2 acre from GT Road, I-Industrial, M-Agricultural at main road, R-Residential)

Appendix 4.9

(Referred to in paragraph 4.13)

Short/non-realisation of motor vehicle tax and surcharge from tourist permit buses and maxi/motor cabs

(Amount in ₹)

Vehicle Category	No. of Vehicles	MVT Payable*			MVT paid	Short payment of MVT
		MVT	SSS	Total		
Tourist Bus	18	40,30,085	4,03,008	44,33,093	0	44,33,093
Maxi/Motor Cab	432	4,65,003	46,513	5,11,516	11,801	4,99,715
Total	**450**	**44,95,088**	**4,49,521**	**49,44,609**	**11,801**	**49,32,808**

* *Due to Covid-19 pandemic, the Government of Punjab exempted tourist buses and maxi/motor cabs from payment of MVT from 23 March 2020 to 19 May 2020 under Section 13(3) of Punjab Motor Vehicle Taxation Act 1924. The contract carriages up to 16 seaters (maxi/motor cabs) were further exempted from tax up to 31 December 2020. The exempted period has been excluded while calculating the MVT in the audit para.*

GLOSSARY OF ABBREVIATIONS

AC Bill	Abstract Contingent Bill
ACST	Assistant Commissioner of State Tax
AFS	Annual Financial Statement
AG	Accountant General (A&E) Punjab and U.T.
API	Application Programing Interface
ATN	Action Taken Note
BI	Business Intelligence
BIFA	Business Intelligence and Fraud Analytics
CAG	Comptroller and Auditor General of India
CBIC	Central Board of Indirect Taxes and Customs
CGST	Central Goods and Services Tax
CST	Central Sales Tax
DBA	Database Administrator
DC Bill	Detailed Contingent Bill
DDO	Drawing and Disbursing Officer
DGARM	Directorate General of Analytics and Risk Management
DGRPG	Department of Governance Reforms and Public Grievances
DN	Debit Note
DP Sheet	Daily Posting Sheet
DR Site	Disaster Recovery Site
DTA	Director Treasury and Accounts
DTO	District Treasury Officer
ECS	Electronic Clearance System
ETTSA	Excise and Taxation Technical Services Agency
FD	Finance Department
GAD	Gap Analysis Document
GIA	Grant-in Aid
GIGW	Guidelines for Indian Government Websites
GIS	Group Insurance Scheme
GoP	Government of Punjab
GPF	General Provident Fund
GPMS	Government Property Management System

GLOSSARY OF ABBREVIATIONS

GRN	Government Reference Number
GST	Goods and Services Tax
GSTIN	Goods and Services Tax Identification Number
GSTN	Goods and Services Tax Network
IA	Implementation Agency
IFMS	Integrated Financial Management System
IGST	Integrated Goods and Services Tax
iHRMS	Integrated Human Resource Management System
IR	Inspection Report
IRA	Issue Resolution Authority
IS Audit	Information Systems Audit
ISD	Input Service Distributor
IT	Information Technology
ITC	Input Tax Credit
JDA	Joint Development Agreement
JSR	Joint Sub Registrar
MeiTY	Ministry of Electronics & Information Technology
MIS	Management Information System
MoU	Memorandum of Understanding
MSA	Master Services Agreement
MSP	Managed Service Provider
MVT	Motor Vehicle Tax
NABARD	National Bank for Agriculture and Rural Development
NIC	National Informatics Centre
NPS	National Pension System
NSDL	National Securities Depository Limited
PAC	Public Accounts Committee
PAG	Pr. Accountant General
PAN	Permanent Account Number
PDPLA	Personal Deposit and Personal Ledger Account
PFMS	Public Financial Management System
PFR	Punjab Financial Rules

GLOSSARY OF ABBREVIATIONS

PGEIU	Punjab GST Enforcement and Investigation Unit
PIDR	Punjab Infrastructure (Development and Regulation)
POL	Petrol Oil and Lubricants
PRAN	Permanent Retirement Account Number
PSP	Punjab Sewa Portal
PTR	Punjab Treasury Rules
PVAT	Punjab Value Added Tax
PWDIMS	Public Works Department Integrated Management System
R&D	Research and Development
RBI	Reserve Bank of India
RCM	Reverse Charge Mechanism
RDBMS	Relational Database Management System
RFP	Request for Proposal
RN	Return Note
RTA	Regional Transport Authority
SCN	Show Cause Notice
SDLC	System Development Life Cycle
SEZ	Special Economic Zone
SGST	State Goods and Services Tax
SI	System Integrator
SLA	Service Level Agreement
SLP	Special Leave Petition
SOE	Sub-Head of Expenditure
SOP	Standard Operating Procedure
SR	Sub Registrar
SRS	Software Requirement Specification
SSCA	Subject Specific Compliance Audit
STO/TO	Sub-Treasury Officer/Treasury Officer
TCS	Tax Collected at Source
TCS	Tata Consultancy Services
TDS	Tax Deducted at Source
TMS	Ticket Management System

GLOSSARY OF ABBREVIATIONS

UAT	User Acceptance Testing
URS	User Requirement Specification
UTGST	Union Territory Goods and Services Tax
VAT	Value Added Tax
VLC	Voucher Level Computerisation
VMS	Vehicle Management System
WGITA	Working Group of Information Technology Audit