



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

**Report of the  
Comptroller and Auditor General of India  
on State Revenues  
for the year ended 31 March 2023**



**Government of Meghalaya  
Report No. 3 of 2024**

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## PREFACE

*This Report of the Comptroller and Auditor General of India for the year ended 31 March 2023 has been prepared for submission to the Governor of Meghalaya under Article 151 of the Constitution of India.*

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

*The instances mentioned in this Report are those which came to notice in the course of test audit during the year 2022-23 as well as those which came to notice in earlier years, but could not be included in the previous Audit Reports. Instances relating to the period subsequent to 2022-23 have also been included, wherever necessary.*

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



# OVERVIEW



## OVERVIEW

The Report of the Comptroller and Auditor General of India on Revenue Sector for the year ended 31 March 2023 (Government of Meghalaya) contains five chapters including three Subject Specific Compliance Audit Paragraphs *viz.*, (i) Implementation of Meghalaya Regulation of the Game of Arrow Shooting and the Sale of Teer Tickets Act, (ii) Department's Oversight on GST Payments and Returns Filing (Phase I), and (iii) Tax Deduction at Source (TDS) by Government Departments and Tax Collection at Source (TCS) by E-Commerce Operators, and three Audit Paragraphs relating to State Excise, Stamps & Registration, and Forests & Environment Departments. The major findings are highlighted in succeeding paragraphs.

### Chapter-I: General

- During 2022-23, the revenues raised by the State Government (₹ 3,107.28 crore) was 21 *per cent* of the total revenue receipts (₹ 14,819.87 crore), which was higher than the revenue raised during 2021-22 (20 *per cent*). The balance 79 *per cent* of revenue receipts during 2022-23 was received from the Government of India in the form of State Share of Union taxes and duties and Grants-in-aid from the Government of India.

(Paragraph 1.1)

- Review of IRs issued up to 31 March 2023 disclosed that 2132 paragraphs involving money value of ₹ 8510.69 crore relating to 457 IRs remained outstanding for want of replies or due to incomplete or unacceptable replies furnished by various Government departments.

(Paragraph 1.7.1)

- Test check of the records of taxes on sale, trade, *etc.*, Stamps & Registration, State Excise, Forest Receipts, Motor Vehicles Tax and other Non-Tax Receipts conducted during the year 2022-23 revealed underassessments/short/non-levy/loss of revenue amounting to ₹ 1,577.17 crore which accounted for 50.76 *per cent* of the State's Own Resources in 70 cases. During the year 2022-23, the departments concerned accepted under assessments/short/non-levy/loss of revenue of ₹ 607.10 crore in 15 cases and recovered ₹ 0.82 crore.

(Paragraph 1.10)

### Chapter-II: Taxation Department

#### *Subject Specific Compliance Audit on 'Implementation of Meghalaya Regulation of the Game of Arrow Shooting and the Sale of Teer Tickets Act'*

Meghalaya's unique lottery tradition, Teer (thoh team), is based on arrow shooting. Winners receive 80 times their betting amount. The Government of Meghalaya has

enacted the Meghalaya Regulation of the Game of Arrow Shooting and the Sale of Teer Tickets (MRGAS&STT) Act, 2018, and corresponding rules to regulate the game and ticket sales.

Audit examined the implementation of the MRGAS&STT Act, 2018, during the period from 01 July 2017 to 31 March 2022 and revealed several deficiencies in implementation of the Act as highlighted below.

- Inaction of the ERTS Department to levy compensation as penalty for delayed submission of applications for renewal of licences by 65 bookmakers and two organisers has resulted in non-levy of penalty amounting to ₹ 4.95 lakh.
- Joint Physical Verification (JPV) conducted revealed selling of teer tickets on the back page of the printed teer books by all test checked bookmakers. The Department acknowledged the issue but failed to rectify it, indicating poor monitoring against unauthorized teer ticket sales.
- During the period from March 2019 to March 2022, 1,375 teer books were issued to 101 bookmakers who do not have a valid licence. This not only violates the MRGAS&STT Act, 2018, but also indicates large scale prevalence of unauthorised bookmakers in the jurisdiction of the sampled SsT offices.
- Section 6(1) of the MRGAS&STT Act, 2018 (amended 2019) mandates teer counters to be at least 100m away from places of worship or educational institutions. In a JPV of 42 teer counters across six ST jurisdictions, 31 were found operating in prohibited areas.
- Audit observed 250 cases of illegal sale of teer tickets during inspection in the jurisdiction of the eight selected ST offices. No record was found to indicate action being initiated to levy penalty from unauthorised bookmakers which resulted in non-realisation of penalty amounting to ₹ 12.50 lakh.

**(Paragraph 2.3)**

***Recommendations:***

- (i) *The Department may ensure that only teer tickets as per the prescribed format should be sold by the bookmakers. The minimum sale price must be clearly displayed on the front of the ticket, with space provided to indicate the bet value. Additionally, tickets should include a QR code or barcode, to enhance the system's efficiency, promote transparency, and security, benefiting both operators and customers.*
- (ii) *The license renewal process for eligible bookmakers may be expedited, ensuring compliance to the Act. Responsibility may also be fixed on officers who issued teer books to unauthorised bookmakers.*
- (iii) *The operations of unauthorised organisers may be stopped by enforcement of applicable penal provisions of the MRGAS&STT Act, 2018 and responsibility*

*may also be fixed on the responsible officers who failed to stop illegal operation of teer organiser.*

- (iv) The Department should ensure to relocate all counters operating within 100 meters of nearest educational institutions and places of worship.*
- (v) The penal provisions for violation of the prescribed rules by the bookmakers and organisers may be enforced as per Act/Rules. Responsibility may also be fixed on officers who failed to levy penalty on bookmakers/organisers who violated the provisions of the Act/Rules.*

### **Subject Specific Compliance Audit on ‘Department’s Oversight on GST Payments and Returns Filing (Phase I)’**

This SSCA was predominantly conducted based on data analysis, which highlighted risk areas and red flags in GST payments and returns filing pertaining to the period July 2017 to March 2018, while the audit of the functions of selected Circles covered the period from July 2017 to March 2021. The audit findings are categorised into the following three categories, viz., oversight functions of Circle offices, Centralised Audit and Detailed Audit. Some key findings are highlighted in the succeeding paragraphs.

- In Circle Audit, a review of five Circles disclosed that no action was taken by some Circle Officers to pursue recovery of dues against non-filers and no follow-up for issue of ASMT-13 was observed. Also, internal audit mechanism was found inadequate. There were some deficiencies noticed related to cancellation of registrations i.e. delay in issue of cancellation orders, inadequate follow-up on non-filing of GSTR-10, etc.
- In centralised audit, out of the 177 data inconsistencies identified by Audit, the Department’s replies were received in 156 cases. Upon analysing the responses of the Department, compliance deviations were observed in 60 cases involving amount of ₹ 32.62 crore, out of which ₹ 12.86 crore were recovered in seven cases. A relatively higher rate of deficiencies was noticed in ITC mismatch, excess RCM ITC availed, mismatch in tax paid between books of accounts and returns and short payment of tax. While data entry errors caused the inconsistencies in 17 cases, action was taken before query in 23 cases and in 36 cases, valid explanations were provided.
- Detailed audit of GST returns revealed some non-compliance issues and in six cases, the taxpayers’ granular records were not forthcoming, which constituted a scope limitation. Out of the 20 cases that were audited either fully or partially, Audit observed compliance deficiencies such as non-payment of interest and mismatches relating to ITC and tax liability involving amount of ₹ 19.99 crore, out of which recovery of ₹ 0.18 crore was made. The main causative factors were

non-payment of interest, irregular availment of ISD credit and unreconciled ITC/ tax payment.

**(Paragraph 2.4)**

***Recommendations:***

- (i) The Department should take necessary steps to speed up the process of scrutiny of returns under Section 61 of the Act before time barring of cases. Moreover, period within which scrutiny of returns is to be initiated and completed should explicitly be indicated in the Department's GST Returns Scrutiny Manual.*
- (ii) Prompt action may be initiated by the Department to undertake the audits under Section 65 of the Act before time-barring of cases.*
- (iii) Taxation Department may strengthen the internal monitoring mechanism in Circle offices and ensure that due diligence is followed for filing of cancellation, issue of Show Cause Notices and recovery.*
- (iv) Department may examine the 21 mismatches/inconsistencies pointed out by Audit, for which responses have not been provided and intimate the results there-of.*
- (v) The State Taxation Department may take up the matter with the GST Council to insert adequate validation controls in GST Returns/portal to curb data entry errors, enhance taxpayer compliance and facilitate better scrutiny.*
- (vi) Taxation Department may initiate remedial action for all the compliance deviations brought out in this report before they get time barred.*

***Subject Specific Compliance Audit on 'Tax Deduction at Source (TDS) by Government Departments and Tax Collection at Source (TCS) by E-Commerce Operators'***

The SSCA on Tax Deduction at Source (TDS) by Government Departments and Tax Collection at Source (TCS) by E-Commerce Operators, Meghalaya, Shillong was conducted for the period covering 01 July 2017 to 31 March 2021.

During the course of the SSCA various deficiencies have been noticed, revealing inadequacies in the implementation of the Act within the State. Some major audit findings are highlighted in the succeeding paragraphs.

- DDOs and ECOs obligated to be registered under GST, either failed to comply with the statutory registration requirements or registered post the prescribed deadline. Only 35 per cent of the DDOs were found registered under GST. As a result, the objective of encompassing all taxable transactions conducted by government departments and e-commerce operators within the purview of GST was not achieved. Thus, due to non-registration/delay in registration and non-deduction/collection of tax, penalty of ₹ 10.44 lakh was leviable. Out of which, recovery of ₹ 1.97 lakh was made at the instance of Audit.

- Instances of non-adherence to Govt. instructions during bill preparation and GSTIN not mentioned on non-deduction of TDS declaration forwarded by DDOs were also noticed.
- With respect to deductees/suppliers, many discrepancies were noticed like cross-verification of the declarations on non-deduction of TDS by suppliers with GST returns of five contractors/suppliers, revealed that no tax was paid by the contractors/suppliers. Hence, GST of ₹ 11.74 lakh along with interest of ₹ 12.49 lakh is recoverable on the undeclared turnover.
- Cross verification of GSTR-1 filed by the deductees/suppliers with GSTR-7 filed by the DDOs revealed that the deductees/suppliers did not declare supplies made to the DDOs in GSTR-1. This omission risks turnover suppression. As a result, GST amount of ₹ 472.31 lakh along with interest of ₹ 321.15 lakh on undeclared turnover is recoverable from the taxpayers.

**(Paragraph 2.5)**

***Recommendations:***

- (i) *The Department should take steps to get all the unregistered DDOs registered under GST.*
- (ii) *The Department should take steps to recover penalty from DDOs/ECOs for taking delayed registration under GST and for non-deduction/collection of tax.*
- (iii) *The Department should take steps to recover the GST amount along with penalty and interest from the suppliers by leveraging data/information available.*

### Chapter-III: State Excise Department

Failure of the Superintendent of Excise, Tura to recover the excise duty as per the applicable rates, in contravention to Government of Meghalaya's notifications, has led to short payment of Excise Duty by three Bonded Warehouses amounting to ₹ 14.58 crore which remains recoverable.

**(Paragraph 3.3)**

***Recommendation:*** *To address failure in excise duty collection and prevent revenue losses, it is recommended to conduct thorough investigations into the lapses, and enforce strict compliance with government notifications in application of excise duty rates.*

### Chapter-IV: Stamps & Registration Department

Irregularities in registration of mining leases by the District Registrar, Tura resulted in evasion of stamp duty and registration fee to the tune of ₹ 0.34 crore.

**(Paragraph 4.3)**

**Recommendation:** *Stamp and Registration Department and Forests & Environment Department should obtain complete information on mining leases from all the Division Forests Officers in the State and enforce registration of all non-registered lease deeds to minimise loss of revenue.*

#### **Chapter-V: Forests & Environment Department**

Lack of coordination between the Forest Department and the Mining and Geology Department resulted in non-collection of Cess amounting to ₹ 1.18 crore.

**(Paragraph 5.3)**

**Recommendation:** *Steps should be taken to establish effective communication channels and collaboration mechanisms between the two departments. Implementing a streamlined process for sharing information and coordinating activities will facilitate timely collection of Cess, ensuring revenue is properly accounted for and minimising potential losses to the State Government.*

# **CHAPTER I GENERAL**



# CHAPTER – I

## GENERAL

### 1.1 Trend of Revenue Receipts

**1.1.1** The Tax and Non-Tax Revenue raised by Government of Meghalaya (GoM) during the years 2022-23, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grants-in-aid received from Government of India (GoI) during the year and the corresponding figures for the preceding four years is depicted in **Table 1.1**.

**Table 1.1: Trends of Revenue Receipts**

(₹ in crore)

Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
1.	<b>Revenue raised by the State Government</b>					
	Tax Revenue	1,793.24	1,891.25	2,072.56	2,300.38	2,650.67
	Non-Tax Revenue	427.70	530.11	523.17	524.58	456.61
	<b>Total</b>	<b>2,220.94</b>	<b>2,421.36</b>	<b>2,595.73</b>	<b>2,824.96</b>	<b>3,107.28</b>
2.	<b>Receipts from the Government of India</b>					
	Share of Union taxes/ duties	4,889.07	4,211.78	4,551.63	6,580.63	7,286.14
	Grants-in-aid and contributions	2,608.61	2,780.38	3,535.88	4,868.55	4,426.45
	<b>Total</b>	<b>7497.68</b>	<b>6,992.16</b>	<b>8,087.51</b>	<b>11,449.18</b>	<b>11,712.59</b>
3.	<b>Total Revenue Receipts (1 &amp; 2)</b>	<b>9,718.62</b>	<b>9,413.52</b>	<b>10,683.24</b>	<b>14,274.14</b>	<b>14,819.87</b>
4.	<b>Percentage of 1 to 3</b>	<b>22.85</b>	<b>25.72</b>	<b>24.30</b>	<b>19.79</b>	<b>20.97</b>

Source: Finance Accounts, Government of Meghalaya.

It is evident from **Table 1.1** that revenue raised by the State Government (₹ 3,107.28 crore) during the fiscal year 2022-23 was 21 *per cent* of the total Revenue Receipts (₹ 14,819.87 crore), higher than the revenue raised during 2021-22 (20 *per cent*). Notably, the remaining 79 *per cent* of Revenue Receipts during 2022-23 was received from Government of India (GoI) in the form of State Share of Union taxes and duties and Grants-in-aid.

Revenue Receipts of the State increased by ₹ 545.73 crore (3.82 *per cent*) during 2022-23 over the preceding year. The increase was mainly on account of an increase in Tax Revenue and share of Union taxes/duties as compared to the previous year. The increase was offset by a decrease of ₹ 510.07 crore under non-tax revenue and grant-in-aid and contributions.

**1.1.2** The details of the tax revenue raised during the period 2018-19 to 2022-23 are given in **Table 1.2**.

**Table 1.2: Details of Tax Revenue raised**

(₹ in crore)

Head of revenue	2018-19		2019-20		2020-21		2021-22		2022-23		% of increase (+)/ decrease (-) in 2022- 23 over 2021-22	
	BEs	Actuals	BEs	Actuals								
Sales Tax	1,339.73	627.50	1,650.00	567.13	679.18	725.09	767.52	718.89	747.51	621.78	(-) 2.61	(-) 13.51
State Goods & Services Tax	--	805.96	--	909.78	1,219.35	822.81	489.30	1,117.94	1,316.01	1,477.03	(+) 168.96	(+) 32.12
State Excise	263.50	226.21	289.85	276.27	312.50	375.38	360.00	308.00	350.03	365.16	(-) 2.77	(+) 18.56
Taxes on Vehicles	69.94	86.95	100.00	99.24	120.00	78.63	125.00	99.42	100.12	131.51	(-) 19.80	(+) 32.28
Stamp duty and Registration fees	19.39	26.19	21.33	20.34	23.46	31.56	21.30	27.06	38.18	28.16	(+) 79.25	(+) 4.07
Land revenue	1.54	2.73	1.69	1.00	2.20	21.29	4.51	9.83	4.51	4.91	--	(-) 50.05
Taxes on goods and passengers	6.18	8.45	9.41	9.13	9.97	10.72	10.00	12.54	11.00	14.05	(+) 10.00	(+) 12.04
Others <sup>1</sup>	15.93	9.25	17.52	8.36	10.32	7.09	7.80	6.70	8.04	8.07	(+) 3.08	(+) 20.45
<b>Total</b>	<b>1,716.21</b>	<b>1,793.24</b>	<b>2,089.80</b>	<b>1,891.25</b>	<b>2,376.98</b>	<b>2,072.57</b>	<b>1,785.43</b>	<b>2,300.38</b>	<b>2,575.40</b>	<b>2,650.67</b>	<b>(+) 44.25</b>	<b>(+) 15.23</b>

As indicated in **Table 1.2**, the actual realisation of tax revenue during 2022-23 was ₹ 2,650.67 crore, surpassing the budget estimates (BEs) of ₹ 2,575.40 crore by ₹ 75.27 crore, reflecting a growth of 2.92 *per cent*. In comparison to the previous fiscal year (2021-22), there was a notable 15.23 *per cent* increase in overall tax revenue raised.

During the fiscal year 2022-23, all tax revenue heads, except for Sales Tax and Land Revenue, demonstrated positive trends, exhibiting increase in tax revenue receipt ranging between 4.07 *per cent* and 32.28 *per cent*. Sales Tax and Land Revenue experienced declines of 13.51 *per cent* and 50.05 *per cent*, respectively, compared to the preceding year. The most noteworthy surge in tax revenue receipts was observed in Taxes on Vehicles at 32.28 *per cent*, and State Goods and Services Tax (SGST) at 32.12 *per cent*.

**1.1.3** Details of BEs and actual on Non-Tax Revenue raised during the period 2018-19 to 2022-23 are indicated in **Table 1.3**:

**Table 1.3: Non-Tax Revenue raised**

(₹ in crore)

Head of revenue	2018-19		2019-20		2020-21		2021-22		2022-23		% of increase (+)/ decrease (-) in 2022-23 over 2021-22	
	BEs	Actuals	BEs	Actuals								
Interest receipts	47.60	58.26	55.06	28.91	60.57	11.53	34.98	24.65	13.95	8.81	(-) 60.12	(-) 64.26
Dividends and profits	0.19	0.11	0.21	0.14	0.23	0.00	0.16	0.12	0.18	0.35	(+) 12.50	(+) 191.67
Non-ferrous mining and metallurgy	291.39	147.56	320.53	322.84	400.66	246.44	449.98	239.78	500.00	263.38	(+) 11.12	(+) 9.84
Forestry and wildlife	114.39	78.31	125.83	81.27	120.00	102.12	120.00	117.34	120.00	129.76	0.00	(+) 10.58

<sup>1</sup> It includes- Taxes on profession, Trades, callings and employment, taxes and duties on electricity and other taxes and duties on commodity and services.

Head of revenue	2018-19		2019-20		2020-21		2021-22		2022-23		% of increase (+)/ decrease (-) in 2022-23 over 2021-22	
	BEs	Actuals	BEs	Actuals								
Other administrative services	7.18	9.25	7.90	41.30	8.69	26.98	21.57	3.73	32.65	6.33	(+) 51.37	(+) 69.71
Public works	11.60	17.64	18.71	9.78	20.58	7.05	11.83	6.34	8.53	9.86	(-) 27.90	(+) 55.52
Police	7.88	16.27	8.67	8.17	9.53	7.29	9.89	6.62	8.82	8.82	(-) 10.82	(+) 33.23
Animal husbandry	2.50	2.10	2.75	1.91	3.03	1.96	2.31	2.20	2.54	1.99	(+) 9.96	(-) 9.55
Crop husbandry	8.59	6.71	9.45	2.29	10.40	2.03	2.77	2.65	2.46	2.78	(-) 11.19	(+) 4.91
Other receipts <sup>2</sup>	46.78	91.49	51.46	33.50	56.60	138.23	40.54	144.12	41.59	24.55	(+) 2.59	(-) 82.97
<b>Total</b>	<b>538.10</b>	<b>427.70</b>	<b>600.57</b>	<b>530.11</b>	<b>690.29</b>	<b>543.63</b>	<b>694.03</b>	<b>547.55</b>	<b>730.72</b>	<b>456.63</b>	<b>(+) 5.29</b>	<b>(-) 16.60</b>

Source: Finance Accounts and Budget, Government of Meghalaya.

As indicated in **Table 1.3**, the revenue realised under Non-Tax Receipts for the fiscal year 2022-23 amounted to ₹ 456.63 crore, falling short of the BEs set at ₹ 730.72 crore by ₹ 274.09 crore, reflecting a deficit of 37.51 *per cent*. Notably, the shortfall in actual receipts occurred in (i) Other administrative services (69.71 *per cent*), (ii) Animal Husbandry (9.55 *per cent*), and (iii) Other Receipts (82.97 *per cent*).

In comparison to the preceding fiscal year (2021-22), the total BEs witnessed a projected increment of ₹ 36.69 crore (5.29 *per cent*), however, the actual non-tax revenue receipts experienced a decline of ₹ 90.92 crore, falling short by 16.60 *per cent* when compared to the preceding year.

**Recommendation:** To enhance financial forecasting accuracy and optimize revenue collection, the Department should cultivate a culture of continuous improvement. This involves integrating historical performance analysis into budget projection processes to align estimates more closely with actual outcomes. Additionally, the State Government needs to conduct a comprehensive assessment of its revenue collection mechanisms to pinpoint deficiencies. Identifying these shortcomings will facilitate the implementation of corrective measures to overcome them.

## 1.2 Goods and Service Tax

Goods and Services Tax (GST) was implemented in the country with effect from 01 July 2017 on supply of goods or services or both. GST is concurrently administered by the

<sup>2</sup> It includes - (i) Public Service Commission (₹ 2.34 crore), (ii) Stationery and Printing (₹ 0.11 crore), (iii) Contributions and Recoveries towards Pension and Other Retirement Benefits (₹ 1.72 crore), (iv) Miscellaneous General Services (₹ 3.41 crore), (v) Education, Sports, Art and Culture (₹ 1.09 crore), (vi) Medical and Public Health (₹ 3.13 crore) (vii) Water supply and sanitation (₹ 7.21 crore), (viii) Housing (₹ 0.57 crore), (ix) Urban Development (₹ 0.07 crore), (x) Information and Publicity (₹ 0.13 crore), (xi) Labour and Employment (₹ 7.26 crore), (xii) Social Security and Welfare (₹ 0.01 crore), (xiii) Fisheries (₹ 0.02 crore), (xiv) Co-operation (₹ 5.74 crore), (xv) Other Agriculture Programmes (₹ 1.51 crore), (xvi) Other Rural Development Programmes (₹ 0.08 crore), (xvii) North Eastern Areas (₹ 1.33 crore), (xviii) Minor Irrigation (₹ 0.63 crore), (xix) Power (₹ 1.71 crore) (xx) Village and small Industries (₹ 0.83 crore), (xxi) Tourism (₹ 0.96 crore), (xxii) Civil supplies (₹ 0.04 crore), and (xxiii) Other General Economic Services (₹ 1.69 crore).

Union (CGST) and the States (MGST) on supply within the State while Integrated Goods and Services Tax (IGST) is levied on inter-state supply of goods or services or both. In Meghalaya, GST was launched with effect from 01 July 2017.

### 1.2.1 GST Registrations

Under GST Law, any dealers with annual turnover of ₹ 10 lakh or more with effect from 01 July 2017 and ₹ 20 lakh or more with effect from 01 February 2019 for North Eastern and Himalayan (NE&H) States were required to be registered in the State under the new GST law. Status of various categories of dealers registered under the State GST as on 31 March 2023 is shown in **Table 1.4** below:

**Table 1.4: Statement showing category of dealers registered under GST in Meghalaya (under State jurisdiction) as on 31 March 2023.**

Category of registrants	No. of registrants	Percentage of total
• Normal taxpayers	• 25,252	• 89.79
• Composition taxpayers	• 2181	• 7.76
• Tax deductors at source (TDS)	• 564	• 2.01
• Tax collectors at source (TCS)	• 118	• 0.42
• Input Service Distributors	• 07	• 0.02
• Others (Casual, NRTP, OIDAR)	• 0	• 0.00
• <b>Total Registrants</b>	• <b>28,122</b>	• <b>100</b>

*Source: Information furnished by the Assistant Commissioner of Taxes, Meghalaya, Shillong.*

From **Table 1.4**, it can be seen that as on 31 March 2023, total number of registered dealers under the State GST were 28,122, out of which ‘normal taxpayers’ accounted for 89.79 *per cent* of the total registrants. ‘Composition taxpayers’ accounted for 7.76 *per cent* while ‘Tax deductors at source’ accounted for 2.01 *per cent*. During 2022-23, of the total registrations, 6,687 (23.78 *per cent*) have migrated from pre-GST regime, while the remaining were new registrations under GST regime. A total of 3091 registrations have been cancelled by the Department during 2022-23.

### 1.2.2 GST Return filing pattern

#### 1.2.2.1. Filing pattern of GSTR-1 and 3B

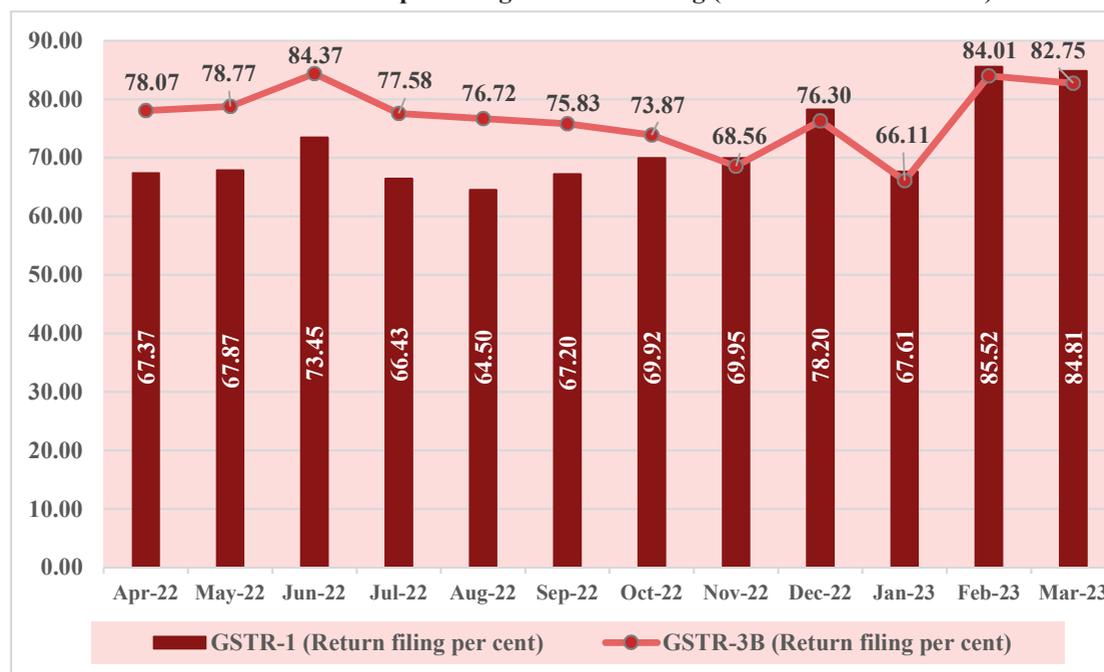
The filing of GSTR-1<sup>3</sup> and GSTR-3B<sup>4</sup> returns is mandated under Section 37 and 39 (1) of the Meghalaya Goods and Services Tax (MGST) Act. The system envisages that both the returns are linked to enable the assessing officer to accurately assess the tax dues of dealers, for a particular month.

The trends of filing of GSTR-1 and GSTR-3B for the period from April 2022 to March 2023, as compiled from the information furnished by the Department, have been depicted in **Chart 1.1**.

<sup>3</sup> **GSTR-1:** It is a sales return that is required to be filed by every GST registered person.

<sup>4</sup> **GSTR-3B:** It is a self-declared consolidated summary return of inward and outward supplies which is required to be filed by a registered person electronically on the GST common portal.

Chart 1.1: Month-wise percentage of Return filing (GSTR-1 and GSTR-3B)



Source: Information furnished by the Assistant Commissioner of Taxes, Meghalaya, Shillong.

It can be seen from the above chart that filing of GSTR-1 and GSTR-3B increased from 67.37 per cent and 78.07 per cent in April 2022 to 84.81 per cent and 82.75 per cent in March 2023 respectively. Details are given in **Appendix 1.1**.

### 1.3 Revenue from GST

GST is based on the principle of destination-based consumption taxation as against the then principle of origin-based taxation. It is a dual GST with the Centre and the States levying simultaneous tax on a common base. GST levied by the Centre is called Central GST (CGST) and that levied by the State is called State GST (SGST). Besides, an Integrated GST (IGST) is levied on inter-state supply (including stock transfers) of goods or services. The IGST is levied and collected by GoI and is apportioned between the Union and the States in the manner as may be provided by Parliament by Law on the recommendation of the GST Council.

#### 1.3.1 SGST Revenue

Scrutiny of budget estimates *vis-à-vis* actual receipt under SGST for five years from 2018-19 to 2022-23 revealed that there were variations between budget estimates (BEs) as compared to actual realisation of revenue as detailed in **Table 1.5**.

Table 1.5: Revenue from SGST

Year	Budget Estimate	Actuals
2018-19	Not estimated	805.96
2019-20	Not estimated	909.78
2020-21	1,219.35	822.81
2021-22	489.30	1,117.94
2022-23	1,316.01	1,477.03

Source: Budget document and State Finances Audit Report 2022-23.

Based on the data provided in **Table 1.5**, it is evident that the Department has not utilised historical analysis of past performances to establish benchmarks for identifying trends, patterns, and deviations between budgeted and actual figures, thereby impacting the determination of budget estimates. Despite significant fluctuations in budget estimates during the years 2020-21 to 2022-23, it is observed that revenue collection under SGST has mostly demonstrated an upward trend, with a notable increase of 32.12 *per cent* in the year 2022-23 compared to the preceding year.

### **1.3.2 Apportionment of IGST**

Under Section 17 of the IGST Act, apportionment of tax and settlement of funds is provided to States and IGST has to be shared between the Centre and States in the ratio of 50:50. The provisional apportionment of IGST to Meghalaya for the years 2020-21 to 2022-23 is given in **Table 1.6**.

**Table 1.6: Apportionment of IGST**

(₹ in crore)

IGST component	2020-21	2021-22	2022-23
IGST apportioned to the State as per Section 17 of IGST Act, 2017	89.11	187.08	267.98
IGST provisionally/ ad-hoc apportioned to the State.	60.33	46.61	35.16
<b>IGST cross utilised between</b>			
SGST as IGST	(-) 34.94	(-)45.95	(-)57.09
IGST as SGST	421.81	582.84	755.01

Source: Information furnished by the Assistant Commissioner of Taxes, Meghalaya, Shillong.

### **1.3.3 Collection of SGST from top 10 commodities/services**

The detailed lists of top ten commodities and services which contributed maximum State GST during the years 2021-22 and 2022-23 are given in **Table 1.7**:

**Table 1.7: Revenue from Top 10 commodities/Services for the year 2021-22 and 2022-23**

(₹ in crore)

Sl. No.	2021-22		2022-23	
	Name of Commodity/ Service	SGST	Name of Commodity/ Service	SGST
<b>COMMODITIES</b>				
1	Automobiles	77.83	Automobiles	133.44
2	Iron and steel and articles	67.79	Iron and steel and articles	78.28
3	Lime, Cement and minerals products	55.97	Lime, Cement and minerals products	65.03
4	Electrical machinery and equipment parts	38.15	Electrical machinery and equipment parts	47.07
5	Tobacco and substitutes	36.73	Tobacco and substitutes	44.95
6	Machinery and mechanical appliances; parts	25.75	Machinery and mechanical appliances; parts	35.24
7	Dairy products	25.62	Dairy products	32.37
8	Pharmaceuticals products	23.82	Pharmaceuticals products	28.12
9	Rubber & articles (Tubes and tyres)	27.03	Rubber & articles (Tubes and tyres)	20.72
10	Minerals fuels and oils and products	14.40	Minerals fuels and oils and products	17.86
<b>SERVICES</b>				
1	Construction services	80.16	Construction services	126.80
2	Communication services	47.10	Communication services	42.44
3	Support services	21.55	Support services	21.76
4	Financial services	15.60	Financial services	19.28
5	Other services	8.45	Real Estate. Leasing, Rental services	10.42

Sl. No.	2021-22		2022-23	
	Name of Commodity/ Service	SGST	Name of Commodity/ Service	SGST
6	Real Estate. Leasing, Rental services	7.64	Accommodation, Food and beverage services	7.63
7	Accommodation, Food and beverage services	4.25	Transport services	5.40
8	Transport services	1.90	Other services	3.68
9	Manufacturing services	1.33	Professional services	1.72
10	Professional services	1.13	Manufacturing services	1.59

Source: Information furnished by the Assistant Commissioner of Taxes, Meghalaya, Shillong.

#### 1.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2023 under the head, 0040 – Taxes on Sale, Trade, *etc.*, amounted to ₹ 89.00 crore, of which, ₹ 37.00 crore was outstanding for more than five years as detailed in **Table 1.8**.

**Table 1.8: Details of Arrears of Revenue Collection as on 31 March 2023**

(₹ in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2023		Departments' reply
		Total	For more than five years	
1	0040 – Taxes on Sale, Trade, <i>etc.</i>	89.00	37.00	The Department is doing its best to recover the arrear dues.

Source: State Finances Audit Report for the year ended 31 March 2023.

As seen from **Table 1.8**, recovery of ₹ 89.00 crore was pending against the principal head, which was 2.86 *per cent* of the State's own revenue collection amounting to ₹ 3,107.28 crore (Own Tax Revenue: ₹ 2,650.67 crore *plus* Non-Tax Revenue: ₹ 456.61 crore) for 2022-23. Revenue amounting to ₹ 37.00 crore (41.57 *per cent* of the total revenue arrears) was pending for recovery for more than five years which indicates that the chances of recovery are remote.

#### 1.5 Pendency of Refund Cases

The MVAT Act stipulates that interest at the rate of eight *per cent* per annum shall be paid if the refund is not processed to the dealer within 90 days from the date of any order authorising such refund. Likewise, under Section 56 of the MGST Act, the Taxation Department is obligated to pay interest at a rate of six *per cent* per annum if any tax, which has been ordered to be refunded to the applicant is not refunded within 60 days from the date of receipt of the application.

The number of refund cases under Sales Tax/ Meghalaya Value Added Tax (MVAT) and State GST pending at the beginning of the year 2022-23, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2022-23 as reported by the Department is given in **Table 1.9**.

**Table 1.9: Details of pendency of refund cases**

(₹ in crore)

Sl. No.	Particulars	2022-23			
		Sales Tax/VAT		State GST	
		No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year	23	16.10	63	7.65
2	Claims received during the year	20	26.87	114	42.70
3	Refunds made during the year	29	29.42	97	32.06
4	Refunds rejected during the year	-	-	21	11.99
5	Balance outstanding at the end of the year	14	13.55	59	6.30

Source: Information furnished by the Assistant Commissioner of Taxes, Meghalaya, Shillong.

As seen from **Table 1.9** above, during 2022-23, out of 43 pending refund cases involving ₹ 42.97 crore under the Sales Tax/MVAT, 29 cases (67.44 per cent) involving ₹ 29.42 crore were refunded. While under the State GST, 97 cases (54.80 per cent) involving ₹ 32.06 crore were refunded against total 177 pending cases involving refund claim of ₹ 50.35 crore.

The remaining 14 cases involving ₹ 13.55 crore under Sales Tax/MVAT and 59 cases involving ₹ 6.30 crore under the State GST were yet to be refunded at the end of the year (March 2023).

## 1.6 Details of evasion of tax detected by Department

The cases of evasion of tax detected by the Taxation Department, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Details of evasion of tax detected during 2022-23 are given in **Table 1.10**.

**Table 1.10: Evasion of Tax Detected**

(₹ in crore)

Sl. No.	Head of revenue	Cases pending as on 31.03.2022	Cases detected during 2022-23	Total	No. of cases in which assessment/investigation completed and additional demand with penalty, etc. raised		No. of cases pending as on 31.03.2023
					No. of cases	Amount	
					1.	0040 – Taxes on Sales, Trade	
2.	0006 - SGST	26	79	105	73	0.11	32

Source: Information furnished by the Assistant Commissioner of Taxes, Meghalaya, Shillong.

From **Table 1.10**, it can be seen that during the year 2022-23, the Department detected 79 tax evasion cases, out of which 73 cases were assessed/investigated, and an additional demand of ₹ 0.11 crore was raised leaving 32 cases still pending as of 31 March 2023.

## 1.7 Response of the Government/Department towards audit

The succeeding paragraphs discuss the response of the Departments/ Government to audit.

### 1.7.1 Position of outstanding Inspection Reports

Upon conclusion of the audit pertaining to Government Departments and offices, the audit process yields Inspection Reports (IRs) that are subsequently disseminated to the

respective heads of the offices. Additionally, copies of these reports are transmitted to their superior officers for the purpose of effecting corrective measures and ongoing monitoring. Instances of significant financial irregularities are promptly communicated to both the Heads of the Departments and the overarching governmental body for immediate attention and remedial action.

The summarised position of IRs issued during the year 2022-23, including those of previous years and their status as on 30 September 2023 are presented in **Table 1.11**:

**Table 1.11: Position of IRs<sup>5</sup>**

(₹ in crore)

Year	Opening balance			Addition			Clearance			Closing balance (as on 30 September 2023)		
	IR	Para	Value	IR	Para	Value	IR	Para	Value	IR	Para	Value
2018-19	335	1,623	3,780.60	50	286	668.15	11	262	1,013.48	374	1,647	3,435.27
2019-20	374	1,647	3,435.27	55	476	1,888.23	12	166	241.04	417	1,957	5,082.46
2020-21	417	1,957	5,082.46	27	223	1,359.64	7	92	74.15	437	2,088	6,367.95
2021-22	437	2,088	6,367.95	8	75	358.08	12	102	157.90	433	2,061	6,568.13
2022-23	433	2,061	6,568.13	40 <sup>6</sup>	193 <sup>7</sup>	2,189.70 <sup>8</sup>	16	122	247.14	457	2,132	8,510.69

Review of IRs issued up to 31 March 2023 disclosed that 2,132 paragraphs involving money value of ₹ 8,510.69 crore relating to 457 IRs remained outstanding for want of replies or due to incomplete or unacceptable replies furnished by various Government departments.

### 1.7.2 Department wise position of outstanding Inspection Reports

Department-wise details of IRs, audit observations pending settlement as on 31 March 2023 and the amount involved are presented in **Table 1.12**.

**Table 1.12: Department-wise Outstanding IRs and paragraphs**

(₹ in crore)

Name of Department	Nature of receipts	2022-23		
		No. of outstanding		Money Value
		IRs	Audit Observations	
Excise, Registration, Taxation & Stamps	(a) Taxes on sales, trade, etc.	171	1,050	2,882.60
	(b) SGST	17	92	673.59
	(c) State Excise	74	310	223.51
	(d) Stamps & Registration	26	38	3.08
	(e) State Lotteries	0	0	0.00
Forests & Environment	Forestry and wildlife	62	302	804.58
Transport	Taxes on motor vehicles	79	227	1,174.15
Mining and Geology	Mining receipts	30	134	2,764.55
	<b>Total</b>	<b>459</b>	<b>2,153</b>	<b>8,526.10</b>

<sup>5</sup> Figures of opening and closing balance of outstanding IRs and paras and their money value for the years 2018-19 to 2022-23 have been updated based on reconciliation of records.

<sup>6</sup> Includes 15 IRs pertaining to the SSCA on Departments' Oversight on GST Payments and Returns Filing for the year 2017-18 (one limited audit, five Range audits, and nine detailed audits).

<sup>7</sup> Includes 74 paras pertaining to the SSCA on Departments' Oversight on GST Payments and Returns Filing for the year 2017-18.

<sup>8</sup> Includes ₹ 520.11 crore pertaining to the SSCA on Departments' Oversight on GST Payments and Returns Filing for the year 2017-18.

Additionally, in respect of 20 out of 33 Inspection Reports (IRs) issued during 2022-23, it was noted that the initial response, mandated to be submitted by the heads of offices within one month from the issuance of the IRs, were not received as on January 2024. The delay in addressing these IRs may be attributed to the lack of proactive measures taken by the Heads of Offices and Heads of Departments to rectify the deficiencies, omissions, and irregularities highlighted by audit within the IRs.

**Recommendation:** *The Departments should take action to clear all outstanding IRs/ paragraphs by furnishing replies within the prescribed time frame.*

### **1.7.3 Response of the Departments to the Draft Compliance Audit Paragraphs**

The draft Compliance Audit Paragraphs (CAPs) are forwarded to the Secretaries of the Departments concerned through demi-official letters drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Departments is invariably indicated at the end of each paragraph included in the Audit Report of the Comptroller & Auditor General of India (CAG).

The draft audit paragraphs proposed to be included in the Report of the CAG on Revenue Sector of Government of Meghalaya for the year ended 31 March 2023 were forwarded to the Secretaries of the Departments concerned between July 2023 and April 2024 to which replies from Excise Department, Forests & Environment, and ERTS Department has been received and the same has suitably been incorporated in this Report.

### **1.7.4 Follow up on Audit Reports**

The internal working system of the Public Accounts Committee (PAC), notified in December 2012, laid down that after the presentation of the Report of the CAG in the Legislative Assembly, the Departments concerned should initiate action on the audit paragraphs. The Government should submit Action Taken Notes (ATNs) and Explanatory Notes (ENs) on audit paragraphs within three months of tabling of the Report, for consideration of the Committee. In spite of these provisions, the ENs on audit paragraphs of the Reports are not received as per the prescribed time schedule.

Total of 402 audit paragraphs (including Performance Audits (PAs)) included in the Reports of the CAG for the years ended 31 March 2009 to 2022, were placed before the State Legislature between May 2010 and September 2023. The Suo Motu explanatory notes from the Departments concerned are awaited in respect of 177 paragraphs, which constitute 44.03 *per cent* of the total audit observations (March 2023).

The PAC discussed 53 selected paragraphs<sup>9</sup> between April 2011 and March 2023 and their recommendations on 14 paragraphs were incorporated in two PAC Reports (37<sup>th</sup> and 39<sup>th</sup> Reports) for the years 2008-09 and 2009-10. However, ATNs have not been received from the Departments concerned (March 2023) in respect of 14 recommendations made by the PAC as mentioned in **Table 1.13**.

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<sup>9</sup> Pertaining to the Audit Reports for the years 2008-09, 2009-10, 2013-14, 2016-17 and 2017-18.

Table 1.13: Outstanding ATNs

Year	Name of the Department	No. of ATNs awaited
2008-09	Sales Tax	11
2009-10	Sales Tax	02
2009-10	Stamps and Registration	01
	<b>Total</b>	<b>14</b>

## 1.8 Analysis of the mechanism for dealing with the issues raised by audit

In order to analyse the effectiveness of the system for addressing the issues highlighted in the IRs/Audit Reports by the Departments/Government, action taken on the paragraphs included in the Audit Reports of the last five years on **Transport Department** has been evaluated and results are included in this Audit Report. No Performance Audit was conducted on the Department in the last five years.

### 1.8.1 Position of Inspection Reports of Transport Department

The summarised position of IRs issued during the last five years, paragraphs included in these reports and their status in respect of Transport Department as on 30 September 2023 are presented in **Table 1.14**.

Table 1.14: Position of Inspection Reports of Transport Department

(₹ in crore)

Year	Opening balance			Addition			Clearance			Closing balance		
	IR	Para	Value	IR	Para	Value	IR	Para	Value	IR	Para	Value
2018-19	79	308	879.01	8	43	104.31	5	119	609.24	82	232	374.08
2019-20	82	232	374.08	6	28	76.10	4	23	119.43	84	237	330.75
2020-21	84	237	330.75	5	29	52.82	3	7	4.45	86	259	379.12
2021-22	86	259	379.12	1	1	0.33	11	24	2.49	76	236	376.96
2022-23	76	236	376.96	12	40	951.03	10	59	157.53	78	217	1,170.46

As illustrated in **Table 1.14**, the clearance rate of IRs/Paras was significantly low. As on September 2023, 78 IRs and 217 Paras with collective objection valued at ₹ 1,170.46 crore, remains pending for clearance.

It is imperative that the Transport Department takes prompt and decisive action to address the outstanding Inspection Reports and enhance the clearance rate.

### 1.8.2 Recovery in respect of Accepted Cases

The status of paragraphs pertaining to the Transport Department included in the Audit Reports of the last five years, those accepted by the Department and the amount recovered as on 31 March 2023 is mentioned in **Table 1.15**:

Table 1.15: Status of recovery of accepted cases

(₹ in crore)

Year of Audit Report	No. of paragraphs		No. of paragraphs		Amount recovered during the year
	Included	Money Value	Accepted	Money Value	
2017-18	3	5.00	3	5.00	-
2018-19	3	2.29	2	1.89	0.16
2019-20	1	1.23	1	1.23	-
2020-21	1	23.75	-	-	-
2021-22					
<b>Total</b>	<b>8</b>	<b>32.27</b>	<b>6</b>	<b>8.12</b>	<b>0.16</b>

In summary, the data presented in **Table 1.15** indicates a concerning trend within the Transport Department's recovery efforts for accepted cases over the past five-year period (2018 to 2022). Despite a total accepted money value of ₹ 8.12 crore, the department managed to recover only ₹ 0.16 crore (1.97 *per cent*). This disparity suggests a need for strategic interventions and enhanced recovery mechanisms to ensure more effective fiscal outcomes and to mitigate financial losses for the Transport Department.

## **1.9 Audit Planning**

Offices within various departments are classified into high, medium, and low-risk units, taking into consideration factors such as revenue position, historical trends of audit observations, and other relevant parameters. The formulation of the annual audit plan is based on risk analysis, which encompasses critical aspects of government revenues and tax administration, drawing insights from sources like budget speeches, white papers on State Finances, reports from the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical evaluation of revenue earnings over the past five years, features of tax administration, audit coverage, and its impact during the last five years.

During the year 2022-23, out 165 auditable units, 33 units were audited (20 *per cent*).

## **1.10 Results of Audit**

### **1.10.1 Position of local audits conducted during the year 2022-23**

Test check of the records of taxes on sale, trade, *etc.*, Stamps & Registration, State Excise, Forest Receipts, Motor Vehicles Tax and other Non-Tax Receipts conducted during the year 2022-23 revealed underassessments/short/non-levy/loss of revenue amounting to ₹ 1,577.17 crore in 70 cases, which accounted for 50.76 *per cent* of the State's Own Resources. During the year 2022-23, the departments concerned accepted under assessments/short collection/loss of revenue of ₹ 607.10 crore in 15 cases.

Additionally, the audit process uncovered other irregularities pertaining to compliance issues with monetary value of ₹ 612.53 crore across 123 cases. Subsequently, the concerned departments accepted 35 cases amounting to ₹ 411.70 crore.

During the fiscal year 2022-23, the respective departments successfully recovered a total sum of ₹ 0.82 crore from the amounts previously held under audit objection. This encompasses amounts from objections related to years preceding 2022-23.

## **1.11 Coverage of this Report**

Audit noticed that the revenue earning departments had weak internal controls to detect under-assessment, short payment, evasion of taxes, fees, royalties and other irregularities. There was no system in place to actively exchange information and co-ordinate amongst the departments for cross-verification of records to detect evasion of royalties, excise duty, *etc.*

This report contains three Subject-Specific Compliance Audits, namely:

- (i) Implementation of Meghalaya Regulation of the Game of Arrow Shooting and the Sale of Teer Tickets Act,
- (ii) Departmental Oversight on GST Payments and Returns Filing (Phase I), and
- (iii) Tax Deduction at Source (TDS) by Government Departments and Tax Collection at Source (TCS) by E-Commerce Operators.

Additionally, the report includes three Compliance Audit Paragraphs (CAPs) derived from test audits conducted by the Office of the Principal Accountant General (Audit) Meghalaya during the year 2022-23. The total financial impact identified in the aforementioned report materials stands at ₹ 98.01 crore. Paragraphs from earlier years, which could not be included in the previous Audit Reports have also been included. These audit paragraphs are discussed in the succeeding chapters.



**CHAPTER II**  
**TAXATION DEPARTMENT**



# CHAPTER – II

## TAXATION DEPARTMENT

### 2.1 Tax Administration

The Taxation Department holds the mandate for the administration of taxes on sales, trade, *etc.*, within the State. The collection of tax is governed by the provisions of the Meghalaya Value Added Tax (MVAT) Act, 2003; the MVAT Rules, 2005; the Central Sales Tax (CST) Act, 1956; the CST Rules, 1957; the Meghalaya Sales of Petroleum and Petroleum Products (including Motor Spirit) and Lubricants Taxation (MSL) Act, 1972, *etc.* With the introduction of Goods & Services Tax (GST) on 01 July 2017, CST Act and MVAT Act have been repealed.

The Principal Secretary/Commissioner and Secretary to the Government of Meghalaya, overseeing the Excise, Registration, Taxation, and Stamps (ERTS) Department, assumes overall charge of the Taxation Department at the Government level. Within this framework, the Commissioner of Taxes (CoT) serves as the Head of the Department and is entrusted with the administration of all taxation initiatives, which encompasses the general control and supervision of zonal offices, unit offices, and staff engaged in tax collection, and also to guard against evasion of taxes. In addition to these duties, the CoT is also the authority for disposing of revision petitions under all taxation acts and laws besides providing clarifications under the MVAT Act, 2003. The CoT is assisted by Additional Commissioner, Joint Commissioner of Taxes (JCT), Dy. Commissioners of Taxes (DCTs), Assistant Commissioners of Taxes (ACTs), Superintendents of Taxes (STs) and Inspectors of Taxes operating both at the Headquarters and zonal/unit levels. At the district level, the task of dealer registration, returns scrutiny, tax collection, interest and penalty imposition, issuance of road permits/declaration forms, and enforcement and supervision rests under the purview of 16<sup>10</sup> designated Superintendents of Taxes (STs).

### 2.2 Results of Audit

Test-check of records of 15 units during 2022-23 revealed short collection of taxes, loss of revenue, and other irregularities in 74 cases involving an amount of ₹ 520.11 crore, as depicted in **Table 2.1**.

**Table 2.1: Results of Audit conducted during 2022-23**

(₹ in crore)			
Sl. No.	Category	No. of Cases	Amount
1.	Short collection of taxes	10	15.83
2.	Loss of revenue	3	0.92
3.	Other irregularities	61	503.36
<b>Total:</b>		<b>74</b>	<b>520.11</b>

<sup>10</sup> (1) ST Circle I, (2) ST Circle II, (3) ST Circle III, (4) ST Circle IV, (5) ST Circle V, (6) ST Circle VI, (7) ST Circle VII, (8) ST Circle VIII, (9) ST Williamnagar Circle, (10) ST Tura Circle, (11) ST Jowai Circle, (12) ST Ri Bhoi Circle, (13) Non-resident Circle, (14) ST Nongstoin Circle, (15) ST Khliehriat Circle, (16) ST Tura Circle II.

During the year 2022-23, the Department accepted short collection of revenue and other deficiencies to the tune of ₹ 417.46 crore in 26 cases. No recovery was made during the year.

This chapter contains three Subject Specific Compliance Audits (SSCAs), outlined as follows:

- (i) Implementation of Meghalaya Regulation of the Game of Arrow Shooting and the Sale of Teer Tickets Act, with a financial impact of ₹ 0.17 crore.
- (ii) Department's Oversight on GST Payments and Returns Filing (Phase I), with a financial impact of ₹ 73.46 crore, and
- (iii) Tax Deduction at Source (TDS) by Government Departments and Tax Collection at Source (TCS) by E-Commerce Operators, with a financial implication of ₹ 8.28 crore.

### **2.3 SSCA on Implementation of Meghalaya Regulation of the Game of Arrow Shooting and the Sale of Teer Tickets Act.**

#### **2.3.1 Introduction**

Meghalaya has a unique tradition of lottery called Teer (Arrow). Teer is a lottery based on the game of arrow shooting. People participate in the teer lottery by buying teer tickets and submitting their guess of winning number (00 – 99) to a **Bookmaker**<sup>11</sup>. The winning number is obtained by selecting the last two digits from the total number of arrows that hit the target in a game of shooting arrow organised by an **Organiser**<sup>12</sup>. The participants who have rightly guessed this number is the winning **Bettor**. A winning bettor receives a winning amount of 80 times their bet amount. For example, a bettor pledges a bet of ₹ 50 on the number 44 and the number of arrows hitting the target is 744. Then the bettor is declared a winning bettor and receives a winning amount of ₹ 4,000 i.e., 50\*80.



Fig 1: The game of arrow shooting.

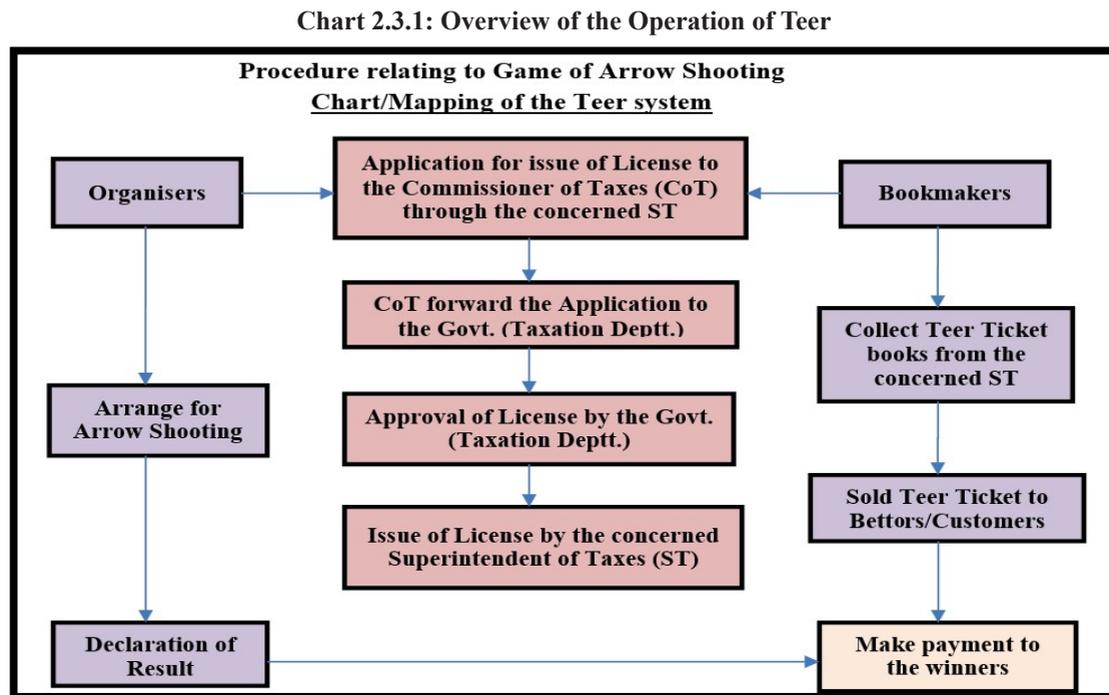
<sup>11</sup> Bookmaker means any person who carries on business or vocation as a bookmaker in respect of sale of teer (thoh team) tickets on the game of arrow shooting under a licence issued in the manner prescribed by the State Government.

<sup>12</sup> Organiser means a person or organisation authorised to organise arrow shooting or the game of teer (thoh team) under licence or permit issued in the manner prescribed by any officer authorised in this behalf by the State Government.

The Government of Meghalaya (GOM) has enacted the Meghalaya Regulation of the Game of Arrow Shooting and the Sale of Teer Tickets (MRGAS&STT) Act, 2018 and also notified Meghalaya Regulation of the Game of Arrow Shooting and the Sale of Teer Tickets (MRGAS &STT) Rules, 2018 to regulate the game of arrow shooting and the sale of teer tickets. The administration of these legal frameworks falls under the Excise, Registration, Taxation, and Stamps (ERTS) Department, Government of Meghalaya.

Prior to enactment of the MRGAS&STT Act in 2018, arrow shooting in Meghalaya fell under the purview of the Meghalaya Amusement and Betting Tax (MABT) Act, 1982. However, with the advent of the Goods and Services Tax (GST), the MABT Act, 1982 has been subsumed into the broader framework of GST.

An overview of the Game of Arrow Shooting and the Sale of Teer Tickets is depicted in **Chart 2.3.1**.



Total number of organisers and bookmakers registered with the ERTS department during 2017-18 to 2022-23 is depicted in **Table 2.3.1**.

**Table 2.3.1: Number of Organisers and Bookmakers**

Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
1	Number of Licensed Organisers	5	4	4	6	6	6
2	Number of licensed bookmakers	400	228	246	402	437	1438

As illustrated in the table above, the number of organizers decreased from five to four during the 2018-19 and remained unchanged in 2019-20. However, from 2020-21, there was an increase from four to six, which remained the same through 2022-23.

In contrast, the number of licensed bookmakers exhibited notable fluctuations. There was a sharp decline during the 2018-19 and 2019-20, with a decrease of 43 *per cent* and 39 *per cent*, respectively, when compared to 2017-18. During 2020-21, an increase of 63 *per cent* was seen followed by an additional 8 *per cent* increase in 2021-22. The number of bookmakers peaked dramatically in 2022-23, with a substantial increase of 229 *per cent*.

Revenue collected from the MRGAS & STT consists of license fee, renewal license fee, security fee, sale of teer books and penalty. Year-wise position of collection of revenue by the ERTS Department under the MRGAS & STT Act and Rules during July 2017 to March 2023 is depicted in **Table 2.3.2**.

**Table 2.3.2: Year-wise collection of revenue by ERTS Department under MRGAS & STT Act/Rules**  
(₹ in crore)

Year	Budget Estimate (BE)	Revenue Generated	Percentage of Revenue Generated against BE	Increase (+) / Decrease (-) in revenue generated over the previous year	
				Amount	Percentage
2017-18 <sup>13</sup>	3.35	0.53	15.82	0.00	-
2018-19	4.10	2.23	54.39	1.70	(+) 320.75
2019-20	1.81	2.91	160.77	0.68	(+) 30.49
2020-21	2.94	1.19	40.48	-1.72	(-) 59.11
2021-22	0.49	0.70	142.86	-0.49	(-) 41.18
2022-23	2.51	1.74	69.32	1.04	(+) 148.57
<b>Total</b>	<b>15.20</b>	<b>9.30</b>	<b>61.18</b>	-	-

Source: Information furnished by the Department and State Finance Accounts.

**Table 2.3.2** presents the revenue generated from the Game of Arrow Shooting and Sale of Teer Tickets and compares with Budget Estimates during 2017-18 to 2022-23. The collection of revenue increased by 320.75 *per cent* from ₹ 0.53 crore (2017-18) to ₹ 2.23 crore (2018-19). The increase in 2019-20 (₹ 2.91 crore) over 2018-19 (₹ 2.23 crore) was 30.49 *per cent* (₹ 0.68 crore). However, the revenue declined by 59.11 *per cent* (₹ 1.72 crore) in 2020-21 (₹ 1.19 crore) from 2019-20 (₹ 2.91 crore). The decline continued in 2021-22 (₹ 0.70 crore) from 2020-21 (₹ 1.19 crore) by 41.48 *per cent*. During 2022-23, revenue generated increase by 148.57 *per cent* (₹ 1.74 crore) when compared to 2021-22 (₹ 0.70 crore).

The Department stated that the decrease in collection of revenue was due to Lockdown (Covid-19). The department stated that it has not fixed any target on the collection of revenue from the Game of Arrow Shooting and Sale of Teer Tickets during the period covered by the audit. However, budget provisions were made for the Revenue Heads<sup>14</sup> under which the revenue from the Game and Sale of Teer Tickets is received, as illustrated in **Table 2.3.2**. In other words, budget targets were made for revenue from the game and sale of tickets thereof.

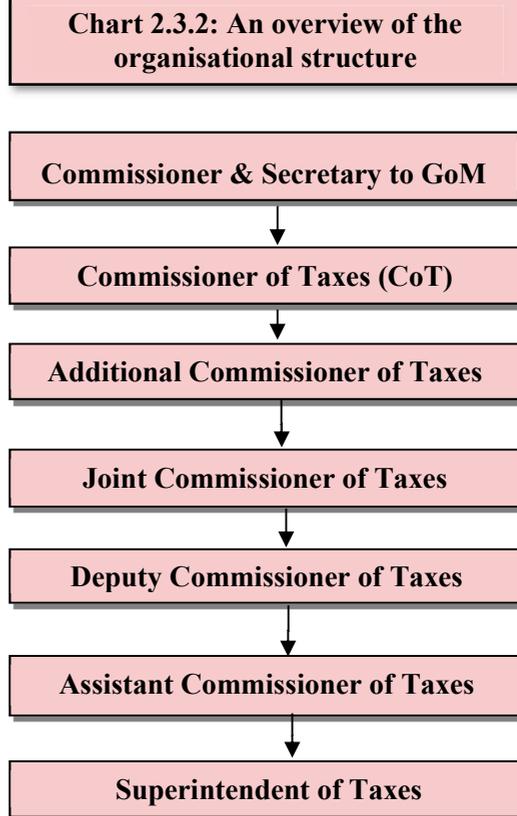
<sup>13</sup> w.e.f. 01.07.2017

<sup>14</sup> 2017-18 to 2018-19: 0045-102-01-01(Tax Collection-Licence fee & Teer Book) & 2019-20 to 2021-22: 0045-800-03(Fees for Regulating the Game of Archery-License and permit Fee & Teer Book fee)

The Audit findings brought out loss of revenue from MRGAS & STT to the extent of ₹ 0.17 crore which is two *per cent* of the total revenue (₹ 9.30 crore) collected from the Game of Arrow Shooting and Sale of Teer Tickets during the period covered under audit.

### 2.3.2 Organisational set-up

Excise, Registration, Taxation and Stamps (ERTS) Department administers the regulatory frameworks governing teer in Meghalaya. The Commissioner & Secretary to the Government of Meghalaya, Excise, Registration, Taxation and Stamps (ERTS) Department is the administrative head at the Department level. The Commissioner of Taxes (COT) is the administrative head at the Directorate level. He is assisted by a Joint Commissioner of Taxes (JCT) and Assistant Commissioners of Taxes (ACTs). At the District level, 16 Superintendents of Taxes (SsT) have been entrusted with the responsibility of collecting licence fee including renewal thereof, security deposit and other fees of tickets books. The SsT are also responsible for inspection and monitoring of the game of arrow shooting and sale of teer tickets including imposition of penalty on defaulters.



### 2.3.3 Audit Objectives

The Subject Specific Compliance Audit (SSCA) on ‘**Implementation of Meghalaya Regulation of the Game of Arrow Shooting and the Sale of Teer Tickets Act**’ was carried out to assess whether:

- Applicable Rules had been complied with in granting and renewal of licenses, printing and sale of teer tickets and in collection of revenue from the Game of Arrow Shooting and Sale of Teer Tickets;
- Enforcement mechanism was in place in order to prevent operation of illegal bookmakers/organisers and to safeguard revenue of the State.

### 2.3.4 Audit Scope and Methodology

Audit examined the implementation of the MRGAS&STT Act, 2018, during the period from 01 July 2017 to 31 March 2022. Audit was conducted between October 2022 and April 2023.

Audit examined records at the Secretariat and the Directorate as well as the selected Superintendent of Taxes, and bookmakers under the jurisdiction of selected superintendents. Joint physical verification (JPV) of bookmakers and event locations was also carried out.

Entry conference for the SSCA was held on 01 November 2022 wherein the audit objectives, criteria, scope and the methodology to be adopted was discussed with the ERTS Department. Exit conference was held with the ERTS Department on 14 June 2023. Replies received from the Department during the Exit Conference and thereafter have been appropriately incorporated in the report.

### **2.3.5 Audit Criteria**

Audit findings were benchmarked against the criteria provided here under:

- The Meghalaya Amusements and Betting Tax Act (Assam Act VI of 1939 as adapted and modified by Government of Meghalaya);
- The Meghalaya Regulation of the Game of Arrow Shooting and the Sale of Teer Tickets Act, 2018;
- The Meghalaya Regulation of the Game of Arrow Shooting and the Sale of Teer Tickets Rules, 2018;
- Government Notifications on the Game of Arrow Shooting and the Sale of Teer Tickets.
- The Goods and Service Tax, 2017 and its amendments.

### **2.3.6 Audit Sample**

Audit sample consisted of eight out of fifteen Superintendent of Taxes offices (Shillong Circles-II, III, VI & VII, Tura Circle-I, Williamnagar, Nongpoh & Khliehriat Circles) which were selected using Probability Proportional to Size Without Replacement (PPSWR) method with size measure being the number of licenses issued to bookmakers during the period from 2017-18 to 2021-22. As on 31 March 2022, there were 466 bookmakers under the jurisdiction of the eight selected SsT.

### **2.3.7 Acknowledgement**

The office of the Principal Accountant General (Audit), Meghalaya, Shillong acknowledges the co-operation extended by the Commissioner & Secretary of ERTS Department, the Commissioner of Taxes and the sampled Superintendents of Taxes during the conduct of the SSCA.

### **2.3.8 Audit Findings**

***Audit Objective 1: Whether the applicable Rules had been complied with in granting and renewal of licenses, printing and sale of teer tickets and in collection of revenue from the Game of Arrow Shooting and Sale of Teer Tickets.***

### 2.3.8.1 Irregularities in the issue of licences to Bookmakers and Organisers for the Game of Arrow Shooting and Sale of Teer Tickets.

Rule 3 of the MRGAS&STT Rules, 2018 regulates the grant of licence to organisers and bookmakers. Rule 3(6) of the MRGAS&STT Rules, 2018 prescribes that the license granted under the Rules is valid for a period of one year from the date of issue and expires on 31 March each year. The same rule also bars issuing licence to an applicant whose application has been granted unless prescribed licence fee has been paid. Further, Rule 7(7) and Rule 7(8) of the Rules *ibid* requires submission of application for renewal of licence of bookmakers and organisers, *respectively*, within 30 days before expiry of the current licence. Further, Rule 13 of the MRGAS&STT Rules, 2018 requires surrender of licence for discontinuation of business.

Section 5 of the MRGAS&STT Act, 2018 outlines the terms and conditions for granting licenses to organisers, while Section 6 of the same Act specifies the terms and conditions for granting licenses to bookmakers.

Section 13 (1) of the MRGAS&STT Act, 2018 prescribes penalty for offences of breaching conditions and restrictions imposed by the Act and rules thereunder. Additionally, Section 14(1) allows compounding of offences under the MRGAS&STT Act 2018 and MRGAS&STT Rules 2018 thereof by levying compensation for the offence at the penal rate not exceeding ₹ 30,000 for organisers and ₹ 5,000 for bookmakers. Audit findings are indicated below:

#### A. Delay in submission of application for renewal of licences by bookmakers and organisers.

Scrutiny of records of bookmakers and organisers in the selected eight SsT offices revealed that 65 bookmakers and two organisers submitted application for renewal of their license for the financial years 2019-20 to 2021-22 with delays ranging from one to 20 months. Delay in submission of application for renewal of license is a violation of the MRGAS&STT Rules 2018 and hence attracts penalty. The SsT, however, did not take any action as per Section 14(1) of the MRGAS&STT Act, 2018, which resulted in non-levy of penalty of ₹ 4.95 lakh as summarised in **Table 2.3.3**.

**Table 2.3.3: Non-levy of penalty from bookmakers/organisers who submitted applications for renewal of license after the due date.**

(Amount in ₹)

Bookmakers					
Sl. No.	Name of ST office	No. of bookmakers who submitted application for renewal after the due date	Financial year	Period of delay (in months)	Penalty
1	ST, Circle-II, Shillong	13	2020-21 & 2021-22	1 to 14	80,000
2	ST, Circle-III, Shillong	5	2021-22	2 to 10	25,000
3	ST, Circle-VI, Shillong	37	2021-22	1 to 12	1,85,000
4	ST, Circle-VII, Shillong	3	2021-22	6 to 9	15,000
5	ST, Nongpoh	7	2019-20 to 2021-22	1 to 16	70,000
Sub Total		65	-	-	3,75,000

Organisers					
Sl. No.	Name of ST office	No. of organisers who submitted application for renewal after the due date	Financial year	Period of delay (in months)	Penalty
1	ST, Khliehriat	1	2021-22	1	30,000
2	ST, Nongpoh	1	2018-19, 2019-20, 2021-22	3-7	90,000
<b>Sub Total</b>		<b>2</b>	-	-	<b>1,20,000</b>
<b>Grand Total</b>		<b>67</b>	-	-	<b>4,95,000</b>

During the exit conference, the ERTS Department stated that penalty was not levied due to contradiction between Rule 3(7) and Rule 7(7).

Both Rule 3(7) and Rule 7(7) of the MRGAS&SST Rules, 2018 require submission of application for renewal of licence by organisers within 30 days of expiry of the existing licence.

The reply by the ERTS Department is not factually correct as the liability of the bookmakers to renew their licenses is clearly defined in Rule 3 (6) of the MRGAS&SST Rules 2018, failing which the department has powers to invoke Section 13(1) and Section 14(1) of the MRGAS&STT Act, 2018 for taking penal action. The rules 3(7) and 7(7) cited by the department are not applicable to bookmakers. Due to inaction by the ERTS Department to levy compensation as penalty for non-submission and delayed submission of applications for renewal of licences by 65 bookmakers and two organisers, revenue amounting to ₹ 4.95 lakh remains unrealised.

#### B. Non-identification of organisers

Under Rule 5 of the MRGAS&STT Rules, 2018, license or permit granted for the Bookmakers shall be in Form IV appended to the Rules. As per the prescribed Form IV, the organiser along with its licence number is to be specified in the Bookmakers Licence. Further, as per terms and conditions of the prescribed Form IV, the name of the organiser along with its licence number is to be specified in the Bookmakers Licence.

Examination of the licences issued to the bookmakers by the Superintendents of Taxes (SsT) revealed that the licenses were issued by the SsT without mentioning the name of the organiser in the licence of the bookmakers as summarised in **Table 2.3.4**.

**Table 2.3.4: Statement showing licenses issued without mentioning name of the organiser in the licence of the bookmakers.**

Sl. No.	Name of ST office	No. of bookmakers where licenses were issued without mentioning the name of the organiser	Financial year
1	ST, Circle-II, Shillong	8	2020-21 & 2021-22
2	ST, Williamnagar	12	2020-21 & 2021-22

Source: Examination of records of bookmakers in the selected SsT offices.

While not mentioning name of the organisers in the licences of bookmakers is non-compliance of the prescribed rules, it is a way to manipulate the system as it prevents ascertaining the organiser under which the bookmakers sell the teer tickets,

thus, making it impossible to ascertain the correct number of teer tickets being sold legally. This places a restriction on monitoring and supervision of operation of the teer lottery in the State of Meghalaya.

The Department accepted the audit observation and stated that rectification has been made in the licenses. Also, the Department has furnished amended licences in respect of seven out of 20 bookmakers pointed out by Audit.

**Recommendation:** *The Department needs to ensure that the name of the organiser is specified in the bookmakers' licence as prescribed in the Rule.*

### C. Potential unregistered bookmakers

Section 16 of the MRGAS&STT Act, 2018 stipulates those licences issued under the repealed MABT Act, 1982 continue to be valid for the remainder of the validity period of the licence issued. Further, Rule 13 of the MRGAS&STT Rules, 2018 requires surrender of licence or permit as and when business as an organiser or bookmaker is discontinued.

Scrutiny of records in the eight sampled ST offices revealed that 967 bookmakers were registered under the repealed MABT Act, 1982. Further scrutiny revealed that as of March 2022, out of 967 bookmakers, only 295 bookmakers had migrated to the MRGAS&STT leaving 672 bookmakers out of the MRGAS&STT Rules, 2018 as detailed in **Table 2.3.5**.

**Table 2.3.5: Statement showing migration of bookmakers to MRGAS & STT Rules, 2018.**

Sl. No.	Name of ST office	No. of bookmakers registered under the Repealed Act	No. of bookmakers who have migrated to MRGAS&STT Rules	No. of bookmakers who has not migrated to MRGAS&STT Rules
1	ST, Circle-II, Shillong	77	13	64
2	ST, Circle-III, Shillong	32	10	22
3	ST, Circle-VI, Shillong	205	86	119
4	ST, Circle-VII, Shillong	82	18	64
5	ST, Circle-I, Tura	95	1	94
6	ST, Williamnagar	218	77	141
7	ST, Khliehriat	9	5	4
8	ST, Nongpoh	249	85	164
<b>Total:</b>		<b>967</b>	<b>295</b>	<b>672</b>

Source: Records of the Selected SsT.

Audit observed that none of the sampled ST Offices initiated action to ascertain whether the 672 non-migrated bookmakers have surrendered their licenses as prescribed under the Rule 13 and discontinued their business or continue to operate illegally.

The Department stated that though frequent inspections were conducted, records of such inspection were not kept officially. Further, most of the bookmakers who have not migrated into the MRGAS&STT have discontinued their business.

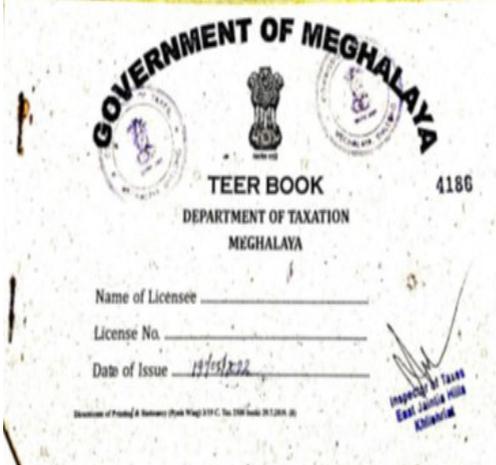
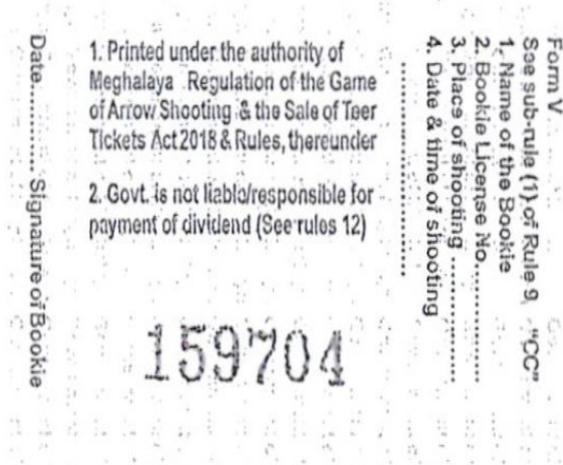
The Department’s claim is not tenable, as records of inspections are not available. This highlights a weak monitoring and enforcement system, raising concerns about unauthorized operations by non-migrated bookmakers.

**Recommendation:** *The Department needs to ensure the non-migrated bookmakers comply with the prescribed rules of migration unless they have discontinued their business.*

**2.3.8.2 Irregularities in sale of teer tickets**

**A. Teer tickets sold on plain paper**

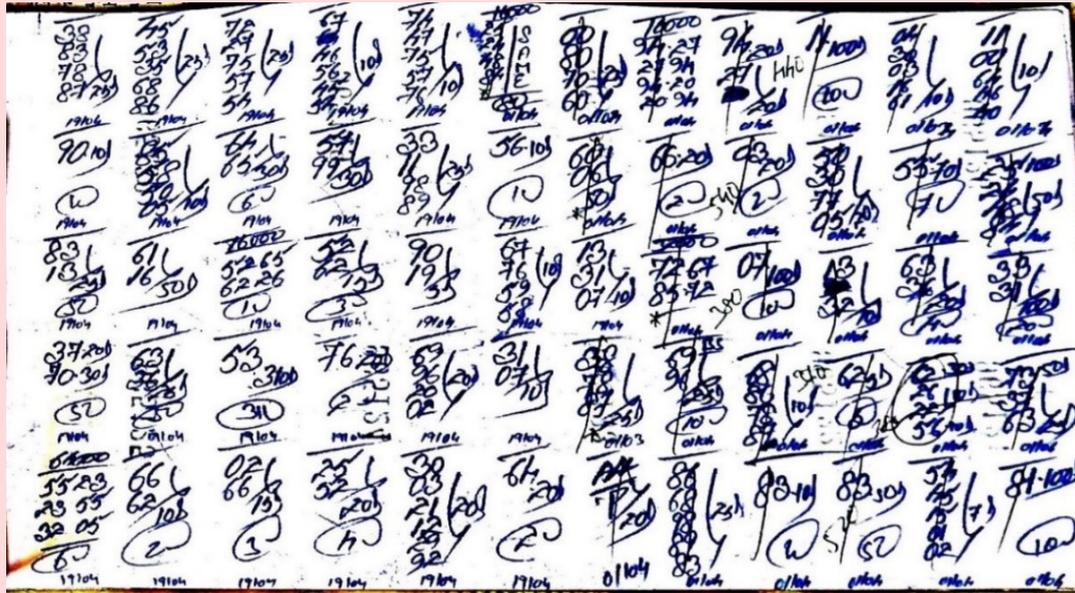
Rule 9 of the MRGAS&STT Rules, 2018 prescribes Form V as format of teer tickets to be sold by the bookmakers. Form V provides for particulars such as Tickets Number, Bookie License Number, Place of shooting, date and time of shooting, bet number, bet amount and signature of the bookmaker. Teer tickets are to be printed and supplied to the bookmakers by the State Government or duly authorised office. Sale of Teer tickets are required to be numbered distinctively. Sale of teer tickets other than those printed and supplied by the state government or duly authorised office is prohibited. Further, tickets for different rounds of shooting are required to be issued from different books which are distinctively numbered under Rule 9 (4) of the MRGAS&STT Rules, 2018.

Exhibit 1	Exhibit 2
	
<p>Front cover of Teer book</p>	<p>Teer Tickets format in Form V (Front side) as per Rule 9 of the MRGAS&amp;STT Rule, 2018</p>

**(i) Teer tickets not sold as per format in Form V issued by the Taxation Department**

During Joint Physical Verification (JPV) conducted with officers of the Taxation Department during December 2022 to April 2023 in in the jurisdiction of eight selected SsT offices, it was found that all 61 bookmakers visited as indicated below sold teer tickets from the back side of the printed teer books where only the numbers betted and date was recorded in hand written but other details as per format were not recorded as illustrated in **Exhibit 3**.

Exhibit 3



Duplicate copy of Teer Tickets as sold by bookmakers

The details of the 61 bookmakers are as per Table 2.3.6.

Table 2.3.6: Statement of JPV conducted

Sl. No.	Name of ST office	No. of bookmakers where JPV conducted	Remarks
1	ST, Circle-II, Shillong	4	All the bookmakers sold teer tickets from the back side of the printed teer books
2	ST, Circle-III, Shillong	8	
3	ST, Circle-VI, Shillong	7	
4	ST, Circle-VII, Shillong	10	
5	ST, Circle-I, Tura	8	
6	ST, Williamnagar	9	
7	ST, Khliehriat	6	
8	ST, Nongpoh	9	
<b>Total:</b>		<b>61</b>	-

The sale of teer books in plain paper by the bookmakers without capturing the details prescribed in Form-V is a clear violation of the Rule 9(3) MRGAS&STT Rules, 2018.

During JPV, bookmakers stated that there is no place to write on the front side of the teer tickets provided by the Department since the front side has already been filled up with printed words and figures and if written on the top of the printed tickets, it would become illegible. They also stated that the cost of one teer book (which consists of 100 tickets per book) is ₹ 1,000 per book. However, the amount of bet of ₹ one per piece is also accepted and thus if sold as per form V issued by the taxation department, there will be no profit. Further, it was evident that by adopting plain paper method of selling teer tickets, bookmakers were able to sell much larger number of tickets than the tickets actually issued by the Department, that too without a proper account of the value of tickets being sold.

The Department accepted the audit observation and stated that the format of the teer books was required to be revised.

The Department's inability to curb the continuing practice of sale of Teer Tickets on plain paper is a strong indictment on the absence of a regulatory mechanism on sale of teer tickets resulting in unchecked practice of illegal sale of teer tickets.

**Recommendation:** *The Department may ensure that only teer tickets as per the prescribed format should be sold by the bookmakers. The minimum sale price must be clearly displayed on the front of the ticket, with space provided to indicate the bet value. Additionally, tickets should include a QR code or barcode, to enhance the system's efficiency, promote transparency, and security, benefiting both operators and customers.*

**(ii) Issue of teer book to bookmakers without approval of licence**

Section 2 (d) of the MRGAS&STT Act, 2018 defines bookmaker as a person who carries on business or vocation as a bookmaker in respect of sale of teer tickets on the game of arrow shooting under a license issued by the State Government.

Audit examined the list bookmakers registered under the repealed Act and noticed that despite the licenses have not been issued under the new Act, however, teer books were issued to these bookmakers. During the period from March 2019 to March 2022, 1375 teer books were issued to 101 bookmakers who do not have a valid licence as summarised in **Table 2.3.7**.

**Table 2.3.7: Statement showing teer books issued without approval of licence**

Sl. No.	Name of ST office	No. of Bookmakers who were issued teer books without approval of licence	No of teer books issued	Period of issue
1	ST, Circle-II, Shillong	17	159	Mar'19 to Mar'22
2	ST, Circle-III, Shillong	1	22	Sep'19 to Mar'22
3	ST, Circle-VII, Shillong	33	989	Apr'19 to Mar'22
4	ST, Circle-I, Tura	42	83	Jul'19 to Jan'22
5	ST, Nongpoh	8	122	Mar'19 to Mar'22
<b>Total</b>		<b>101</b>	<b>1,375</b>	-

Issuance of teer ticket books to bookmakers who did not have a valid licence constituted not only a violation of the MRGAS&STT Act, 2018, but also indicated large scale prevalence of unauthorised bookmakers due to non-migration of bookmakers registered in the repealed Act as mentioned in **Para 2.3.8.1 (C)**.

In its reply, the Taxation Department stated that teer books were issued to bookmakers in order to collect revenue and to allow the bookmakers to continue their business for their livelihood and also to prevent illegal sale of teer tickets from books not issued by the Department since the approval of license by the Government takes time.

The reply of the Department is not tenable since it is already stipulated under the Rules that the bookmaker needed to apply at least 30 days in advance for issue/renewal of license before starting the operations. While the intention to support bookmakers with expired licenses and prevent unauthorised teer ticket sales is understandable, it's crucial to maintain regulatory standards. Issuing ticket books to those with expired licenses may compromise the integrity of the regulatory framework. Additionally, responsibility for the lapse in monitoring and issuance should be identified and addressed to prevent such oversights in the future, ensuring accountability within the regulatory framework.

**Recommendation:** *The license renewal process for eligible bookmakers may be expedited, ensuring compliance to the Act. Responsibility may also be fixed on officers who issued teer books to unauthorised bookmakers.*

**(iii) Teer tickets sold on games organised by unauthorised organiser**

Section 2 (i) of the MRGAS&STT Act, 2018 states that an organiser of arrow shooting means a person or organisation authorised to organise arrow shooting or the game of teer (thoh team) under a licence or permit issued by the State Government. Further, Rule 5 of the MRGAS&STT Rules, 2018 stipulates the format of license for bookmakers at Form-IV. Form IV requires mentioning the name of the organiser of the game of arrow shooting for which teer tickets are sold in the bookmaker's licence. Terms and conditions laid down for bookmakers in the Form IV (licence) prohibit bookmakers from selling tickets for games organised by other organisers.

During JPV conducted (February-March 2023) on the bookmakers with the officers of the Taxation Department in the jurisdiction of the SsT, Circle VII, Shillong and Nongpoh, it was observed that while the licence was issued to the bookmakers mentioning Hynniewtrep Indigenous Archery Organisation Institute (HIAOI), the bookmakers sold teer tickets organised by Khasi Hills Archery Sports Institution (KHASI) which does not have licence to operate as an organiser.





Fig 2: Photos of Teer Shooting organised by Khasi Hills Archery Sports Institute (KHASI).

Audit found no record of any action having being initiated by the Department against such illegal sale of teer tickets for games organised by the unauthorised Khasi Hills Archery Sports Institution (KHASI) and by different organisers.

The Department in their reply stated that the game of archery in the State is a customary practice and Khasi Hills Archery Sports Institution (KHASI) is the oldest organiser where people are used to buying teer tickets on games organised by KHASI. The Department also stated that attempts have been made to stop the illegal operation of the unregistered organiser but could not be stopped.

The reply of the Department is not acceptable since allowing unauthorised teer organisers to operate outside regulatory frameworks, overlooking the established provisions, undermines fair competition, consumer protection, and integrity of teer results. This compromises trust, exposes participants to fraud, and jeopardises the long-term viability of the industry. Strict adherence to regulations is essential to maintain credibility and safeguard stakeholders' interests. Furthermore, a clear requirement to assign responsibility for enforcing these regulations is imperative to ensure accountability and effective oversight.

**Recommendation:** *The operations of unauthorised organisers may be stopped by enforcement of applicable penal provisions of the MRGAS&STT Act, 2018 and responsibility may also be fixed on the responsible officers who failed to stop illegal operation of teer organiser.*

**(iv) Non-maintenance/submission of accounts by bookmakers**

Rule 14 (2) of the MRGAS&STT Rules, 2018 requires licensed bookmakers to maintain his accounts in Form VII under the Rules in duplicate in respect of all bets made with him and the particular tickets issued to Bettors and to submit a copy of the said accounts for any particular day to the State Government or the authorised officer within seven days of the closure of betting.

Audit observed that in all the selected SsT offices, none of the bookmakers has maintained and submitted accounts in Form VII to the Taxation Department.

The SsT, however, did not take any action to direct the bookmakers to submit the accounts on the number of teer books used, the number of teer tickets sold and the accounts of bet.

Thus, due to non-submission of accounts by the bookmakers, the department is unable to assess the size of business/operation including annual turnovers of bookmakers. Moreover, non-maintenance/submission of accounts by bookmakers not only increases the risk of exploitation and fraudulent practices but also results in substantial revenue losses for the State.

The Department stated that though the MRGAS&STT Rules provide for submission of accounts by bookmakers, submission of accounts may not be necessary since there is no provision for assessment and for collection of tax.

The reply of the Department that submission of accounts by bookmakers may not be necessary due to absence of provision for assessment is not acceptable since Rule 14(2) of the MRGAS&STT Rules, 2018 clearly requires submission by the bookmakers to the State Government. Non-submission of prescribed accounts is violation of the conditions stipulated by the MRGAS&STT Rules, 2018. The frivolity in the reply of the Department raises serious concern on the commitment to uphold prescribed regulations. The lax enforcement not only compromises turnover assessment but also fosters an environment where non-compliance is tolerated. This issue demands immediate attention and stringent measures to rectify the oversight, ensuring that bookmakers adhere strictly to their financial reporting obligations.

**Recommendation:** *The Department may ensure that the bookmakers submit their accounts as provisioned in the Rule. Responsibility may also be fixed for failure to enforce reporting mechanism prescribed for bookmakers.*

**Audit Objective 2:** *Whether enforcement mechanism was in place in order to prevent operation of illegal bookmakers/organisers and to safeguard revenue of the State.*

### **2.3.8.3 Weak Enforcement Mechanism**

#### **A. Sale of teer tickets beyond permissible limits**

Under Section 6 (1) of the MRGAS&STT Act, 2018 (as amended in 2019), counter for sale of teer tickets should be located at the place not less than 100 m from the nearest place of worship or educational institution.

During a JPV conducted to ascertain the location of teer counters beyond permissible limits above, Audit checked location of 42 teer counters selling teer tickets across six ST jurisdictions, based on random selection. Out of the 42 teer counters checked, 31 teer counters were operating in the prohibited jurisdictions as summarised in **Table 2.3.8**.

**Table 2.3.8: Statement showing teer counters operating within prohibited jurisdictions.**

Sl. No.	Name of the SsT Office	No. of Teer Counters checked	No. of Teer Counters operating within 100 meters of nearest educational institution or place of worship
1	Shillong Circle – II	06	03
2	Shillong Circle – III	11	07
3	Shillong Circle – VI	06	06
4	Shillong Circle – VII	03	02
5	Shillong Circle – VIII	06	04
6	Tura Circle – I	10	09
<b>Total</b>		<b>42</b>	<b>31</b>

Source: Joint Physical Verification (ST, Circle VIII did not depute any official for the JPV).

**Recommendation:** The Department should ensure to relocate all counters operating within 100 meters of nearest educational institutions and places of worship.

### **B. Register of Licences issued not maintained in the Department**

Rule 14 (1) & (3) of the MRGAS&STT Rules, 2018 requires maintaining a register for licence/permit issued for arrow shooting as per format prescribed at Form VI under the Rules.

During examination of the license registers maintained by the sampled SsT offices, it was observed that register for license was not maintained as per the prescribed format. The discrepancies observed are summarised in **Table 2.3.9**.

**Table 2.3.9: Statement showing non-maintenance of licence registers in prescribed format.**

Sl. No.	Name of the SsT Office	Remarks
1	ST, Circle-II, Shillong	Though the register was maintained, however, in many cases, the date of issue of license was not mentioned. Further the date upto which the license was renewed was not mentioned in many cases.
2	ST, Circle-III, Shillong	Though the register was maintained as per format, however, in many cases, the date of issue, the date from which the license is valid was left blank.
3	ST, Circle-VI, Shillong	The date from which the license is valid and the date of expiry of validity was not mentioned.
4	ST, Circle-VII, Shillong	Though the register was maintained as per format, however, in some cases, the period upto which the license is renewed is not mentioned.
5	ST, Nongpoh	The date of validity and date of expiry of validity was not mentioned.
6	ST, Williamnagar	No Register maintained.
7	ST, Circle-I, Tura	The date of expiry of validity of the license was not mentioned.
8	ST, Khliehriat	The date of issue, the date from which the license is valid and the date of expiry of validity was not mentioned.

Source: Examination of records in the selected SsT offices.

Non-maintenance of registers as prescribed not only indicates lack of monitoring by the SsT it constitutes non-compliance of prescribed rules.

The Department during exit conference while accepting the audit observation, stated that the format for maintenance of registers of license issued to bookmakers provided in the Rules is lengthy and it is difficult to maintain the Register. However, the Department

stated that register as per prescribed format will be maintained electronically henceforth.

The reply of the department that the format for maintenance of registers of license issued to bookmakers provided in the Rules is lengthy which is difficult to maintain is not acceptable since as per format in Form-VI only eight columns need to be entered and filled up. The reply also indicates that the department failed to follow the prescribed Rules and to ensure that all registered bookmakers have renewed and paid the renewal license fee within the prescribed time limit. While the commitment to maintain the register electronically in the prescribed format is noted, the difficulty in manual upkeep cannot excuse non-compliance.

**Recommendation:** *The Department should proactively work towards maintenance of the register in compliance with the prescribed record-keeping requirements as per prescribed Rules/Act. Non-compliance to prescribed record maintenance may be addressed stringently.*

### C. Inspection not conducted

Section 4 (2) of the MRGAS&STT Act, 2018 empowers any authorised officer to enter place where the game of arrow shooting is organised or teer tickets are sold by bookmakers. Further, Section 4 (3) of the MRGAS&STT Act, 2018 prescribes penalty for the offence of obstruction to such entry by authorised officers. Thus, authority has been given to conduct inspection.

To curb illegal sale of teer tickets, regular inspection and supervision of organisers and bookmakers by the authorised officers are required. The position of inspection carried out by the selected SsT office during the years 2017-18 to 2021-22 is summarised in **Table 2.3.10**.

**Table 2.3.10: Statement showing position of inspections carried out by SsT.**

Sl. No.	Name of the SsT Office	No. of inspections carried out during the years				
		2017-18	2018-19	2019-20	2020-21	2021-22
1	ST, Circle-II, Shillong	Nil	Nil	Nil	1	1
2	ST, Circle-III, Shillong	Nil	Nil	1	Nil	2
3	ST, Circle-VI, Shillong	Nil	Nil	ST stated that regular inspections were conducted, but no records were maintained.		
4	ST, Circle-VII, Shillong	Nil	Nil	ST stated that regular inspections were conducted, but no records were maintained.	Nil	ST stated that regular inspections were conducted, but no records were maintained.
5	ST, Williamnagar	1	2	3	Nil	2
6	ST, Circle-I, Tura	Nil	Nil	Nil	2	3
7	ST, Khliehriat	Nil	Nil	Nil	1	2

From the table above it could be seen that one<sup>15</sup> out of eight selected SsT, did not conduct any inspection during the years 2017-18 to 2021-22. Further, inspections conducted by the other seven ST offices during the five-year period ranges from one to three, which is quite low. This indicates lack of frequent checks to curb illegal operations. The Department did not fix any target for periodic inspection and supervision of organisers/bookmakers.

The Department stated that frequent inspections were conducted but all records on such inspections were not maintained.

**Recommendation:** *The Department should fix targets (monthly) for regular inspection of bookmakers and organisers to check illegal operations and all inspection reports officially recorded for future accountability. Responsibility may be fixed for non-adherence to prescribed directions.*

#### **D. Inaction against illegal teer counters detected by the Department**

Section 13(1) of the MGAS&STT Act, 2018 penalises breach of conditions and restrictions prescribed under the act and rules thereunder. Additionally, Section 14(1) allows compounding of offences under the MRGAS&STT Act 2018 and MRGAS&STT Rules, 2018 thereof by levying compensation for the offence at the penal rate *not exceeding* ₹ 30,000 for organisers and ₹ 5,000 for bookmakers.

During the years 2017-18 to 2021-22, 250 cases of illegal sale of teer tickets were detected during inspection in the jurisdiction of the eight selected ST offices as illustrated in **Table 2.3.11**.

**Table 2.3.11: Statement showing illegal sale of teer tickets.**

(Amount in ₹)

Sl. No.	Name of the SsT Office	No. of illegal sale of teer tickets detected					Total illegal teer counters	Penalty @5,000 per illegal teer counter
		2017-18	2018-19	2019-20	2020-21	2021-22		
1	ST, Circle-III, Shillong	NIL	NIL	25	NIL	45	70	3,50,000
2	ST, Circle-VI, Shillong	NIL	NIL	20	15	20	55	2,75,000
3	ST, Circle-VII, Shillong	NIL	NIL	10	NIL	15	25	1,25,000
4	ST, Williamnagar	10	5	10	NIL	9	34	1,70,000
5	ST, Khliehriat	NIL	NIL	NIL	23	25	48	2,40,000
6	ST, Circle-II, Shillong	NIL	NIL	NIL	9	9	18	90,000
<b>Total:</b>							<b>250</b>	<b>12,50,000</b>

Source: Information furnished by the Department.

Audit did not find any record to indicate any action being initiated to levy penalty from unauthorised bookmakers identified. Non-imposition of penalty by way of compensation for offence resulted in non-realisation of penalty amounting to ₹ 12.50 lakh.

The Department stated that illegal teer counter were advised to regularise by getting themselves registered under the MRGAS&STT Act, 2018.

<sup>15</sup> ST, Nongpoh.

The reply is not tenable since Section 13 (1) of the MRGAS&STT Act, 2018, explicitly penalises unauthorised sell of teer tickets. Moreover, it reveals a deficient monitoring and enforcement system within the Department, compromising the effective enforcement of MRGAS&STT Act and Rules. This inadequacy undermines the legislative intent and compromises public trust. Strengthening the enforcement mechanisms is imperative to uphold the integrity of the regulatory framework and ensure stringent action against illicit activities such as unauthorised teer ticket sales.

**Recommendation:** *The penal provisions for violation of the prescribed rules by the bookmakers and organisers may be enforced as per Act/Rules. Responsibility may also be fixed on officers who failed to levy penalty on bookmakers/organisers who violated the provisions of the Act/Rules.*

### 2.3.19 Conclusion

Audit observed that the applicable Act/Rules were not complied with by the Department while granting/renewal of licenses and while issuing of Teer Books and sale of teer tickets. There are cases where the name of the organiser was not mentioned in the licenses issued to bookmakers, Teer Tickets were not sold in the prescribed format printed by the Government, Teer books were issued to bookmakers without approval of the licenses, bookmakers were allowed to sell teer tickets on games by unauthorised organisers and also there was loss of revenue due to non-renewal of license by bookmakers/organiser and non-levy of penalty.

Monitoring and enforcement mechanism to regulate the Game of Shooting and Sale of Teer Tickets under the MRGAS&STT Act and Rules in order to prevent operation of illegal bookmakers/organisers and to safeguard revenue of the State is inadequate. Despite non submission of accounts by the bookmakers, no action was taken by the department to direct the bookmakers to submit accounts which resulted in turnover of the bookmakers to remain unassessed.

### 2.3.10 Summary of Recommendations

- (i) *The Department needs to ensure that the name of the organiser is specified in the bookmakers' licence as prescribed in the Rule.*
- (ii) *The Department needs to ensure the non-migrated bookmakers comply with the prescribed rules of migration unless they have discontinued their business.*
- (iii) *The Department may ensure that only teer tickets as per the prescribed format should be sold by the bookmakers. The minimum sale price must be clearly displayed on the front of the ticket, with space provided to indicate the bet value. Additionally, tickets should include a QR code or barcode, to enhance the system's efficiency, promote transparency, and security, benefiting both operators and customers.*

- (iv) The license renewal process for eligible bookmakers may be expedited, ensuring compliance to the Act. Responsibility may also be fixed on officers who issued teer books to unauthorised bookmakers.*
- (v) The operations of unauthorised organisers may be stopped by enforcement of applicable penal provisions of the MRGAS&STT Act, 2018 and responsibility may also be fixed on the responsible officers who failed to stop illegal operation of teer organiser.*
- (vi) The Department may ensure that the bookmakers submit their accounts as provisioned in the Rule. Responsibility may also be fixed for failure to enforce reporting mechanism prescribed for bookmakers.*
- (vii) The Department should ensure to relocate all counters operating within 100 meters of nearest educational institutions and places of worship.*
- (viii) The Department should proactively work towards maintenance of the register in compliance with the prescribed record-keeping requirements as per prescribed Rules/Act. Non-compliance to prescribed record maintenance may be addressed stringently.*
- (ix) The Department should fix targets (monthly) for regular inspection of bookmakers and organisers to check illegal operations and all inspection reports officially recorded for future accountability. Responsibility may be fixed for non-adherence to prescribed directions.*
- (x) The penal provisions for violation of the prescribed rules by the bookmakers and organisers may be enforced as per Act/Rules. Responsibility may also be fixed on officers who failed to levy penalty on bookmakers/organisers who violated the provisions of the Act/Rules.*

## **2.4 SSCA on Department's Oversight on GST Payments and Returns Filing (Phase I)**

### **2.4.1 Introduction**

The Goods and Services Tax (GST) was introduced on 01 July 2017, to replace several taxes collected by the Central and State Governments. It 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 inter-state supplies.

Section 59 of the Meghalaya Goods and Services Tax Act, 2017 (MGST Act) 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 will be payable. Even if the business has had no tax liability during a particular tax period, it must file a nil return mandatorily. Further, Section 61 of the MGST Act read with Rule 99 of Meghalaya Goods and Services Tax Rules, 2017 (MGST 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 oversight mechanism of the Taxation Department, Government of Meghalaya in this new tax regime.

### **2.4.2. 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 GST regime. Audit of 'Department's Oversight on GST Payments and Returns 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.

### **2.4.3. Audit methodology and scope**

This SSCA was predominantly conducted based on data analysis, which highlighted risk areas and red flags in GST payments and returns filing pertaining to the period July 2017 to March 2018. Through data analysis, a set of 12 deviations were identified

across the domains of Input Tax Credit (ITC), discharge of tax liability, registration and return filing. Such deviations were followed up through a **centralised audit**<sup>16</sup>, whereby these deviations were communicated to the relevant State departmental field formations and action taken by the jurisdictional formations on the identified deviations was ascertained without involving field visits. The centralised audit (limited audit) was supplemented by a **detailed audit** involving field visits for verification of records available with the jurisdictional field formations. Returns and related attachments and information were accessed through the back-end system of the State Taxation Department's application as much as feasible to examine data/documents relating to taxpayers (*viz.*, registration, tax payment, returns and other departmental functions). The detailed audit also involved accessing relevant granular records from the taxpayers such as invoices through the respective field formations. This apart, compliance functions of the departmental formations such as scrutiny of returns, action on non-filers and late-filers, internal audit, cancellation of registration, *etc.* were also reviewed in selected Circles.

The review of the scrutiny of returns by the Department and verification of taxpayers' records covered the period from July 2017 to March 2018, while the audit of the functions of selected Circles covered the period from July 2017 to March 2021. The SSCA covered only the State administered taxpayers. Field audit was conducted between January 2022 and August 2022.

Entry conference was held on 17 January 2022 with Additional Commissioner of Taxes, Meghalaya, Shillong in which the audit objectives, sample selection, audit scope and methodology were discussed. The exit conference was held on 20 September 2022 with the Additional Commissioner of Taxes in which the audit findings were discussed. The views expressed by the Department during the exit conference and the written replies to the draft report have been suitably incorporated in the relevant paragraphs.

#### **2.4.4 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 taxpayers' records at departmental premises; and a sample of Circles for evaluating the compliance functions of the Circles.

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<sup>16</sup> Centralised Audit did not involve seeking taxpayer's granular records such as financial statements related ledger accounts, invoices, agreements, *etc.*

The three distinct parts of this SSCA are as under:

**(i) Part I- Audit of Circles**

Five Circles<sup>17</sup> out of 15 Taxation Circles with jurisdiction over more than one selected sample of cases for Detailed Audit were considered as the sample of Circles for evaluation of their oversight functions.

**(ii) 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, sample of 177 cases pertaining to 13 Taxation Circles were selected for Centralised Audit under this SSCA.

**(iii) 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 (ITC), tax liability mismatch, disproportionate exempted turnover to total turnover and irregular ITC reversal. The sample of 20 taxpayers pertaining to 10 Taxation Circles selected for Detailed Audit comprised Large<sup>18</sup>, Medium<sup>19</sup> and Small<sup>20</sup> strata taxpayers as well as taxpayers selected randomly.

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

**2.4.5. Audit criteria**

The sources of audit criteria were based on the provisions contained in the MGST Act, IGST Act and Rules made thereunder. In addition, the notifications and circulars issued by State 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, ITC utilization, 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.

**2.4.6 Audit findings**

The audit findings are categorised into the following three categories:

1. Oversight functions of Circle offices.
2. Centralized Audit
3. Detailed Audit

<sup>17</sup> Shillong Circles I, V, VI & VIII and Ri-Bhoi Circle.

<sup>18</sup> First category strata comprising large taxpayers – top 2 per cent of taxpayers based on turnover.

<sup>19</sup> Second category strata comprising medium taxpayers – next 8 per cent of taxpayers based on turnover.

<sup>20</sup> Third category strata comprising small taxpayers – remaining 90 per cent of taxpayers based on turnover.

### 2.4.6.1 Audit of Circles

The role of Circles (departmental 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.

Audit of five sampled Taxation Circles<sup>21</sup> was taken up with the objective to assess that the oversight functions exercised by the Circles in relation to scrutiny on filing of returns by taxpayers and cancellation of registrations are as per the provisions of MGST Act and Rules. The observations noticed during the audit of these Circles are brought out in the following paragraphs.

#### ➤ Lack of action on non-filers

Section 46 of the MGST Act, 2017 read with Rule 68 of MGST Rules, 2017 stipulates the issue of a notice in Form GSTR-3A requiring filing of return within fifteen days if the taxpayer had failed to file the return within the due date. In case the taxpayer fails to file the returns even after such notice, the proper officer may proceed to assess the tax liability of the said person to the best of their judgement, taking into account all the relevant material which is available or gathered and issue an assessment order in Form ASMT-13 as per Section 62 of the MGST Act read with the Rule 100 of MGST Rules.

Filing of returns is inherently linked to tax payment, thus establishing a risk of non-payment of tax/penalty in the cases of non-filers.

Test check of five Circles on the status of non-filers revealed the following:

**Table 2.4.1: Statement showing the status of non-filers for the period 2017-18 to 2020-21**

Sl. No.	Name of the Circle	As per MIS COMP 01 and 02 generated from State GST back-end portal		As per ST's reply		
		No. of cases of non-filers (taxpayers) of returns identified	No. of cases of non-filers (returns) of returns identified	No. of notices issued in GSTR-3A	No. of returns filed after issuance of GSTR-3A	No. of returns not filed even after issuance of GSTR-3A (out of Col 5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Shillong Circle I	312	10,342	7,128	4,109	3,019
2	Shillong Circle V	159	5,177	0	0	0
3	Shillong Circle VI	217	5,968	NA <sup>22</sup>	0	0
4	Shillong Circle VIII	253	6,058	0	0	0
5	Ri-Bhoi Circle	303	7,563	6,722	2,987	3,735
	<b>Total</b>	<b>1,244</b>	<b>35,108</b>	<b>13,850</b>	<b>7,096</b>	<b>6,754</b>

Source: MIS reports generated from State GST back-end portal and replies received from Department.

<sup>21</sup> Circle I, V, VI, VIII, Ri Bhoi.

<sup>22</sup> Superintendent of Taxes (ST), Circle VI only stated that notices were issued in offline mode but did not provide the details of no. of notices issued.

From **Table 2.4.1**, it could be seen that 35,108 cases of non-filing of returns in respect of 1,244 taxpayers were noticed during the period 2017-18 to 2020-21 in the five sampled Circles as per MIS report. Out of these, notices in GSTR-3A were issued in only 13,850 cases in two Circles<sup>23</sup> by the proper officer as per reply received from these two Circles. Further, Superintendent of Taxes (ST), Circle VI stated that notices were issued offline but detail of the number of notices issued was not provided. In other two Circles<sup>24</sup>, no action was taken by the proper officer. Appropriate returns were not found filed in 6,754 cases (49 per cent) even after issuance of notices (13,850 cases) in Form GSTR-3A. Interest and late fee amounting to ₹ 0.01 crore and ₹ 0.13 crore were recovered in Circle I only. However, the Jurisdictional officers had not initiated any action regarding assessment and cancellation of registration in these cases. Hence, the due process of issue of GSTR-3A followed by ASMT 13 was not observed in all the other remaining cases.

The audit observation was issued to the Department (September 2022). Reply was awaited (March 2024).

➤ **Slow pace of scrutiny of returns /Non-initiation of scrutiny of returns**

As per Section 61 of the MGST Act, various returns filed by taxpayers have to be scrutinised by the Proper Officer to verify the correctness of the returns, and suitable action has to be taken on any discrepancies or inconsistencies reflected in the returns. The Proper Officer designated for this purpose is the ‘Superintendent of Taxes’. Further, Rule 99 of the MGST Rules, 2017 mandates that the discrepancies, if any, noticed shall be communicated to the taxpayer to seek explanation. The Taxation Department has issued ‘MGST returns scrutiny manual’ which is available on the department’s official website.

Audit analysis of the reply provided by the STs for five sampled Circles relating to scrutiny of returns during the period 2017-18 to 2020-21 revealed that a total of 10,239 returns in respect of 1028 taxpayers were scrutinized by the Proper Officer in the sampled five Circles. It was noticed that out of five Circles, three Circles<sup>25</sup> had not carried out any scrutiny of returns during 2017-18. ST, Circle VIII carried out scrutiny only during the year 2020-21.

Further, as a result of scrutiny, out of 1,028 ASMT-10 issued in five Taxation Circles, discrepancies were accepted by taxpayers in only 33 cases in four Circles, resulting in recovery of ₹ 0.33 crore. SCNs were issued in 83 cases in Ri-Bhoi Circle only, involving money value of ₹ 11.12 crore out of which only 36 cases were completed wherein ₹ 0.01 crore was recovered. Details of the cases are given in **Table 2.4.2**.

<sup>23</sup> Circle I and Circle Ri-Bhoi.

<sup>24</sup> Circle V and Circle VIII.

<sup>25</sup> Circle V, Circle VIII and Circle VI.

Table 2.4.2: Details of results of scrutiny of returns in the five sampled Circles

(₹ in crore)

Circle	No. of taxpayers whose returns scrutinised	No. of returns scrutinised	No. of ASMT-10 issued	Accepted by taxpayer		SCN issued			
				No.	Amount	No.	Amount	Completed	Amount recovered
I	378	4,533	378	5	0.03	0	0	0	0
V	46	526	46	3	0.28	0	0	0	0
VI	389	3,075	389	0	0	0	0	0	0
VIII	132	1,272	132	1	0.01	0	0	0	0
Ri-Bhoi	83	833	83	24	0.01	83	11.12	36	0.01
<b>Total</b>	<b>1,028</b>	<b>10,239</b>	<b>1,028</b>	<b>33</b>	<b>0.33</b>	<b>83</b>	<b>11.12</b>	<b>36</b>	<b>0.01</b>

The audit observation was issued to the Department (September 2022). Reply was awaited (March 2024).

**Recommendation:** *The Department should take necessary steps to speed up the process of scrutiny of returns under Section 61 of the Act before time barring of cases. Moreover, period within which scrutiny of returns is to be initiated and completed should explicitly be indicated in the Department's GST Returns Scrutiny Manual.*

➤ **Non conduct of internal audit**

As per Section 65 of the MGST 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 MGST 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 the provisions of this Act or the rules made thereunder.

Audit scrutiny of the information provided by the Department (May–July 2022) in respect of five sampled Circles for the period 2017-18 to 2020-21 revealed that in all the five selected Circles, no cases were marked for Internal Audit. Audit therefore infers that the mechanism of taxpayer's audit under Section 65 of MGST Act, 2017 was not in place.

The audit observation was issued to the Department (September 2022). Reply was awaited (March 2024).

**Recommendation:** *Prompt action may be initiated by the Department to undertake the audits under Section 65 of the Act before time barring of cases.*

➤ **Cancellation of registration**

**(i) Date of cancellation prior to date of application**

Rule 22 (3) of the MGST Rules provides that where a person who has submitted an application for cancellation of his registration is no longer liable to be registered or

his registration is liable to be cancelled, the proper officer shall issue an order in Form GST REG-19, within a period of thirty days from the date of application submitted under sub-rule (1) of rule 20 or, as the case may be, the date of the reply to the show cause issued under sub-rule (1), cancel the registration, with effect from a date to be determined by him and notify the taxable person, directing him to pay arrears of any tax, interest or penalty including the amount liable to be paid under sub-section (5) of section 29. In any case the effective date should not be a date earlier than the date of application for the same.

Audit observed that in 636 cases pertaining to four out of five sampled Circles, the date of cancellation preceded the date of application for cancellation of GST registration. Details of such cases are brought out in **Table 2.4.3**.

**Table 2.4.3: Date of cancellation prior to date of application**

Sl. No.	Jurisdictional Office	Total Cancellation Requests	Number of cases where date of cancellation preceded the date of application
1	Circle I	249	161
2	Circle V	152	107
3	Circle VIII	335	196
4	Circle Ri-Bhoi	363	172
<b>Total</b>		<b>1,099</b>	<b>636</b>

The audit observation was issued to the Department (September 2022). Reply was awaited (March 2024).

**(ii) Delays in issue of cancellation order (REG-19)**

Rule 22(3) of the MGST Rules provides that where a person who has submitted an application for cancellation of his registration is no longer liable to be registered or his registration is liable to be cancelled, the proper officer shall issue an order in Form GST REG-19, within a period of thirty days from the date of application submitted under sub-rule (1) of rule 20 or, as the case may be, the date of the reply to the show cause issued under sub-rule (1), cancel the registration, with effect from a date to be determined by him and notify the taxable person, directing him to pay arrears of any tax, interest or penalty including the amount liable to be paid under sub-section (5) of section 29.

As per MIS report, there were 2,135 cases of cancellation (1,335 on application + 800 *suo moto* cancellation) during the period 2017-18 to 2020-21 in five sampled Circles. Audit noticed that out of these 2,135 cases, the cancellation order in REG-19 were issued with delay beyond the stipulated period in 585 cases falling under five Circles ranging from one to 729 days. The details of such cases are brought out in **Table 2.4.4**.

**Table 2.4.4: Delays in cancellation (As per MIS REG 1.18)**

Sl. No.	Jurisdictional Office	Total Cancellation on Request by Taxpayer	Delays (30 days from date of application) in Cancellation cases in respect of Col 3	Range of delay (no. of days) in respect of Col 4	Total Cancellation <i>suo moto</i>	Delays (37 days from date of issue of notice) in Cancellation cases in respect of Col 6	Range of delay (no. of days) in respect of Col 7
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Circle I	249	74	01-589	177	28	01-729
2	Circle V	152	45	03-175	68	07	03-181
3	Circle VI	236	27	01-300	183	44	02-554
4	Circle VIII	335	72	02-374	253	84	02-630
5	Ri-Bhoi	363	119	01-686	119	85	03-322
<b>Total</b>		<b>1,335</b>	<b>337</b>	<b>-</b>	<b>800</b>	<b>248</b>	<b>-</b>

The audit observation was issued to the Department (September 2022). Reply was awaited (March 2024).

**(iii) Inadequate follow up on non-filing of GSTR-10**

Section 45 of the MGST Act, 2017 read with Rule 81 of MGST Rules, 2017 stipulates that any person whose registration was cancelled should file final return in Form GSTR-10 within three months of the effective date of cancellation or the date of order of cancellation, whichever is later.

Section 46 of the MGST Act, 2017 read with Rule 68 of the MGST Rules, 2017 requires issuance of a notice in Form GSTR-3A to a registered person who fails to furnish return under section 39 or section 44 or section 45. If the taxpayer still fails to file the final return within 15 days of the receipt of notice, then an assessment order in Form ASMT-13 under Section 62 of the MGST Act read with Rule 100 of the MGST Rules shall have to be issued to determine the liability of the taxpayer. If the taxpayer files the final return within 30 days from the issue of order ASMT-13, then the said order shall be deemed to have been withdrawn. However, the liability for payment of interest and late fee shall continue.

The last date for furnishing of GSTR-10 by those taxpayers whose registration has been cancelled on or before 30 September 2018 was extended by State Government till 31 December 2018 *vide* notification No. ERTS (T) 65/2017/Pt II/29 dated the 26 October 2018.

Audit noticed from the information available on State GST back-end portal that GSTR-10 was not filed even after stipulated period from the date of cancellation of registration in 360 cases across five test checked Circles during the period 2017-18 to 2020-21. However, no action was found to be initiated by the Department against the defaulters like issuance of notice in GSTR-3A and ASMT 13. The details of such cases are given **Table 2.4.5**.

Table 2.4.5: Inadequate follow up on non-filing of GSTR-10

Sl. No.	Circle	Number of Registrations Cancelled (Suo moto + On taxpayer application) (MIS REG 1.18)	GSTR-10 pending to be filed (MIS COMP 14)
1	Circle I	426	46
2	Circle V	220	39
3	Circle VI	419	75
4	Circle VIII	588	137
5	Circle Ri Bhoi	482	63
	<b>Total</b>	<b>2,135</b>	<b>360</b>

The audit observation was issued to the Department (September 2022). Reply was awaited (March 2024).

**Recommendation:** *The Taxation Department may strengthen the internal monitoring mechanism in Circle offices and ensure that due diligence is followed for filing of cancellation, issue of Show Cause Notices and recovery.*

#### 2.4.6.2 Inconsistencies in GST returns – Centralised audit

Audit analysed GST returns data pertaining to 2017-18 as made available by GSTN. Rule-based deviations and logical inconsistencies between GST returns filed by taxpayers were identified on a set of 12 parameters, which can be broadly categorized into two domains - ITC and Tax payments.

Out of the 13 prescribed GST returns<sup>26</sup>, the following seven basic returns that apply to normal taxpayers were considered for the purpose of identifying deviations, inconsistencies and mismatches between GST returns/data:

- GSTR-1: monthly return furnished 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-6: monthly return for Input Service Distributors providing the details of their distributed input tax credit and inward supplies.
- GSTR-8: monthly return to be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST, introduced in October 2018.

<sup>26</sup> (i) GSTR-1, (ii) GSTR-3B, (iii) GSTR-4 (taxpayers under the Composition scheme), (iv) GSTR-5 (non-resident taxable person), (v) GSTR-5A (Non-resident OIDAR service providers), (vi) GSTR-6 (Input service distributor), (vii) GSTR-7 (taxpayers deducting TDS), (viii) GSTR-8 (E-commerce operator), (ix) GSTR-9 (Annual Return), (x) GSTR-10 (Final return), (xi) GSTR-11 (person having UIN and claiming a refund), (xii) CMP-08, and (xiii) ITC-04 (Statement to be filed by a principal/job-worker about details of goods sent to/received from a job-worker).

- 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, MGST 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 ₹ two crores in a particular financial year. It is basically a reconciliation statement between the annual returns filed in GSTR-9 and the taxpayer's audited annual financial statements.
- GSTR-2A: a system-generated statement of inward supplies for a recipient. It contains the details of all B2B transactions of suppliers declared in their Form GSTR-1/5, 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 Portal of Indian Customs.

The taxpayers identified on the basis of data analysis pertaining to 12 identified parameters and extent of deviations/inconsistencies observed are summarised in **Table 2.4.6**.

**Table 2.4.6: Summary of inconsistencies/deviations (Centralised Audit)**

(₹ in crore)

Sl. No.	Parameter	Algorithm used	Number of deviations	Amount
1.	ITC mismatch between GSTR-2A and GSTR-3B	ITC available as per GSTR-2A with all its amendments was compared with the ITC availed in GSTR-3B {Table 4A (5)} (accrued on domestic supplies) considering the reversals in Table 4(B)(2) but including the ITC availed in subsequent year 2018-19 from Table 8(C) of GSTR-9.	25	4.94
2	ITC availed under RCM in GSTR-3B/ GSTR-9 vs payment of tax in GSTR-3B	RCM payments in GSTR-3B Table 3.1(d) was compared with ITC availed in GSTR-9 Table (6C + 6D + 6F). In 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	1.07
3	Short payment of tax under RCM vs ITC availed in GSTR-3B/ GSTR-9	RCM liability declared in GSTR-9 Table 4G was compared with ITC availed in GSTR-9 Table (6C + 6D + 6F). In cases where GSTR-9 was not available, RCM payments in GSTR-3B Table 3.1(d) was compared with GSTR-3B 4(A)(2) and 4(A)(3).	9	0.03
4	Incorrect availment of ISD credit	ISD received in GSTR-9 Table 6G was compared with ITC transferred in GSTR-6 (sum of Table 5A +Table 8A +Table 9A of GSTR-6) of the distributor. In cases where GSTR-9 is not available then GSTR-3B Table 4(A)(4) compared with sum of Table 5A +Table 8A +Table 9A of GSTR-6.	10	0.34
5	Reconciliation between ITC availed in annual returns with expenses in financial statements	Positive figure in GSTR-9C Table 14T.	10	53.48

Sl. No.	Parameter	Algorithm used	Number of deviations	Amount
6	Mismatch of ITC availed between annual returns and books of accounts	Positive figure in GSTR-9C Table 12F.	10	2.71
7	Mismatch in turnover declared in GSTR-9C Table 5R	Negative figure in GSTR-9C Table 5R	25	229.42
8	Mismatch in taxable turnover declared in GSTR-9C Table 7G	Negative figure in GSTR-9C Table 7G	14	5.75
9	Mismatch in tax paid between books of accounts and returns	Negative figure in GSTR-9C Table 9R.	25	1.77
10	Unsettled liabilities	Greater of tax liability between GSTR-1 (Table 4 to 11) and GSTR-9 (Table 4N, 10 & 11) was compared with tax payable 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.	10	6.69
11	GSTR-3B was not filed but GSTR-1 or GSTR-2A available	Taxpayers who had not filed GSTR-3B but filed GSTR-1 or where GSTR-2A available, indicating taxpayers had carried the business without discharging tax.	5	1.36
12	Short payment of interest	Interest calculated at the rate of 18 <i>per cent</i> on cash portion of tax payment on delayed filing of GSTR-3B vis-a-vis Interest declared in GSTR-3B Table 6.1.	10	2.20

### (i) Non-submission of reply by the CTD

Audit selected a sample of 177 cases from amongst the top deviations/inconsistencies in each of the 12 parameters for the year 2017-18. The audit queries were issued to the respective Circles in February 2022. The audit check in these cases was limited to verifying Department's action on the identified deviations/mismatches.

Initial responses were yet to be received (March 2024) for 21 inconsistencies communicated to the Department, which involved deviations/mismatches amounting to ₹ 3.74 crore. Details of the 21 cases where no responses were received are given in Table 2.4.7.

**Table 2.4.7: Dimension-wise cases where no responses were received**

(₹ in crore)

Sl. No.	Audit Dimension	Sample		Department's Reply not received		Percentage	
		No.	Amount of mismatch	No.	Amount	No.	Amount
1	ITC mismatch between GSTR-2A and GSTR-3B	25	4.94	6	1.67	24.00	33.81
2	ITC availed under RCM in GSTR-3B/GSTR-9 vs payment of tax in GSTR-3B	25	1.07	3	0.05	12.00	4.67
3	Incorrect availment of ISD credit	10	0.34	4	0.09	40.00	26.47

Sl. No.	Audit Dimension	Sample		Department's Reply not received		Percentage	
		No.	Amount of mismatch	No.	Amount	No.	Amount
4	Mismatch in turnover declared in GSTR-9C Table 5R	25	229.42	1	0.60	4.00	0.26
5	Mismatch in taxable turnover declared in GSTR-9C Table 7G	14	5.75	3	0.09	21.43	1.57
6	Mismatch in tax paid between books of accounts and returns (Table 9R of GSTR-9C)	25	1.77	1	0.02	4.00	1.13
7	Unsettled liabilities	10	6.69	1	1.11	10.00	16.59
8	Short payment of interest	10	2.20	2	0.11	20.00	5.00
<b>Total</b>		<b>144</b>	<b>252.18</b>	<b>21</b>	<b>3.74</b>	<b>14.58</b>	<b>1.48</b>

**Recommendation:** *Department may examine the 21 mismatches/inconsistencies pointed out by Audit, for which responses have not been provided and intimate the results there-of.*

#### **(ii) Results of Centralised Audit**

Based on responses received from the Taxation Department, the extent to which each of the audit parameters translated into compliance deviations is summarized in **Table 2.4.8**.

**Table 2.4.8: Summary of deficiencies (Centralised Audit)** (₹ in crore)

Audit Dimensions	Cases where replies received			Department's replies accepted by Audit						Compliance deviations										Department's replies not furnished with appropriate documentary evidence			Department stated AQ's are under examination						
	2	3		Data entry errors		Action taken before query		Other valid explanation		Accepted by Department including action is yet to be initiated				Department's replies not accepted by Audit (Rebuttal)				Total			Department's replies not furnished with appropriate documentary evidence			Department stated AQ's are under examination					
		No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	Recovered		Notices issued/ DRC-01/07		Under correspondence with taxpayers		No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.		
												No.	Amt.	No.	Amt.	No.	Amt.											No.	Amt.
1	19	3.27	01	0.13	04	0.64	01	0.43	00	00	06	0.89	00	00	02	0.40	08	1.29	04	0.65	01	0.13	00	00	00	00	00	00	
ITC mismatch between GSTR-2A and GSTR-3B																													
ITC availed under RCM in GSTR-3B/ GSTR-9 vs payment of tax in GSTR-3B	22	1.02	07	0.60	01	0.01	01	0.01	04	0.02	04	0.17	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00
Short payment of tax under RCM vs ITC availed in GSTR-3B/ GSTR-9	09	0.03	06	0.02	01	0.004	00	00	01	0.003	01	0.004	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00
Incorrect availment of ISD credit	06	0.25	03	0.22	01	0.006	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00
Reconciliation between ITC availed in Annual returns with expenses in financial statements	10	53.48	00	00	00	00	08	30.18	01	12.84	01	10.46	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00
Mismatch of ITC availed between Annual returns and Books of accounts	10	2.71	00	00	01	0.10	04	1.38	00	00	05	1.23	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00



### Summary of deficiencies (Centralised Audit)

Audit noticed deviations from the provisions of the Act in 60 cases involving an amount of ₹ 32.62 crore constituting 38.46 per cent of the 156 inconsistencies/mismatches in data, for which the Department provided responses. Relatively higher rates of deviations were noticed in risk parameters such as ITC mismatch, excess RCM ITC availed, mismatch in tax paid between books of accounts and returns and short payment of tax.

In 76 cases, constituting 48.72 per cent, of the 156 mismatches/inconsistencies, the Department's reply was acceptable to Audit. Data entry errors by taxpayers comprised 17 cases constituting 10.89 per cent of the 156 mismatches/inconsistencies.

In two cases, constituting 1.28 per cent, the Department stated that it was examining the underlying deviation and in 18 cases, constituting 11.54 per cent of the 156 mismatches/inconsistencies, though the Department did not accept the deviations pointed out by Audit, its contention was not supported by documentary evidences, and was thus not amenable to verification by Audit.

Top cases for each dimension of Centralized audit (for compliance deviation pertaining to cases of recovery, SCN issued and under correspondence with taxpayer) are detailed in **Table 2.4.9**.

**Table 2.4.9: Top cases of compliance deviations**

(₹ in crore)

Sl. No.	Dimension	GSTIN	Name of the taxpayer	Jurisdictional Circle	Mismatch	Action taken
1	ITC mismatch between GSTR-2A and GSTR-3B	17AABCD9269N1ZZ	Dyna Roof Private Limited	Circle-Ri-Bhoi	0.20	Department's reply not acceptable to Audit (Rebuttal)
2	ITC availed under RCM in GSTR-3B/ GSTR-9 vs payment of tax in GSTR-3B	17EHRPS7468Q2ZR	K D General Store	Circle-VIII	0.15	Notice has been served to the taxpayer.
3	Short payment of tax under RCM vs ITC availed in GSTR-3B/ GSTR-9	17DUDPS9061K1ZZ	Dura Enterprises	Circle-Ri-Bhoi	0.004	Notice has been served to the taxpayer.
4	Incorrect availment of ISD credit	17ABWPJ6878N1ZE	Bhagwandass Textiles	Circle-II	0.01	ST furnished reply which is not accepted by Audit as the same was not provided with appropriate documentary evidence.
5	Reconciliation between ITC availed in Annual returns with expenses in financial statements (Table 14T of GSTR-9C)	17AAACR9627B1ZH	Ramky Infrastructure Ltd.	Ri-Bhoi Circle	12.84	Recovered.
6	Mismatch of ITC availed between Annual returns and Books of accounts (Table 12F of GSTR-9C)	17AABCM7758B1ZH	Maithan Alloys Limited	Ri-Bhoi Circle	0.51	Notice has been served to the taxpayer.

Sl. No.	Dimension	GSTIN	Name of the taxpayer	Jurisdictional Circle	Mismatch	Action taken
7	Mismatch in turnover declared in GSTR-9C Table 5R	17AAACU7999M1ZC	Umadutt Industries Ltd	Ri-Bhoi Circle	3.23	Notice has been served to the taxpayer.
8	Mismatch in taxable turnover declared in GSTR-9C Table 7G	17AKXPC3764E1ZX	Rajan Chetri	Nongstoin Circle	2.81	Notice has been served to taxpayer.
9	Mismatch in tax paid between books of accounts and returns (Table 9R of GSTR-9C)	17ALNPM9745L1Z7	M/s Taste	Circle-VI	0.12	Notice has been served to the taxpayer.
10	Unsettled liabilities	17AAACR6117Q1ZZ	National Projects Construction Corporation Ltd	Circle-VI	0.97	Notice has been served to the taxpayer.
11	GSTR-3B was not filed but GSTR-1 or GSTR-2A available	17AAHCM8571G1Z4	Manthan JP Ventures Pvt., Ltd.	Circle-VI	0.66	Notice has been served to the taxpayer.
12	Short payment of interest	17AADCG2870Q1Z3	Goldstone Cements Limited	Khliehriat Circle	1.43	ST stated that the taxpayer demanded month wise breakup of interest payable.

Details of all the deviation cases noticed during centralised audit out of audit sample of 177 cases from each dimension are discussed below.

**a) ITC mismatch between GSTR-2A and GSTR-3B**

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

To analyze the veracity of ITC utilisation, relevant data were extracted from GSTR-3B and GSTR-2A for the year 2017-18, and the ITC paid as per suppliers' details were matched with the ITC credit availed by the taxpayers.

Out of the sample of 25 cases, six cases were not considered (in one case, there was data entry error in returns, in four cases action was taken before the issue of the audit queries and in one case Department's reply was accepted by Audit). Audit analysis of the remaining 19 cases revealed that, against the ITC of ₹ 49.29 crore available as per GSTR-2A, the ITC availed by the taxpayers as per GSTR-3B was ₹ 53.03 crore. This resulted in mismatch of ITC availed amounting to ₹ 3.74 crore.

On being pointed out by Audit (February 2022), the Department stated (April-August 2022) that notices had been issued to the taxpayers in six cases involving ₹ 0.89 crore. In four cases involving ₹ 0.65 crore, the Department did not furnish reply with appropriate documentary evidence and in one case involving ₹ 0.13 crore, the Department stated (April 2022) that they are examining the Audit Query. In two cases involving ₹ 0.40 crore, reply of the Department was not acceptable to Audit against which rebuttal was provided. No reply was furnished for the remaining six cases involving ₹ 1.67 crore till date (March 2024) (**Appendix 2.2**).

**b) ITC availed under RCM in GSTR-3B/GSTR-9 vs payment of tax in GSTR-3B**

Under Reverse Charge Mechanism (RCM), the liability to pay tax is fixed on the recipient of goods or services instead of the supplier or provider in respect of certain categories of goods or services or both under Section 9 (3) or Section 9 (4) of the MGST Act, 2017 and under sub-section (3) or sub-section (4) of Section 5 of the IGST Act, 2017.

GSTR-9 is an annual return to be filed by the registered taxpayers, including Special Economic Zone (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.*, in GSTR-9.

To analyse the veracity of ITC availed on tax paid under RCM for the year 2017-18, the datasets pertaining to GSTR-3B and annual return GSTR-9 were compared to check whether the ITC availed on RCM was restricted to the extent of tax paid.

Out of the sample of 25 cases, nine cases were not considered (in seven cases, there were data entry errors in returns, in one case action was taken before the issue of the audit query and in one case Department's reply was accepted by Audit). Audit analysis of remaining 16 sampled cases revealed the following:

Analysis of data extracted from GSTR-3B and GSTR-9 for the year 2017-18 in respect of the remaining 16 cases revealed that in three cases, taxpayers (who filed annual returns in GSTR-9) received inward supplies liable to reverse charge and tax payable related to such inward supplies as per Table 3.1[d] of GSTR-3B was ₹ 0.21 crore. The taxpayers were entitled to take credit for this amount as input tax subject to payment of the tax payable. However, the ITC claim related to reverse charge by these three taxpayers was ₹ 0.25 crore as per tables 6C, 6D and 6F of GSTR-9, resulting in excess ITC claim of ₹ 0.04 crore. Further, in 13 cases where GSTR-9 was not available, the ITC claim related to reverse charge by the taxpayers was ₹ 0.42 crore as per table 4(A) (3) of GSTR-3B. These 13 cases received inward supplies liable to reverse charge, however, tax payable related to such inward supplies as per table 3.1[d] of GSTR-3B was ₹ 0.001 crore. Thus, resulting in excess ITC claim of ₹ 0.42 crore. This resulted in mismatch in availment of ITC of ₹ 0.46 crore (₹ 0.04 crore plus ₹ 0.42 crore) related to reverse charge for these 16 cases.

On being pointed out by Audit (February 2022), ₹ 0.02 crore was recovered in four cases at the instance of Audit (May-September 2022). In four cases involving ₹ 0.17 crore, the Department stated (April-August 2022) that notices had been issued to the taxpayers. In five cases involving ₹ 0.21 crore, the Department's reply was not furnished with appropriate documentary evidence. In remaining three cases involving ₹ 0.05 crore, the Department did not furnish any reply (March 2024) (**Appendix 2.3**).

**c) Short payment of tax under RCM vs ITC availed in GSTR-3B/GSTR-9**

The extent of availing of ITC under RCM for the year 2017-18 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.

Out of the sample of nine cases, seven cases were not considered (in six cases, there were data entry errors in returns, in one case, action was taken before the issue of the audit query). Analysis of data extracted from GSTR-3B for the year 2017-18 in respect of the remaining two cases (GSTR-9 was not filed in either case) revealed that the RCM payments in GSTR-3B was ₹ 0.02 crore and ITC availed under RCM in GSTR-3B was ₹ 0.03 crore. This resulted in excess in availment of ITC on RCM without payment of tax amounting to ₹ 0.01 crore.

On being pointed out by Audit (February 2022), in one case recovery of ₹ 0.003 crore was done at the instance of Audit (February 2022) and in one case involving ₹ 0.004 crore, the Department stated (April 2022) that notice had been issued to the taxpayer (**Appendix 2.4**).

**d) Incorrect availment of ISD credit**

To analyse whether the ITC availed by the taxpayers is in excess of that transferred by the Input Service Distributor (ISD), ITC availed as declared in the returns of the taxpayers was compared with the ITC transferred by the ISD in their GSTR-6.

Out of the sample of 10 cases, four cases were not considered (in three cases there were data entry errors in returns and in one case, action was taken before the issue of the audit query). Audit analysis of the remaining six cases revealed that the ITC availed in Table 6G of GSTR-9 was ₹ 0.12 crore and the ITC transferred by the ISD in Table (5A+8A+9A) of GSTR-6 was nil. This resulted in excess availment of ITC transferred by the ISD amounting to ₹ 0.12 crore.

On being pointed out by Audit (February 2022), the Department did not furnish reply with appropriate documentary evidence in two cases involving ₹ 0.03 crore, while no reply was furnished for the remaining four cases involving ₹ 0.09 crore (March 2024) (**Appendix 2.5**).

**e) Reconciliation between ITC availed in annual returns with expenses in financial statements**

Table 14 of GSTR-9C reconciles ITC declared in annual return (GSTR-9) with ITC availed on expenses as per audited annual financial statement or books of accounts. Column 14T of this table deals with unreconciled ITC.

The certified reconciliation statement submitted by the taxpayer for the year 2017-18 as required under Rule 80 (3) of MGST Rules in Form GSTR-9C, was analysed at data level to review the extent of identified mismatch in ITC declared in the Annual Return with the expenses reported in the Financial Statements.

Out of the sample of ten cases, eight cases were not considered (Department's reply was accepted by Audit). Audit analysis of the remaining two cases revealed unreconciled

ITC of ₹ 23.30 crore declared in Table 14T of GSTR-9C, being ITC availed in GST returns in excess of eligible ITC based on expenses reported in financial statements.

On being pointed out by Audit (February 2022), ₹ 12.84 crore pertaining to one case was recovered at the instance of Audit (May 2022). In one case involving ₹ 10.46 crore, the Department stated (April 2022) that notice had been issued to the taxpayer (**Appendix 2.6**).

**f) Mismatch of ITC availed between annual returns and books of accounts**

Table 12 of GSTR-9C reconciles ITC declared in annual return (GSTR-9) with ITC availed as per audited Annual financial statement or books of accounts. Column 12F of this table deals with unreconciled ITC.

The certified reconciliation statement submitted by the taxpayer for the year 2017-18 as required under Rule 80(3) of MGST Rules in Form GSTR-9C was analysed at data level to review the extent of identified mismatch in ITC declared in the Annual Return with the Financial Statements.

Out of the sample of 10 cases, five cases were not considered (in one case, action was taken before the issue of the audit query and in four cases, Department's reply was accepted by Audit). Audit analysis of the remaining five cases revealed unreconciled ITC of ₹ 1.23 crore declared in Table 12F of GSTR-9C, being ITC availed in GST returns in excess of eligible ITC based on financial statements.

On being pointed out by Audit (February 2022), the Department stated (April-July 2022) that notices had been issued to the taxpayers in all five cases involving ₹ 1.23 crore (**Appendix 2.7**).

**g) Mismatch in turnover declared in GSTR-9C Table 5R**

Table 5 of GSTR-9C is the reconciliation of turnover declared in audited annual financial statement with turnover declared in annual turnover (GSTR-9). Column 5R of this table captures the unreconciled turnover between the annual return GSTR-9, and that declared in the Financial Statement for the year after the requisite adjustments.

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

Out of the sample of 25 cases, 16 cases were not considered (in one case action was taken before the issue of the audit query and in 15 cases the Department's reply was

accepted by Audit). Remaining nine cases had unreconciled turnover in Table 5R of GSTR-9C, amounting to ₹ 10.60 crore.

On being pointed out by Audit (February 2022), the Department stated (April-August 2022) that notices had been issued to the taxpayers in seven cases involving ₹ 9.81 crore. In one case involving ₹ 0.19 crore, the Department stated (April 2022) that they are examining the Audit Query. No reply was furnished in respect of remaining one case involving ₹ 0.60 crore (March 2024) (**Appendix 2.8**).

#### **h) Mismatch in taxable turnover declared in GSTR-9C Table 7G**

Table 7 of GSTR-9C is the reconciliation of taxable turnover. Column 7G of this table captures the unreconciled taxable turnover between the annual return GSTR-9 and that declared in the financial statement for the year after the requisite adjustments.

The certified reconciliation statement submitted by the taxpayer for the year 2017-18 as required under Rule 80(3) of MGST Rules in Form GSTR-9C was analysed at data level to review the extent of identified mismatch in taxable turnover reported in the Annual Return *vis-à-vis* the Financial Statements. The unreconciled amount in cases where the turnover in GSTR-9 is less than the financial statement indicates non-reporting, under-reporting, short-reporting, omission, error in reporting of taxable supplies. It could also be on account of non-reporting of both taxable and exempted supplies.

Out of the sample of 14 cases, three cases were not considered (in one case action was taken before the issue of the audit query and in two cases Department's reply was accepted by Audit). Remaining 11 cases had unreconciled taxable turnover in Table 7G of GSTR-9C, amounting to ₹ 5.55 crore.

On being pointed out by Audit (February 2022), ₹ 0.002 crore tax along with interest was paid (November 2022) on unreconciled turnover of ₹ 0.03 crore in one case at the instance of Audit. In four cases involving ₹ 5.09 crore, the Department stated (March-July 2022) that notices/DRC-01A had been issued to the taxpayers. In one case involving ₹ 0.16 crore, the reply of the Department was not acceptable to Audit against which rebuttal was provided. In two cases involving ₹ 0.19 crore, the Department did not furnish the reply with appropriate documentary evidence. No reply was furnished in remaining three cases involving ₹ 0.09 crore (March 2024) (**Appendix 2.9**).

#### **i) Mismatch in tax paid between books of accounts and returns**

The certified reconciliation statement submitted by the taxpayer for the year 2017-18 as required under Rule 80(3) of MGST Rules in Form GSTR-9C was analysed at data level to review the extent of identified mismatch in tax paid between the annual returns and the books of accounts. Table 9 of the Form 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 the 2017-18 transactions carried out in the subsequent year from April to September 2018. Consequential interest payments - both short payments and payments under incorrect heads - also need to be examined in this regard.

Out of the sample of 25 cases, 12 cases were not considered (in 11 cases action was taken before the issue of the audit query and in one case Department's reply was accepted by Audit). Remaining 13 cases had unreconciled payment of tax declared in Table 9R of GSTR-9C, amounting to ₹ 0.61 crore.

On being pointed out by Audit (February 2022), the Department stated (April-August 2022) that notices had been issued to the taxpayers in six cases involving ₹ 0.31 crore. In two cases involving ₹ 0.08 crore, reply of the Department was not acceptable to Audit against which rebuttal was provided. In four cases involving ₹ 0.18 crore, the Department did not furnish reply with appropriate documentary evidence. No reply was furnished in remaining one case involving ₹ 0.02 crore (March 2024) (**Appendix 2.10**).

**j) Unsettled liabilities**

GSTR-1 depicts the monthly details of outward supplies of Goods or Services. The taxable value and tax paid thereof are shown in GSTR-3B. Details of GSTR-1 and GSTR-3B are also mentioned in annual return GSTR-9 in the relevant columns.

To analyse the undischarged tax liability, relevant data were extracted from GSTR-1 and GSTR-9 for the year 2017-18 and the tax payable in these returns were 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.

Out of the sample of 10 cases, four cases were not considered (in one case, action was taken before the issue of the audit query and in three cases Department's reply was accepted by Audit). Audit analysis of the remaining six cases revealed that the taxpayers were liable to pay tax liability of ₹ 5.94 crore for outward supplies in GSTR-1/ GSTR-9. The tax liability as declared was to be discharged through ITC and/ or Cash. Tax paid by the taxpayers, as declared in GSTR-9 or GSTR-3B, was ₹ 1.52 crore. This resulted in a mismatch of tax payment of ₹ 4.42 crore.

On being pointed out by Audit (February 2022), the Department stated (July-August 2022) that notices had been issued to the taxpayers in three cases involving ₹ 2.29 crore and one case involving ₹ 0.62 crore was under correspondence with taxpayer. In one case involving ₹ 0.40 crore, the Department did not furnish reply with appropriate documentary evidence. No reply was furnished for the remaining one case involving ₹ 1.11 crore (March 2024) (**Appendix 2.11**).

**k) GSTR-3B was not filed but GSTR-1 or GSTR-2A available**

At the data level, taxpayers who have not filed GSTR-3B but have filed GSTR-1 or whose GSTR-2A was available was identified. GSTR-3B return is the only instrument through which the liability is offset and ITC is availed. The availability of GSTR-1 and GSTR-2A and non-filing of GSTR-3B indicates that the taxpayers had undertaken/carried on the business during the period but have not discharged their tax liability. It may also include cases of irregular passing on of ITC.

The data sets pertaining to relevant fields in GSTR-1, GSTR-2A and GSTR-3B were analyzed, and those cases where GSTR-3B is null were extracted.

Audit analysis revealed that the sampled four taxpayers have not filed even a single GSTR-3B for the period 2017-18 involving total tax deviation amounting to ₹ 1.36 crore in terms of tax liability flowing from GSTR-1.

On being pointed out by Audit (February 2022), the Department stated (August 2022) that notice/DRC-01A had been issued to the taxpayers in two cases involving ₹ 0.73 crore and one case involving ₹ 0.62 crore was under correspondence with taxpayer. In one case involving ₹ 0.006 crore, reply of the Department was not acceptable to Audit against which rebuttal was provided (**Appendix 2.12**).

**l) Short payment of interest**

Section 50(1) of the MGST Act, 2017 stipulates that every person liable to pay tax in accordance with the provisions of this Act or the rules made there under but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay interest at the rate notified.

The extent of short payment of interest on account of delayed remittance of tax during 2017-18 was identified using the tax paid details in GSTR-3B and the date of filing of the GSTR-3B. Only the net tax liability (cash component) has been considered to work out the interest payable.

Out of the sample of 10 taxpayers, one case was not considered (action was taken before the issue of the audit query). Audit analysis of the remaining nine cases revealed that taxpayers filed the returns (GSTR-3B) pertaining to the months from July 2017 to March 2018 with delay. This resulted in short payment of interest amounting to ₹ 2.10 crore.

On being pointed out by Audit (February 2022), the Department stated (April-August 2022) that notices/DRC-01/07 had been issued to the taxpayers in six cases involving ₹ 0.56 crore and one case involving ₹ 1.43 crore was under correspondence with taxpayer. No reply was furnished for the remaining two cases involving ₹ 0.11 crore (March 2024) (**Appendix 2.13**).

**Recommendation:** *The State Taxation Department may take up the matter with the GST Council to insert adequate validation controls in GST Returns/portal to curb data entry errors, enhance taxpayer compliance and facilitate better scrutiny.*

### 2.4.6.3 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 part of this review. A risk-based sample of 20 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 the 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 O/o Principal Accountant General (Audit), Meghalaya. Based on desk review results, detailed audit was conducted in State Tax Department's field formations 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.

#### (i) Scope limitation (non-production/ partial production of records)

During the desk review of taxpayers' records available in the back-end system, Audit identified the risks related to excess ITC and tax liability mismatches for detailed examination. On the ITC dimension, the mismatches were identified by comparing GSTR-3B with GSTR-2A and GSTR-9, and the declarations made in Table 12 and 14 of GSTR-9C. On the tax liability dimension, the mismatches were identified by comparing GSTR-3B with GSTR-1 and GSTR-9 and the declarations in Table 5, Table 7 and Table 9 of GSTR-9C. Audit requisitioned granular records of the taxpayers through the respective Circles (March 2022).

Out of the 20 sampled cases, complete records were produced only in *two* cases (10 *per cent*). In 12 out of 20 cases, comprising 60 *per cent* of the risk-based sample, records were partially produced as granular taxpayer records such as invoices, trial balance, ledger, *etc.*, were not provided. The jurisdiction-wise partial production of records is summarised in **Appendix 2.14**. Consequently, in these partially produced cases, Audit was restricted to the information available in the returns filed by the taxpayers. In six cases (30 *per cent*), the jurisdictional Circles did not produce any records (**Appendix 2.15**). Thus, Audit could not assess eligibility of ITC claimed and extent of unsettled tax liability, which constituted a significant scope limitation.

## **(ii) Audit Findings- Detailed Audit**

As brought out in the previous paragraphs, detailed audit involves 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 State Commercial Tax Department's field formations. Non-compliance by taxpayers at various stages ultimately impacts the veracity of returns filed, utilisation of ITC and discharge of tax payments. The audit findings are, therefore, categorised under a) Returns b) Utilisations of ITC, and c) Discharge of tax liability.

### **(A) Returns**

#### **a) Non-payment of interest by taxpayers**

Section 50(1) of the MGST Act, 2017 stipulates that every person liable to pay tax in accordance with the provisions of this Act or the rules made there under but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay interest at such rate, not exceeding 18 *per cent*, as may be notified by the Government on the recommendations of the Council.

Out of 20 sample cases audited, it was observed that in four cases (20 *per cent*), where the taxpayers had filed their returns of July 2017 to March 2018 belatedly and paid the tax dues in these returns by debiting the Cash Ledger, interest amounting to ₹ 0.73 crore, payable as per Section 50 (1) of the MGST Act, 2017 was not paid by the taxpayers **(Appendix 2.16)**.

The audit observation was brought to the notice of the Department (June to August 2022). Reply is received in only *two* cases. In case of RN Enterprise (7ADZPS7313N1ZI), the ST, Circle I stated (December 2022) that notice had been issued to the taxpayer and reply is awaited. Reply in another case is provided in the illustration given below. Reply for the remaining *two* cases is awaited. (March 2024).

An illustrative case is as follows:

One taxpayer having GSTIN 17AAGCA9080R1ZW under Circle VII had filed the returns (GSTR-3B) of July 2017 to March 2018, belatedly in February 2018 to September 2018 and paid the tax due in these returns by debiting the Electronic Cash Ledger. However, interest liability amounting to ₹ 0.90 crore (later reduced to ₹ 0.70 crore on the basis of reply) required to be paid on cash portion of liability was not discharged.

On this being pointed out by Audit (September 2022), the ST, Circle VII, in case of M/s Amrit Cement (17AAGCA9080R1ZW) while accepting the audit observation (November 2022), provided detailed calculation of interest due to delay (after taking into account extension of due dates for filing of returns by the Government) in filing GST returns and concluded that interest amounting to ₹ 0.70 crore was underpaid. Explanation provided by the ST is accepted by Audit and the ST is requested to recover the pending interest amount at the earliest under intimation to Audit.

**b) Discrepancies noticed in filing of GST returns**

➤ **Non-filing of GST returns**

As per Section 39(1) of MGST Act, 2017, every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of Section 10, Section 51 or Section 52 shall, for every calendar month or part thereof, furnish, in such form and manner as may be prescribed, a return, electronically, of inward and outward supplies of goods or services or both, input tax credit availed, tax payable, tax paid and other particulars as may be prescribed on or before the twentieth day of the month succeeding such calendar month or part thereof.

As per Section 29(2)(c) of the MGST Act, 2017, the proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where any person has not furnished returns for a continuous period of six months.

Audit scrutiny of return filing information available on State GST back-end portal revealed that M/s NRL Energy Station (17AWLPM2254M2Z2) registered in October 2017, filed only four GSTR-3B returns from October 2017 to January 2018. Moreover, the taxpayer did not file GSTR-9 and GSTR-9C for the year 2017-18. Although no return was filed by the taxpayer since February 2018 till date (71 months, calculated upto December 2023), the ST did not cancel the registration of the taxpayer.

On this being pointed out by Audit (August 2022), the ST, Williamnagar Circle stated (October 2022) that process of suo moto cancellation of registration of the taxpayer has been initiated. The ST is requested to ensure full recovery of tax due at the time of cancellation of registration of the taxpayer under intimation to Audit.

➤ **GSTR-9/9C not filed even when turnover crossed ₹ two crores**

Rule 80(1) of the MGST Rules, 2017 states that every registered person, other than an Input Service Distributor, a person paying tax under Section 51 or Section 52, a casual taxable person and a non-resident taxable person, shall furnish an annual return as specified under sub-section (1) of Section 44 electronically in Form GSTR-9 through the common portal.

Further, Rule 80(3) of the MGST Rules, 2017 provides that every registered person whose aggregate turnover during a financial year exceeds two crore rupees shall get his accounts audited as specified under sub-section (5) of Section 35 and he shall furnish a copy of audited annual accounts and a reconciliation statement, duly certified, in Form GSTR-9C, electronically through the common portal.

Audit scrutiny of the returns filed by the 20 sampled taxpayers for the year 2017-18, revealed that two taxpayers did not file Annual Return in GSTR-9 for the said period. Moreover, it was further observed that three taxpayers did not file their Reconciliation Statement in GSTR-9C even when their turnover was above threshold limit of ₹ two

crores as required under Section 44 (**Appendix 2.17**). On verification by Audit, no notices were found to be issued by the Department to taxpayers.

The audit observation was brought to the notice of the Department (September 2022). Reply is awaited (March 2024).

## B. Utilisation of Input Tax Credit

The audit findings pertaining to mismatches in ITC emanating from ITC compared between returns (GSTR-3B and GSTR-2A) and examination of reconciliation statement (Table 14T of GSTR-9C) are provided in **Table 2.4.10**.

**Table 2.4.10: Mismatches relating to Input Tax Credit**

(₹ in crore)

Sl. No.	Parameter	No. of cases	No. of Circle offices	Amount of mismatch	Remarks
1.	<b>Mismatch between GSTR-3B and GSTR-2A in availing of ITC through Input Service Distribution.</b> To analyze whether the ITC availed by the taxpayer is in excess of that transferred by the Input Service Distributor (ISD), ITC availed as declared in the returns of the taxpayer (GSTR-3B table 4(A)(4) was compared with the ITC available as per GSTR-2A table ISD credit received from ISD distributor ( <b>Appendix 2.18</b> ).	01	01	4.89	The matter was brought to the notice of the Department (August 2022). Reply is awaited (March 2024).
2.	<b>Unreconciled ITC as per Table 14T of GSTR-9C.</b> Table 14 of GSTR-9C reconciles ITC declared in annual return (GSTR-9) with ITC availed on expenses as per audited annual financial statement or books of accounts. Column 14T of this table deals with unreconciled ITC. The certified reconciliation statement submitted by the taxpayer for the year 2017-18 as required under Rule 80 (3) of MGST Rules in Form GSTR-9C was analysed to review the extent of identified mismatch in ITC declared in the Annual Return with the expenses reported in the Financial Statements ( <b>Appendix 2.19</b> ).	02	02	8.68	On being pointed out by Audit (August 2022), Department provided reply in one case which is provided below. Reply in remaining one case is awaited (March 2024). ST Circle, I replied (December 2022) in case of R.N. Enterprise (7ADZPS7313N1ZI) that notice has been issued to the taxpayer and further reply is awaited.
3.	<b>Unreconciled ITC as per 12F of GSTR-9C.</b> Table 12 of GSTR-9C reconciles ITC declared in annual return (GSTR-9) with ITC availed as per audited Annual financial statement or books of accounts. Column 12F of this table deals with unreconciled ITC. The certified reconciliation statement submitted by the taxpayer for the year 2017-18 as required under Rule 80(3) of MGST Rules in Form GSTR-9C was analysed at data level to review the extent of identified mismatch in ITC declared in the Annual Return with the Financial Statements.	01	01 Ram Chandra Sharma (17AHPPS 5603M1ZP), Circle V	0.31	The matter was brought to the notice of the Department (August 2022). Reply is awaited (March 2024).

**(C) Discharge of tax liability****a) Mismatches related to discharge of tax liability**

The audit findings pertaining to undischarged tax liability emanating from tax liability compared between returns (GSTR-1 and GSTR-9/GSTR-3B) and examination of the reconciliation statement (GSTR-9C) were as follows:

**Table 2.4.11: Mismatches related to discharge of tax liability****(₹ in crore)**

Sl. No.	Parameter	No. of cases	No. of Circle offices	Amount of mismatch	Remarks
1.	<b>Un-discharged tax liability on comparing greater of the tax liability of GSTR-1, GSTR-9 with reference to Tax payment in GSTR-9 or GSTR-3B:</b> GSTR-1 and GSTR-9 for the year 2017-18 and the tax payable in these returns was compared with the tax paid and declared in GSTR-9 or GSTR-3B <i>(Appendix 2.20).</i>	09	08	3.49	On being pointed out (August 2022) by Audit, Department provided reply in three cases which are provided below. Replies for the remaining six cases are awaited (March 2024) ST Circle, I replied (December 2022) in case of RN Enterprise (7ADZPS7313N1ZI) that notice had been issued to the taxpayer and further reply is awaited. ST, Circle Khliehriat stated (September 2022) in case of M/s Mines and Minerals Development Agency (17AIWPT6114G1ZR) that the taxpayer had made payment through DRC-03 (June 2021) amounting to ₹ 0.13 crore. The ST also stated that the taxpayer has paid ₹ 0.08 crore against outstanding interest (September 2022). Reply of ST is accepted by Audit after verification. Hence, there is recovery of ₹ 0.08 crore at the instance of Audit. The ST, Circle Ri-Bhoi replied (December 2022) that Jorabat Shillong Expressway Ltd (17AACCJ3827H1ZL) has paid the unreconciled tax liability of ₹ 0.10 crore through DRC-03 (November 2022). However, the taxpayer stated that no interest was leviable because liability was discharged through Electronic Credit Ledger. Reply of the ST is accepted by Audit after verification. Hence, there is recovery of ₹ 0.10 crore at the instance of Audit.
2.	<b>Unreconciled Tax payment declared in GSTR-9C:</b> Table 9R of GSTR-9C captures reconciliation between rate wise tax payment declared in annual return GSTR-9 and audited Annual Financial Statements. <i>(Appendix 2.21)</i>	02	02	1.82	The matter was brought to the notice of the Department in August 2022. Reply is awaited. (March 2024).
3.	<b>Unreconciled turnover declared in GSTR-9C:</b> Table 5R of GSTR-9C captures reconciliation of turnover declared in audited Annual Financial Statement with turnover declared in Annual Return (GSTR-9) <i>(Appendix 2.22)</i>	01	01	30.91	On being pointed out by Audit (August 2022). ST replied (December 2022) that the unreconciled turnover of ₹ 30.91 Crore was due to transport subsidy received by the taxpayer amounting to ₹ 16.28 crore, CGST refund amounting to ₹ 1.15 crore, IGST refund amounting to ₹ 12.97 crore and Insurance subsidy amounting to ₹ 0.51 crore. However, the ST did not provide any documentary evidence in support of the claim. The ST is requested to provide the documentary evidence in support of the reply.

**b) Liability on account of Annual Return discharged through Electronic Credit Ledger instead of Electronic Cash Ledger**

Instruction provided at the end of GSTR-9 format prescribed by SCTD<sup>29</sup> reads that towards the end of the return, taxpayers shall be given an option to pay any additional liability declared in this form, through Form DRC-03. Taxpayers shall select Annual Return in the drop down provided in Form DRC-03. It may be noted that such liability shall be paid through electronic cash ledger only.

Section 50(1) of the MGST Act, 2017 stipulates that every person liable to pay tax in accordance with the provisions of this Act or the rules made there under but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay interest at such rate, not exceeding 18 *per cent*, as may be notified by the Government on the recommendations of the Council.

Audit noticed that M/s Nazareth Hospital Society (17AAATN2887J1Z5) paid liability arising due to filing of annual return (filed in February 2020) for the year 2017-18 through DRC-03. Scrutiny of Form DRC-03 as available on GST back-end portal revealed that out of total liability of ₹ 0.18 crore on account of Annual return, ₹ 0.16 crore were paid through Electronic Credit Ledger. Thus, payment of tax liability by the taxpayer arising on account of GSTR-9 through Electronic Credit Ledger is in violation of the extant provision.

It was further observed that the tax liability pertains to the period from September to November 2017, as such, the taxpayer was liable to pay interest of ₹ 7.00 lakh (**Appendix 2.23**) for delayed payment of tax. The taxpayer paid only ₹ 0.25 lakh as interest. Thus, interest of ₹ 6.75 lakh was yet to be recovered from the taxpayer.

The audit observation was brought to the notice of the Department (August 2022). Reply is awaited. (March 2024).

**D. Other Findings - Issuance of improper invoice**

As per Rule 46 of MGST Rules, 2017, a tax invoice referred to in Section 31 of MGST Act, 2017 shall be issued by the registered person containing (a) Name, address and Goods and Services Tax Identification Number (GSTIN) or Unique Identity Number (UIN), if registered, of the recipient; (b) Harmonized System of Nomenclature code for goods or services; (c) description of goods or services.

On verification of invoices furnished by Jorabat Shillong Expressway Ltd (17AACCJ3827H1ZL) against its exempted supplies claim of ₹ 72.51 crores, Audit observed that basic details required under GST Act were not mentioned in the invoice such as GSTIN of the receiver, description of Goods, Quantity, unit and rate of supplies. In absence of these basic details, the invoice produced is not acceptable. Further, as per

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<sup>29</sup> State Commercial Taxation Department.

registration details available on GST back-end portal, the taxpayer was not registered in any exempted supplies.

The audit observation was brought to the notice of the Department (September 2022). Reply is awaited (March 2024).

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

#### 2.4.7. Conclusion

The Subject Specific Compliance Audit (SSCA) on Department's Oversight on GST Payments and Returns Filing was undertaken 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.

In Circle Audit, a review of five Circles disclosed that no action was taken by some Circle Officers to pursue recovery of dues against non-filers and no follow-up for issue of ASMT-13 was observed. Also, internal audit mechanism was found inadequate. There were some deficiencies noticed related to cancellation of registrations *i.e.* delay in issue of cancellation orders, inadequate follow-up on non-filing of GSTR-10, *etc.*

In centralised audit, out of the 177 data inconsistencies identified by Audit, the Department's reply was received in 156 cases. Upon analysing the responses of the Department, compliance deviations were observed in 60 cases involving amount of ₹ 32.62 crore, out of which ₹ 12.86 crore were recovered in seven cases. A relatively higher rate of deficiencies was noticed in ITC mismatch, excess RCM ITC availed, mismatch in tax paid between books of accounts and returns and short payment of tax. While data entry errors caused the inconsistencies in 17 cases, action was taken before query in 23 cases and in 36 cases, valid explanations were provided.

Detailed audit of GST returns revealed some non-compliance issues and in six cases, the taxpayers' granular records were not forthcoming, which constituted a scope limitation. Out of the 20 cases that were audited either fully or partially, Audit observed compliance deficiencies such as non-payment of interest and mismatches relating to ITC and tax liability involving amount of ₹ 19.99 crore, out of which recovery of ₹ 0.18 crore was made. The main causative factors were non-payment of interest, irregular availment of ISD credit and unreconciled ITC/tax payment.

#### 2.4.8 Summary of recommendations

- (i) *The Department should take necessary steps to speed up the process of scrutiny of returns under Section 61 of the Act before time barring of cases. Moreover, period within which scrutiny of returns is to be initiated and completed should explicitly be indicated in the Department's GST Returns Scrutiny Manual.*

- (ii) Prompt action may be initiated by the Department to undertake the audits under Section 65 of the Act before time-barring of cases.*
- (iii) Taxation Department may strengthen the internal monitoring mechanism in Circle offices and ensure that due diligence is followed for filing of cancellation, issue of Show Cause Notices and recovery.*
- (iv) Department may examine the 21 mismatches/inconsistencies pointed out by Audit, for which responses have not been provided and intimate the results there-of.*
- (v) The State Taxation Department may take up the matter with the GST Council to insert adequate validation controls in GST Returns/portal to curb data entry errors, enhance taxpayer compliance and facilitate better scrutiny.*
- (vi) Taxation Department may initiate remedial action for all the compliance deviations brought out in this report before they get time barred.*

## 2.5 SSCA on Tax Deduction at Source (TDS) by Government Departments and Tax Collection at Source (TCS) by E-Commerce Operators

### 2.5.1 Introduction

Goods and Services Tax (GST) was rolled out in the country from 01 July 2017 subsuming various Central and State indirect taxes with the objectives of **achieving the idea of ‘One Nation, One Tax’, eliminating the cascading effect of multiple taxes, increasing the taxpayers’ base and curbing tax evasion, etc.**

A major objective of the GST rollout was creation of an effective mechanism to ensure tax compliance by the taxpayers. In order to achieve this objective, provisions of Tax Deduction at Source (TDS) under Section 51 and Tax Collection at Source (TCS) under Section 52 were included in the Meghalaya Goods and Services Tax Act, 2017 (MGST Act, 2017). The purpose of introduction of TDS/TCS provisions in the Act was to enable the Government to have a trail of transactions and to monitor and verify the compliance. It acts as a powerful instrument to prevent tax evasion and expand the tax net, as it provides for the creation of an audit trail.

Section 51 of MGST Act, 2017 read with Rule 66 of MGST Rules, 2017 provides for tax deduction at source by Government Departments in respect of payment made to the suppliers of taxable goods/services and the person deducting the TDS would be required to deposit the same with the Government within ten days after the end of the month in which such deduction is made and issue Form GSTR-7A (certificate of tax deduction at source) to the person whose TDS has been deducted. This provision is similar to the deduction of TDS and consequent issue of Forms 16 and 16A under the Income Tax Act, 1961. The threshold limit for TDS deduction is ₹ 2.5 lakh as per Section 51(1) of MGST Act, 2017.

Similarly, Section 52 of the MGST Act, 2017 provides for Tax Collection at Source, by Electronic Commerce Operator (ECO)<sup>30</sup> in respect of the taxable supplies made through it by other suppliers, where the consideration in respect of such supplies is to be collected by the ECO and remit the same to the Government within ten days after the end of the month in which such collection is made. There is no threshold limit for TCS collection as per Section 52(1) of MGST Act, 2017.

Thus, TDS/TCS provisions under the Act are very important tools for the State Commercial Taxation Department (SCTD) to:

- *Arrive at the turnover of suppliers, where supplies were made to the Government Departments, and*
- *Identify tax evaders.*

<sup>30</sup> ECO means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.

### 2.5.1.1 Organisational set up of the Taxation Department

The organisational set up of the Taxation Department under GST regime is given in Chart 2.5.1.

Chart 2.5.1: Organisational set up

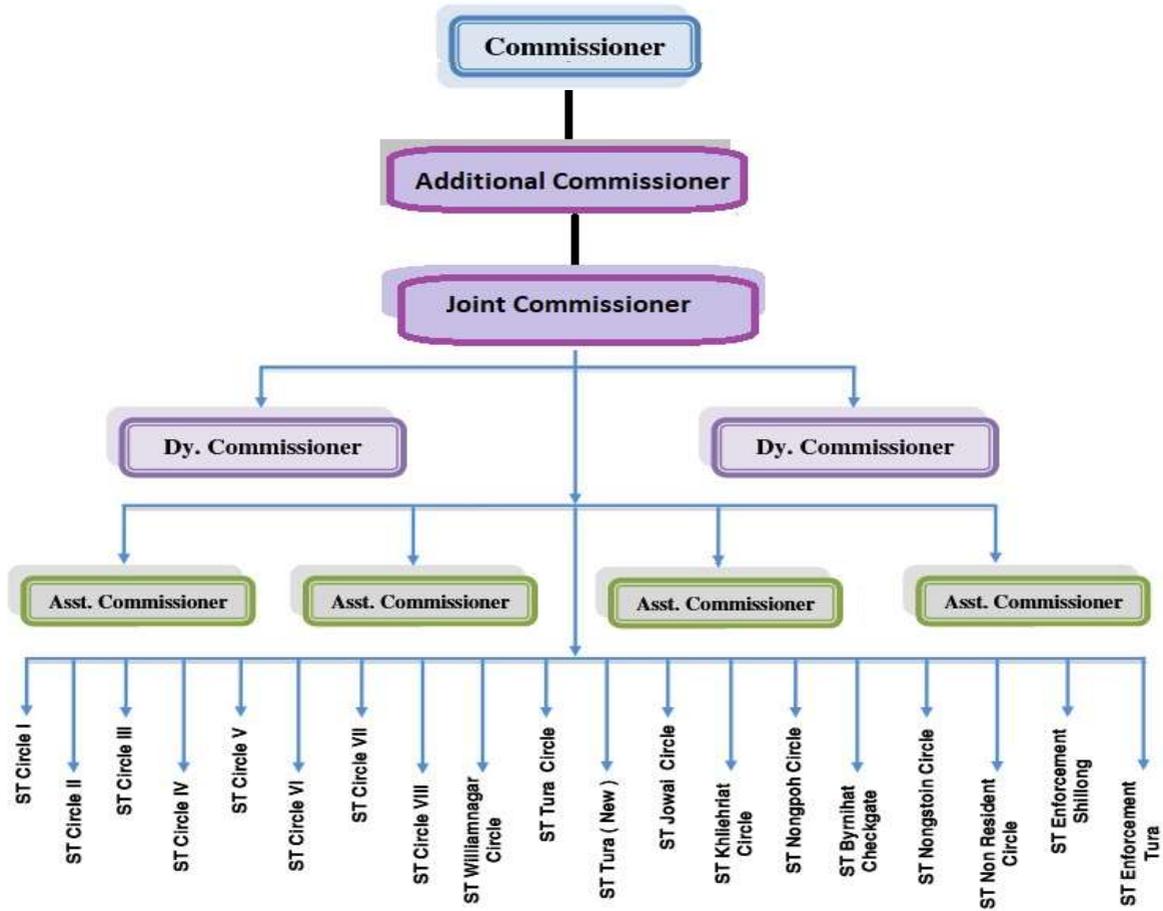


Fig. Organisational Structure of the Department



Fig. District Level Organisational Structure of the Department

## 2.5.2 Audit Objectives

The overall aim of the SSCA was to provide reasonable assurance on the adequacy and effectiveness of systems and procedures of the Department to ascertain:

- i. Whether the rules and procedures are designed to secure an effective check on tax compliance and are being duly observed by taxpayers;
- ii. Whether the Departmental system is defined to ensure that all eligible taxpayers are registered; and
- iii. Whether the internal control mechanism and coordination with other departments/ organizations was adequate to prevent leakage of revenue.

## 2.5.3 Audit Methodology and Scope

The SSCA on **Tax Deduction at Source (TDS) by Government Departments and Tax Collection at Source (TCS) by E-Commerce Operators**, Meghalaya, Shillong was conducted for the period covering 01 July 2017 to 31 March 2021<sup>31</sup>.

### 2.5.3.1 Audit Methodology

The methodology for verification of TDS/TCS mechanism under GST for the selected taxpayers involved data analysis and verification of records available with the State Commercial Taxation Department (SCTD) and jurisdictional Circles. It also involved accessing relevant information/records from the respective DDOs/ECOs. The records pertaining to the TDS/TCS returns verified by the departments readily available with the departmental formations were requisitioned for verification. In other cases, the documents were called for from the DDOs/ECOs in the same manner as is used for detailed examination of assessment of records under VAT laws (*i.e.* seeking taxpayer's records through Departmental units).

An Entry Conference was held on 15 December 2022 with Addl. Commissioner of Taxes, SGST, Meghalaya in which the scope and audit objectives of the SSCA were outlined. An Exit Conference was held on 19 May 2023 with the Addl. Commissioner of Taxes, SGST, Meghalaya wherein the audit findings were discussed. Replies received from the Department had been suitably incorporated at appropriate places along with audit rebuttal.

### 2.5.3.2 Audit Scope

#### (A) Registered dealers under GST

Section 22(1) of MGST Act, 2017 states that, any dealer with annual turnover of ₹ 10 lakh or more with effect from 01 July 2017 and ₹ 20 lakh or more with effect from 15 October 2019 was required to be registered in the State under the new GST law.

<sup>31</sup> The audit period is further divided into two parts: (i) **Phase I**- DDOs were not required to deduct any TDS, instead forward non-deduction of TDS declaration (furnished by suppliers) to the Commissioner of Taxes, Meghalaya within 15 days from the date of payment to the suppliers of bills valuing above ₹ 2.5 lakh, and (ii) **Phase II**-TDS mechanism was fully implemented. DDOs were required to deduct TDS as per GST provisions.

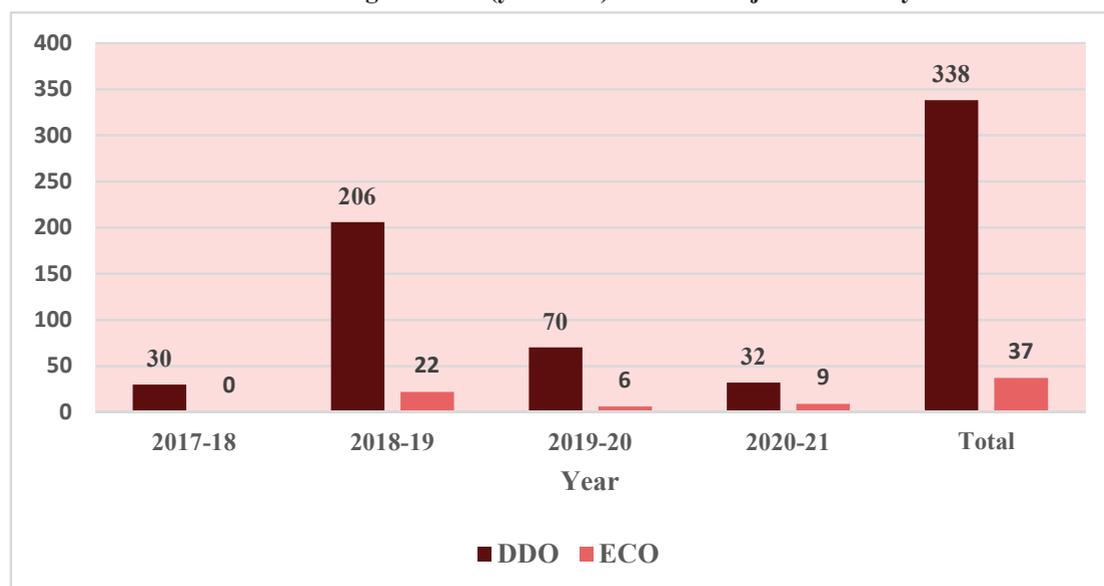
Year-wise position of dealers registered under TDS/TCS in Meghalaya is presented in **Table 2.5.1**.

**Table 2.5.1: Year-wise position of dealers registered under TDS/TCS**

Year	No. of registrants under State jurisdiction	
	Under TDS	Under TCS
2017-18	30	Nil
2018-19	206	22
2019-20	70	06
2020-21	32	09
<b>Total</b>	<b>338</b>	<b>37</b>

As on 31 March 2021, the total registrants under GST in Meghalaya were 28532, which included 338 DDOs. The total number of DDOs in Meghalaya as per data available with the Principal Accountant General (A&E), Meghalaya, is 972. The percentage of DDOs registered under GST constitute about 35 *per cent* which is quite low and the State Taxation Department needs to bring all eligible DDOs under the ambit of GST for better tax compliance. As per GSTN Portal, there are a total of 96 e-commerce operators (June 2022) in the State of Meghalaya of which 37 ECOs fall under State jurisdiction and were registered up to March 2021. Year-wise break-up of DDOs and ECOs registration during the period of review is as shown in **Chart 2.5.2**.

**Chart 2.5.2: Number of GST registrations (year wise) under State jurisdiction by DDOs and ECOs**



Further, compliance in returns filing by DDOs has increased from 669 returns filed annually in 2018-19 to 2213 returns filed in 2020-21. TCS returns filed by e-commerce operators also improved from 27 returns filed in 2018-19 to 369 returns filed in 2020-21.

### **(B) GST revenue collected by State**

The GST revenue collected by State during the period from July 2017 to March 2021 and revenue contribution from TDS and TCS is shown in **Table 2.5.2**.

Table 2.5.2: GST Revenue

(₹ in crore)

Period	Actual Realisation	Revenue from Government (TDS)	Revenue from e-commerce operators (TCS)
July 2017 to March 2018	500.00	Nil	Nil
April 2018 to March 2019	878.96	29.18	0.19
April 2019 to March 2020	1,011.24	54.80	0.37
April 2020 to March 2021	994.76	67.15	0.23

Source: State GST Commissionerate Meghalaya, Shillong, Government of Meghalaya.

Collections under GST revenue have almost doubled from ₹ 500 crore in 2017-18 to ₹ 994.76 crore in 2020-21 (increase of 98.80 per cent).

The revenue contribution from TDS during the years 2018-19 to 2020-21, increased from ₹ 29.18 crore to ₹ 67.15 crore. While TCS contribution increased from ₹ 0.19 crore in 2018-19 to ₹ 0.37 crore in 2019-20, a decline of 38 per cent is seen in TCS contribution during 2020-21.

#### 2.5.4 Audit Sample

The sample selected for TDS comprises 21 DDOs (**Appendix 2.24**) out of 338 registered DDOs of Government Departments and four (**Appendix 2.25**) e-commerce operators out of 37 e-commerce operators registered in the State during the period of review. Selection of these sample were made on the basis of weighted expenditure by applying Probability Proportional to Size Without Replacement (PPSWOR)<sup>32</sup>.

#### 2.5.5 Audit Criteria

The following Acts/Rules were used as the sources of Audit Criteria for the SSCA:

- Meghalaya Goods and Services Tax Act/Rules, 2017 (MGST Act/Rules, 2017).
- Central Goods and Services Tax Act/Rules, 2017 (CGST Act/Rules, 2017).
- Integrated Goods and Services Tax Act/Rules, 2017 (IGST Act/Rules, 2017).
- Notifications/Circulars issued by State Government from time to time on deduction and collection of tax at source by Government Departments and E-Commerce Operators respectively.

#### 2.5.6 Audit Limitations- Non-production of records

Audit requisitioned various records pertaining to the sampled four E-Commerce Operators to check whether the ECOs were collecting and depositing the full amount of TCS to the Government as per GST provisions or not. Details of records not produced are provided in **Table 2.5.3**.

<sup>32</sup> It is a method of sampling from a finite population. In this method, the probability of selecting a unit is proportional to its size. It is based on randomization using random number table.

**Table 2.5.3: List of Taxpayers (ECOs)**

Sl. No.	GSTIN	Circle	Documents Required
1	17AAHCP1178L1CC	I	Invoices, Shipping bills, Export goods manifest, Bank Realization Certificate and Foreign Inward Remittance certificate (FIRC/BRCs), Accounts and records required to be maintained as per Section 35 of MGST Act, 2017.
2	17AAFCT5810K1CH	I	
3	17AACCD0796K1CP	Non-resident	
4	17AAQCA5807N1CE	I	

The Department was requested (January 2023) to produce the records mentioned in the above table for audit checks and interpretations. However, records of the four ECOs were not provided (April 2024).

ST, Circle I forwarded (May 2023) reply provided by IBIBO Group Private Limited (GSTIN 17AAHCP1178L1CC) stating that documents required are not applicable in case of TCS registration. The reply is not acceptable because the ECO took GST registration in November 2018, hence, it must possess requisite documents pertaining to the supplies.

### 2.5.7 Audit Findings

Section 3 to 5 of MGST Act, 2017 outlines the jurisdictional authority conferred upon the Commissioner of Taxes (CoT), encompassing the entire State of Meghalaya. The CoT is entrusted with the responsibility of executing the duties mandated by the Act. This includes the prerogative to delegate tasks to subordinate officers for efficient administration.

During the course of the SSCA various deficiencies have been noticed, revealing inadequacies in the implementation of the Act within the State. The audit findings are highlighted in the succeeding paragraphs.

#### 2.5.7.1 Compliance issues noticed related to DDOs

The irregularities noticed by Audit in respect of the sampled DDOs are elucidated in the following paragraphs.

##### (A) Non-levy of penalty due to non-registration/delay in obtaining registration by DDOs

Section 51 (1) of MGST Act, 2017 provides that the Government may mandate (a) a department or establishment of the Central Government or State Government; or (b) local authority; or (c) Governmental agencies; or (d) such persons or category of persons as may be notified by the Government on the recommendations of the Council to deduct tax at the rate of one *per cent* from the payment made or credited to the supplier of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees.

Section 24 (vi) of MGST Act, 2017 states that persons required to deduct tax under Section 51 are mandatorily required to get registered under this Act.

Section 122 (1) (xi) of MGST Act, 2017 states that where a taxable person who is liable to be registered under this Act but fails to obtain registration, shall be liable to pay a penalty of ten thousand rupees or an amount equivalent to the tax evaded or the tax not deducted under Section 51, whichever is higher (an additional and equivalent amount under CGST Act, 2017).

Excise, Registration, Taxation and Stamps (ERTS) Department, Government of Meghalaya (GoM) vide Circular No. ERTS (T) 70/2017/23 dated 26 October 2017 directed all the DDOs concerned to complete the registration process at the earliest on the GSTN portal.

Further, GoM vide Circular No. ERTS (T) 65/2017/Pt I/240 dated 13 September 2018 notified 01 October 2018 as the date on which the provisions of Section 51 of the MGST Act, 2017 was to come into force.

#### **(i) Non-registration of DDOs**

Verification of records<sup>33</sup> of the 21 sampled DDOs for the period of review revealed that two<sup>34</sup> DDOs passed 11 bills amounting to ₹ 85.14 lakh during October 2018 to March 2021 having value more than ₹ 2.5 lakh each. TDS amounting to ₹ 1.37 lakh was deductible from these bills and were to be remitted to the Government, which was not done by the DDOs (**Appendix 2.26**). Further scrutiny revealed that the DDOs did not take the mandatory registration under GST till the date of Audit (January 2023) and as such no TDS returns under GSTR-7 were filed. Thus, as per provisions of the MGST Act, 2017, penalty of ₹ 1.41 lakh was leviable on the DDOs for not obtaining the GST registrations.

On this being pointed out by Audit (February, 2023), the Director of Animal Husbandry and Veterinary, Meghalaya (17SHLD06188A1D8) stated (April 2023) that registration under GST has been completed (March 2023) as suggested by Audit. Further, penalty amounting to ₹ 1.21 lakh for not deducting TDS has also been paid by the DDO through GSTR-7. However, confirmation from the Taxation Department is awaited (April 2024).

The Divisional Forest Officer (Wildlife), Jaintia Hills, Jowai stated (May 2023) that they had completed the registration (April 2023) and had requested for exemption from paying the penalty amount. Provision for exemption from payment of penalty has not been provided in the MGST Act, 2017, hence the penalty amount from the above mentioned DDOs amounting to ₹ 0.20 lakh was required to be recovered by the Taxation Department.

<sup>33</sup> (1) Bill, Vouchers, RA bills, Sanction order, Cash book, (2). Register required to be maintained by DDOs as per Circular No. ERTS (T) 65/2017/Pt. I/261 dated 20 November 2018, (3). Non-deduction of TDS certificate required as per Circular No. ERTS (T) 70/2017/23 dated 26 October 2017, etc.

<sup>34</sup> (1) Director, A.H. & Vety. Shillong (2) and Divisional Forest Officer, Wildlife Division, Jowai.

**(ii) Delay in registration by DDOs**

Verification of records of the sampled 21 DDOs revealed that one<sup>35</sup> DDO passed four bills amounting to ₹ 21.69 lakh having value more than ₹ 2.5 lakh each during October 2018 to March 2021. TDS amounting to ₹ 0.37 lakh was deductible from these bills but were not found deducted. Further scrutiny revealed that the DDO got registered under GST during December 2022 and as such are required to pay penalty of ₹ 0.37 lakh, an equivalent to TDS not deducted (**Appendix 2.27**) as per Section 122 of MGST Act, 2017.

On this being pointed out by Audit (April 2023), the Divisional Forest Officer (Social Forestry and Territorial Division), Baghmara, in a communication endorsed to ST, Circle II, Tura and to Audit clarified (July 2023) that, due to the absence of a formal contract for the supplies undertaken, no TDS was liable to be deducted under Section 51 of MGST Act, 2017.

Reply of the DDO that TDS was not deducted in absence of any formal contract, is not acceptable since 'Contract' under Section 51 of the MGST Act, 2017 read with Section 2(h) of the Indian Contract Act, 1872 states that 'an agreement enforceable by law is a contract'. Further, Rule 46(q) of MGST Rules, 2017 provides that tax invoices shall be issued by the registered person containing signature or digital signature of the supplier or his authorized representative. In absence of formal contract, the invoice raised by the supplier after receiving formal supply order from the DDO is deemed as a contract agreement.

**Recommendation:** *The Department should take steps to get all the unregistered DDOs registered under GST.*

**(B) Non-levy of penalty due to non-deduction of TDS by DDOs**

Section 122 (1) (v) of MGST Act, 2017 states that where a taxable person who fails to deduct the tax in terms of sub-section (1) of Section 51, or deducts an amount which is less than the amount required to be deducted under the said sub-section, shall be liable to pay a penalty of ten thousand rupees or an amount equivalent to the tax not deducted under Section 51 or short deducted, whichever is higher.

Verification of records of the sampled 21 DDOs revealed that two<sup>36</sup> DDOs passed four bills amounting to ₹ 459.09 lakh having individual value above ₹ 2.5 lakh each during October 2018 to March 2021, without mandatory deduction of TDS amounting to ₹ 8.26 lakh as per Section 51 (1) of MGST Act, 2017(**Appendix 2.28**). Making payment without deducting TDS is a violation of GST provisions attracting penalty under Section 122 *ibid*. Hence, penalty of ₹ 8.26 lakh is payable by the concerned DDOs.

On this being pointed out by Audit (February, 2023), Superintendent of Taxes (ST, Circle VII, Shillong) stated (July 2023) that in response to audit observation, the Governor's Secretariat, Meghalaya, Shillong (GSTIN-17SHLG01710C1DO) had

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<sup>35</sup> (1) DFO, Social Forestry Division, South Garo Hills, Baghmara.

<sup>36</sup> (1) Governor's Secretariat, Raj Bhawan, Shillong, and (2) Director, Social Welfare, Shillong.

paid (July 2023) the penalty amounting to ₹ 0.76 lakh for non-deduction of TDS. The ST also provided DRC-03 filed by the DDO as evidence of the payment. On audit verification of the document, the reply was found to be correct.

The Director of Social Welfare, Meghalaya, Shillong (GSTIN-17SHLD04326A1DO) while accepting (March 2023) that the payments were made without deducting TDS under GST stated that supplies were procured through GeM portal and no formal contract was entered, hence TDS was not deducted. Reply of the DDO that TDS was not deducted in absence of any formal contract, is not acceptable since as per entry 5.2.4.7 'Contract Management' of handbook on GeM issued by Government of India in July 2018, the contract shall be auto generated on the GeM platform. Based on the audit observation, the ST, Circle VII, Shillong directed the DDO to deposit the liable amount along with penalty (June 2023). Superintendent of Taxes (ST, Circle VII, Shillong) stated (July 2023) that the Director of Social Welfare, Meghalaya, Shillong (GSTIN-17SHLD04326A1DO) requested for adjournment of the proceedings till 14 August 2023. As the time requested by the DDO has already been elapsed, necessary action may be taken to recover the penalty.

### **(C) Non-adherence to Government instructions during bill preparation**

Circular No. ERTS (T) 65/2017/Pt. I/261 dated 20 November 2018 laid down guidelines for deductions and deposits of TDS by the DDO under MGST Act, 2017. As per Point No. 6 of the Circular, following instructions were provided:

The DDO shall prepare bills based on the Expenditure Sanction. The Expenditure Sanction shall contain the (a) Total amount, (b) Net amount payable to the contractor/supplier/vendor; and (c) 2 per cent as TDS amount of GST. Also, in the Bill, it will be specified (a) the net amount payable to the contractor; and (b) 2 per cent as TDS.

Scrutiny of records of 21 sampled DDOs for the period from July 2017 to March 2021 revealed that bills prepared by Director of Social Welfare, Meghalaya, Shillong were not in accordance with the aforementioned guidelines. The bills prepared did not have vital details such as the amount of TDS to be deducted and the net amount payable to the contractor/supplier/vendor. In absence of these details, calculation for TDS deduction and amount payable to the dealers becomes difficult.

On this being pointed out by Audit (March, 2023), the Director of Social Welfare, Meghalaya, Shillong (GSTIN-17SHLD04326A1DO) while accepting the audit observation stated (March 2023) that the office was preparing bills in note sheet. The DDO stated that the bills would henceforth be prepared in the proper format containing the requisite details as per the notifications issued by the Government.

### **(D) GSTIN not mentioned on non-deduction of TDS declaration forwarded by DDOs**

As per Circular No. ERTS (T) 70/2017/23 dated 26 October 2017, DDOs were asked not to deduct any TDS under the provisions of IGST/CGST/MGST Act, 2017 on bills or invoices raised after 01 July 2017 for supply of Goods or Services or both. The

supplier of the goods or services or both who received payment(s) without deduction of tax at source of the CGST/MGST/IGST is to furnish a declaration as per Annexure A, wherein GSTIN details of the supplier was required to be furnished along with other details, if the total value of supply under a contract exceeds two lakh and fifty thousand rupees, to the DDOs. Thereafter, the DDOs are required to forward the said declaration of the suppliers to the State Taxation Department within 15 days from the date of payment to the suppliers.

During verification of records of the 21 sampled DDOs, it was observed that two<sup>37</sup> DDOs forwarded non-deduction of TDS declaration in respect of two contractors, who did not mention their GSTIN in Annexure A. Audit scrutiny revealed that the contractors provided works contract services amounting to ₹ 58.49 lakh (₹ 13.54 lakh + ₹ 44.95 lakh) but the DDOs failed to provide GSTIN of the contractors even on being requisitioned by Audit (April 2023).

The audit observation was issued (April 2023) to the State GST Department. Reply of the Department is awaited (April 2024).

#### **2.5.7.2 Compliance issues noticed relating to ECOs**

The irregularity noticed by Audit in respect of the sampled ECOs is elucidated in the following paragraph.

##### **(A) Non-levy of penalty due to delay in obtaining registration by ECOs**

Section 24(x) of the MGST Act provides that every ECO is compulsorily required to take registration under GST. Further, Section 122 (1) (xi) of MGST Act, 2017 states that where a taxable person who is liable to be registered under this Act but fails to obtain registration, shall be liable to pay a penalty of ten thousand rupees or an amount equivalent to the tax evaded or the tax not collected under Section 52, whichever is higher (an additional and equivalent amount under CGST Act, 2017).

Verification of records of four sampled cases covering the period of review revealed that two<sup>38</sup> out of the four taxpayers obtained registration as an e-commerce operator in the state during November 2018. Further verification revealed that these two taxpayers were also registered under 'Normal' category in the State prior to implementation of TCS mechanism. Audit observed that their total turnover since registration to September 2018 was ₹ 36.22 lakh under 'Normal' registration. Thus, it is evident that the taxpayers were operating in the state of Meghalaya prior to implementation of TCS provisions but they failed to obtain registration under ECO category from the effective date, *i.e.*, 01 October 2018.

Audit requisitioned invoices and other documents pertaining to these ECOs from the Taxation Department to ascertain the quantum of TCS involved during the period of delay which the Department failed to provide. Thus, minimum penalty of ₹ 0.40 lakh

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<sup>37</sup> (1) E.E., PWD (Rds), Mairang Division, Mairang, and (2) E.E., PWD (Bldg), Tura Building Division, Tura.

<sup>38</sup> (1) Yatra Hotel, and (2) IBIBO Group Pvt. Ltd.

(Appendix 2.29) under Section 122 of MGST Act, 2017 on the two taxpayers was leviable.

The audit observation was communicated to the Department (April 2023). Reply on action taken to recover the penalty from the defaulting ECOs is awaited (April 2024).

**Recommendation:** *The Department should take steps to recover penalty from DDOs/ ECOs for taking delayed registration under GST and for non/short deduction/collection of tax.*

### 2.5.7.3 Other observations

Audit has identified the following additional discrepancies in respect of the deductees/suppliers:

#### (A) Suppression of turnover by contractors/suppliers for supplies made prior to 01 October 2018

Rule 59(1) of the MGST Rules, 2017 states that every registered person, other than a person referred to in Section 14 of the IGST Act, 2017, required to furnish the details of outward supplies of goods or services or both under Section 37 of MGST Act, shall furnish such details in Form GSTR-1 electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner. Further, Rule 61(1) states that, every registered person, except for specific cases mentioned in the law, shall furnish a return in Form GSTR-3B as specified under sub-section (1) of Section 39 of MGST Act, 2017.

Section 50(1) of MGST Act, 2017 states that every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay on his own, interest at such rate, not exceeding 18 *per cent*, as may be notified by the Government on the recommendations of the Council.

Audit test checked cases of declarations submitted by the suppliers for non-deduction of TDS which were forwarded by the DDOs to the Commissioner of Taxes, Meghalaya, as per circular no. ERTS (T) 70/2017/23 dated 26 October 2017 pertaining to procurement of Goods or Services or both during July 2017 to September 2018. In respect of the records<sup>39</sup> test checked, Audit observed that two<sup>40</sup> DDOs made payment of ₹ 109.65 lakh to five Contractors/suppliers in respect of bills/contracts having values above ₹ 2.5 lakh each. Cross-verification of the same with information available as per GST returns (GSTR-3B) of suppliers/contractors for the period revealed that no tax was paid by the suppliers/contractors in their GSTR-3B. Thus, GST amounting to ₹ 11.74 lakh

<sup>39</sup> (1) Bill, Vouchers, RA bills, Sanction order, Cash book, (2). Register required to be maintained by DDOs as per Circular No. ERTS (T) 65/2017/Pt. I/261 dated 20 November 2018, and (3). Non-deduction of TDS certificate required as per Circular No. ERTS (T) 70/2017/23 dated 26 October 2017, etc.

<sup>40</sup> (1) Director, Tourism, Shillong, and (2) E.E., PWD (Bldg), Tura Building Division, Tura.

is recoverable from the Contractors/suppliers on the undeclared turnover along with interest amounting to ₹ 12.49 lakh (calculated up to 30 April 2024) (**Appendix 2.30**) under Section 50(1) of MGST Act, 2017.

On this being pointed out by Audit (April, 2023), Department's reply on action taken to recover dues from the defaulting contractors/suppliers is awaited (April 2024).

**(B) Suppression of turnover by deductees/suppliers for supplies made to DDOs after 01 October 2018**

Rule 66 (2) of MGST Rules, 2017 states that the details furnished by the DDOs under sub-rule (1) shall be made available electronically to each of the deductees on the common portal after filing of Form GSTR-7 for claiming the amount of tax deducted in his electronic cash ledger after validation.

Verification of GST returns (GSTR-7) filed by eight<sup>41</sup> registered DDOs during the audit period revealed that the DDOs declared ₹ 632.16 lakh as TDS deducted from 560 taxpayers. Audit verified GST returns information of top deductees falling under state jurisdiction each year against whom TDS amounting to ₹ 188.92 lakh was deducted. Audit cross verified GSTR-1 filed by the deductees beyond one year from the month of GSTR-7 filed by the DDOs. It was observed that the deductees did not declare supplies made to the DDOs. In absence of disclosure of supplies made to DDOs in GSTR-1, tax payment on such supplies by deductees could not be verified. Non-declaration of supplies in GSTR-1 by the deductees is fraught with the risk of suppression of turnover. GST amounting to ₹ 472.31 lakh was recoverable on the undeclared turnover along with interest amounting to ₹ 321.15 lakh (**Appendix 2.31**) (calculated up to February 2023) under Section 50(1) of MGST Act, 2017.

On this being pointed out by Audit (March-April, 2023), the ST, Circle VII in reply stated that it is found that most of the taxpayers, who have supplied goods, services or both to tax deductors, have included the supplied amount in their turnovers in the returns and had shown in the B2C Section of GSTR-1 and as such detailed study of case records of such taxpayers has become necessary. The ST requested additional time for furnishing the replies (July 2023). Further action has not been communicated yet (April 2024). Reply from Jowai, Nongstoin and Tura circle is awaited (April 2024).

As per GST provisions, the suppliers were required to furnish B2B sales in Table 4A of GSTR 1. As DDOs are registered entities, supplies made to them should have been declared as B2B supplies. The ST, Circle VII is requested to conduct and complete the detailed study of the cases to ensure that full tax on these supplies was declared and paid by suppliers. The ST is requested to intimate outcome of the detailed study to Audit accordingly.

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<sup>41</sup> (1) Director of Tourism, Shillong, (2) Governor's Secretariat, Raj Bhawan, Shillong, (3) E.E. PWD (Roads) Central Division, Shillong, (4) E.E. PWD (Roads) North Jowai Division, Jowai, (5) E.E. PWD(Roads) Mairang Division, (6) Director Social Welfare, Shillong, (7) E.E. PWD (Roads) Tura North Division, Tura, and (8) E.E. PWD(Building) Tura Division, Tura.

**Recommendation:** *The Department should take steps to recover the GST amount along with penalty and interest from the suppliers by leveraging data/information available.*

### 2.5.8 Conclusion

The Subject Specific Compliance Audit on “Tax Deduction at Source (TDS) by Government Departments and Tax Collection at Source (TCS) by E- Commerce Operators” was undertaken with an objective of assessing the adequacy of the system in monitoring TDS/TCS provisions, extent of compliance and other departmental functions.

As regards DDOs/ECOs, it has been observed that the DDOs and ECOs obligated to be registered under GST, either failed to comply with the statutory registration requirements or registered post the prescribed deadline. Only 35 per cent of the DDOs were found registered under GST. As a result, the objective of encompassing all taxable transactions conducted by government departments and e-commerce operators within the purview of GST was not achieved. Thus, due to non-registration/delay in registration and non-deduction/collection of tax, penalty of ₹ 10.44 lakh was leviable. Out of which, recovery of ₹ 1.97 lakh was made at the instance of Audit. Instances of non-adherence to Govt. instructions during bill preparation and GSTIN not mentioned on non-deduction of TDS declaration forwarded by DDOs were also noticed.

With respect to deductees/suppliers, many discrepancies were noticed like cross-verification of the declarations on non-deduction of TDS by suppliers with GST returns of five contractors/suppliers, revealed that no tax was paid by the contractors/suppliers. Hence, GST of ₹ 11.74 lakh along with interest of ₹ 12.49 lakh is recoverable on the undeclared turnover. Cross verification of GSTR-1 filed by the deductees/suppliers with GSTR-7 filed by the DDOs revealed that the deductees/suppliers did not declare supplies made to the DDOs in GSTR-1. This omission risks turnover suppression. As a result, GST amount of ₹ 472.31 lakh along with interest of ₹ 321.15 lakh on undeclared turnover is recoverable from the taxpayers.

### 2.5.9 Summary of recommendations

- (i) *The Department should take steps to get all the unregistered DDOs registered under GST.*
- (ii) *The Department should take steps to recover penalty from DDOs/ECOs for taking delayed registration under GST and for non-deduction/collection of tax.*
- (iii) *The Department should take steps to recover the GST amount along with penalty and interest from the suppliers by leveraging data/information available.*



**CHAPTER III**  
**STATE EXCISE DEPARTMENT**



# CHAPTER – III

## STATE EXCISE DEPARTMENT

### 3.1 Administration

The State Excise Department is responsible for collection of revenue under Assam Excise Act, 1910 (as adapted by Meghalaya), the Assam Excise Rules, 1945 (as adapted), the Assam Distillery Rules, 1945 (as adapted) and the Assam Bonded Warehouses Rules, 1965 (as adapted) and enforcement of Excise laws. Excise revenue comes from *ad valorem* levy, establishment charges, various kinds of licence fees on foreign liquor/beer, country spirit, rectified spirit, *etc.* Further, import pass fee, export pass fee, transport pass fee, under bond pass fee, brand and label registration/renewal fee generate revenue for the State exchequer.

The Principal Secretary/Commissioner and Secretary to Government of Meghalaya, Excise, Registration, Taxation and Stamps (ERTS) Department is in overall charge of the State Excise Department at the Government level. The Commissioner of Excise (CE) is the administrative head of the Department who is assisted by a Joint Commissioner of Excise and Deputy/Assistant Commissioners of Excise (DCEs/ACEs). At the district level, Superintendents of Excise (SEs) have been entrusted with the work of levy of excise duties and other dues from the licensees such as bonded warehouses, bottling plants, distilleries and retailer shops.

### 3.2 Results of Audit

Test-check of records of five units during 2022-23 revealed short collection of revenue, loss of revenue, and other irregularities in 39 cases involving an amount of ₹ 33.60 crore, which fall under the following categories:

**Table 3.2.1: Results of Audit conducted during 2022-23**

(₹ in crore)			
Sl. No.	Category	No. of Cases	Amount
1.	Short collection of taxes	8	8.26
2.	Loss of revenue	16	20.87
3.	Other irregularities	15	4.47
<b>Total</b>		<b>39</b>	<b>33.60</b>

During the year 2022-23, the Department accepted short collection of revenue and other deficiencies to the tune of ₹ 0.03 crore in three cases. Recovery amounting to ₹ 0.82 crore was made at the instance of audit in respect of seven cases. The recovered amount pertains to cases held under objection from years preceding 2022-23.

An illustrative case having financial impact of ₹ 14.58 crore, resulting from the underpayment of excise duty by bonded warehouses, attributed to the failure of the Department to apply the excise duty rates as stipulated by the Government of Meghalaya, is elaborated upon in the subsequent paragraph.

### 3.3 Short/non-levy of Excise Duty from bonded warehouses.

#### Short levy of Excise Duty by the Department to the tune of ₹ 14.58 crore

As per Rule 25 of the Assam Bonded Warehouse Rules, 1965 (as adapted by Meghalaya), spirits may be removed from bonded warehouse as follows:

1. Under bond - (a) for transport to another distillery or warehouse (b) for export to other States
2. On payment of duty- (a) for local consumption or use and (b) in case of foreign liquor for export to other States
3. Without payment of duty and without bond - if issued to the public servant empowered to purchase or remove them on public service
4. Without payment of duty and without bond in respect of rectified spirit and absolute alcohol- issued to Government hospitals, dispensaries, private hospitals, medical institutions, etc.

Rule 114 of the Assam Excise Rules, 1945 (as adapted by Meghalaya) provides that, the receipt and removal of spirits from bonded warehouse shall be only on the basis of transit passes issued from the officer-in-charge of the distillery or of bonded warehouse from where they have been transferred or by a special pass by an authorised officer.

Further, Rule 267 provides that the excise duty should be paid by the distiller or warehouse before removal of spirits from their premises unless a bond has been executed for such payment.

The rates of excise duty are fixed by the Excise Registration Taxation Stamps Department, Government of Meghalaya from time to time. The minimum rates applicable during the period (2018-19 to 2020-21) covered by Audit are given in **Table 3.3.1.**

**Table 3.3.1: Statement on minimum applicable excise duty rates as notified by GoM.**

IMFL Brands	(Amount in ₹)		
	ERTS(E)24/2008/99 dt. 15.03.2017	ERTS(E)24/2008/144 dt 29.12.2017	ERTS(E)24/2008/211 dt 01.11.2019
Regular Brands	524.00	-	500.00
General Brands	663.00	-	600.00
Deluxe Prestige Brand	750.00	725.00	810.00
Deluxe Premium Brand	1,100.00	950.00	910.00
Semi Premium Brand	1,350.00	1,150.00	-
Premium Brand	1,550.00	1,350.00	-
Super Premium Brand	1,650.00	1,550.00	-
BIO Brands	2,000.00	-	-
BIO (Liquor/Wine)	-	1,000.00	-
BIO (Beer)	-	500.00	-

Audit of the records pertaining to the Superintendent of Excise (SE), Tura during the period April 2018 to March 2019, revealed that the Department failed to levy excise duty in accordance with the prescribed rates, thereby leading to a substantial shortfall in Excise Duty collection amounting to ₹ 14.58 crore as summarised in **Table 3.3.2**.

**Table 3.3.2: Summary showing short-levy of Excise Duty.**

(Amount in ₹)

Sl. No.	Name of the Bonded Warehouse	Total No. of cases sold	Excise duty payable as per rates notified by GoM	Excise Duty paid	Short payment of Excise duty	Related Appendices
1.	M/s Hill View Bonded Warehouse, Araimile, West Garo Hills	1,66,726	12,78,46,521	5,53,34,757	7,25,11,764	Appendix 3.1
2.	M/s Gloria Bonded Warehouse, Tura, West Garo Hills	3,88,385	24,69,49,808	17,75,21,363	6,94,28,445	Appendix 3.2
3.	M/s Tura Bonded Warehouse, Tura, West Garo Hills	88,889	4,41,72,114	4,03,06,878	38,65,236	Appendix 3.3
<b>Total</b>			<b>41,89,68,443</b>	<b>27,31,62,998</b>	<b>14,58,05,445</b>	-

From the table, it could be seen that out of the total excise duty liability amounting to ₹ 41.90 crore, the sum levied from the above-mentioned Bonded Warehouses was ₹ 27.32 crore, hence, there was a shortfall of ₹ 14.58 crore (35 per cent).

These discrepancies were reported to the Superintendents of Excise, Tura in June 2020, and subsequently to the Government in September 2023.

In December 2023, the Commissioner of Excise, Meghalaya issued correspondence seeking replies from the defaulting warehouses. Additionally, the Superintendent of Excise, Tura issued orders for payment of the deficient amount to the aforementioned Bonded Warehouses and to the officers-in-charge in January 2024. The details of recovery are yet to be intimated to Audit (April 2024).

**Recommendation:** To address failure in excise duty collection and prevent revenue losses, it is recommended to conduct thorough investigations into the lapses, and enforce strict compliance with government notifications in application of excise duty rates.



**CHAPTER IV**  
**STAMPS & REGISTRATION**  
**DEPARTMENT**



# CHAPTER – IV

## STAMPS & REGISTRATION DEPARTMENT

### 4.1 Administration

The Stamps & Registration Department is responsible for collection of revenue under the Indian Stamps Act, 1899 and the Indian Stamps (Meghalaya Amendment) Act, 1993.

The Additional Chief Secretary to the Government of Meghalaya, Excise, Registration, Taxation & Stamps (ERTS) Department is in overall charge of the Stamps & Registration Department at the Government level. The Inspector General of Stamps is the administrative head of the Department. There are District Registrars/ Sub-registrars at the district level for levy and collection of stamp duty and registration fee.

### 4.2 Results of Audit

Test-check of records of two units during 2022-23 revealed short collection of revenue, loss of revenue, and other irregularities in eight cases involving an amount of ₹ 0.86 crore, which fall under the following categories:

Table 4.2.1: Results of Audit conducted during 2022-23

(₹ in crore)

Sl. No.	Category	No. of Cases	Amount
1.	Short collection of taxes	4	0.25
2.	Non-levy of revenue	1	0.37
3.	Other irregularities	3	0.24
	<b>Total</b>	<b>8</b>	<b>0.86</b>

The Department is yet to convey its acceptance of the aforementioned cases and initiate action for the recovery of the amounts kept under audit objection.

An illustrative case with financial impact of ₹ 0.34 crore has arisen due to the Department's failure to register two mining leases and the incorrect application of provisions as per the Indian Stamp Act in an additional two cases is elaborated upon in the following paragraph.

### 4.3 Irregularities in registration of Mining Leases

*Irregularities in registration of mining leases by the District Registrar, Tura resulted in evasion of stamp duty and registration fee to the tune of ₹ 0.34 crore.*

**[The District Registrar, Stamps & Registration, Tura; August 2022]**

Under Rule 5 of the Meghalaya Minor Minerals Concession Rules (MMMCR), 2016, the Principal Chief Conservator & Head of Forest Force or the Competent Officer shall grant mining lease and quarry permit in respect of minor minerals for uses other than

industries. Rule 21 of the MMMCR 2016 further stipulates that where a mining lease is granted or renewed, a lease deed in Form E shall be executed within three months of the order of grant of the lease and if the lease is not executed within the aforesaid period, the order granting the lease shall be deemed to have been revoked.

Section 26 of the Indian Stamp Act, 1899, provides that in case of lease of a mine in which royalty is received as rent, such royalty shall be considered for computing stamp duty. Clause 35 of the Indian Stamp (Meghalaya Amendment) Act, 1993 lays down calculation of stamp duty on lease depending on the term of the lease.

Further, Section 17 of the Indian Registration Act, 1908 provides for compulsory registration of leases of any immovable property for any term exceeding one year, or receiving a yearly rent. The Stamps & Registration Department, Government of Meghalaya fixed (June 2011) the fees for registration of documents at ₹ 26 for the value up to ₹ 1000 and ₹ 15 per thousand for every additional value of ₹ 1000<sup>42</sup>.

Scrutiny of records of the District Registrar, Stamps & Registration Department, West Garo Hills, Tura, conducted in August 2022, it was seen that the Forest & Environment Department, GoM, through the Divisional Forest Officer (DFO), Tura, granted 19 mining leases. The DFO, Tura communicated to the District Registrar, Tura on 09 October 2020, indicating that the registration for these mining leases was overdue as of 30 September 2020. The DFO extended the registration deadline to 31 October 2020, stipulating that failure to register by this date would result in the suspension of the mining leases. In light of these findings, the Audit noticed the following.

#### **4.3.1 Evasion of stamp duty and registration fee to the tune of ₹ 32.90 lakh**

The District Registrar, Tura failed to register two<sup>43</sup> mining leases till date of audit (August 2022) which led to evasion of stamp duty and registration fee amounting to ₹ 32.90 lakh as detailed in **Table 4.3.1**.

**Table 4.3.1: Results of Audit conducted during 2022-23**

(Amount in ₹)						
Sl. No.	Name of mining lease holder	Date of granting of mining lease	Period of lease	Anticipated average annual royalty	Stamp Duty payable	Registration fee payable
1	Shri Diwan B. Marak	27.08.2019	10 years	30,88,320	3,05,744 <sup>44</sup>	46,336 <sup>45</sup>
2	Shri Manoranjan Sangma	25.09.2019	20 years	1,37,90,893	27,30,597 <sup>46</sup>	2,06,874 <sup>47</sup>
<b>Total</b>					<b>30,36,341</b>	<b>2,53,210</b>

The case was reported to the District Registrar, Tura in November 2022 and intimated to the Government of Meghalaya in July 2023.

<sup>42</sup> Upto ₹1,000 registration fee is ₹26; above ₹1,000, registration fee is ₹15 per thousand, for every additional ₹1,000 plus ₹26

<sup>43</sup> (i) Shri Diwan B. Marak and, (ii) Shri Manoranjan Sangma

<sup>44</sup> Stamp Duty = ₹30,88,320 x (99/1,000) x 1 = ₹3,05,744

<sup>45</sup> Registration Fee = {(₹30,88,320 – ₹1,000) x (15/1,000)} + ₹26 = ₹46,336

<sup>46</sup> Stamp Duty = ₹1,37,90,893 x (99/1,000) x 2 = ₹27,30,597

<sup>47</sup> Registration Fee = {(₹1,37,90,893 – ₹1,000) x (15/1,000)} + ₹26 = ₹2,06,874

In reply, the District Registrar forwarded (October 2023) a copy of the replies received from DFO, Tura (September 2023) where it was stated that no notice was received from the District Registrar, Tura about the registration status of Shri Diwan B. Marak's mining lease. After Shri Diwan B. Marak's passing (28 January 2020), his son, Shri Kember B. Marak, applied to transfer the Mining Lease to his name, but this transfer remained incomplete due to an incomplete application form. As a result, the Mining Lease is currently in de facto suspension. In respect of Shri Manoranjan Sangma, the lease was transferred to Smti Jenmi Marak on 16 November 2022 post his death on 31 October 2020. Despite this, the mining lease has not been registered; hence, a show-cause notice was issued to Smti Jenmi Marak by DFO Tura on 25 September 2023.

From the reply it is understood that the District Registrar, Tura had failed to take any *suo moto* action on the DFO's intimation letter dated 09 October 2020. It was only when the lapse was pointed out in Audit that the District Registrar replied to DFO, Tura (July 2023) that the two mining leases had not been registered till date and requested immediate suspension of the mining leases.

Additionally, replies received from Forests and Environment Department in February 2024 and Excise, Registration, Taxation & Stamps Department in April 2024, confirmed the facts as stated by DFO, Tura in the reply (September 2020).

The reply from Forests & Environment Department also stated that due to non-finalisation of the transfer of the mining lease to Shri. Kember B. Marak and non-registration of mining lease by Smti. Jenmi Marak despite successful transfer of mining lease, in both cases, no mining activities have been conducted, and no lifting orders or transport challans have been issued.

Reply of the Department is not tenable. From the records of the two leaseholders such as monthly reports, royalty disbursements and transport challans issued in the name of Shri Diwan B. Marak and Shri Manoranjan Sangma (**Appendix 4.1**), it was evident that the leaseholders were operating the mines without lease registration and payment of stamp duty in contravention of Rule 21 of MMMCR, 2016 and Section 17 of the Indian Registration Act, 1908. Audit also observed that following the demise of the primary lease holders, Form H booklets (transport challans) were issued to both of them. Further, monthly returns were furnished in the name of Shri Manoranjan Sangma and royalty disbursements were made in the name of Shri Diwan B. Marak, in spite of the leases remaining unregistered.

#### **4.3.2 Short levy of stamp duty and registration fees to the tune of ₹ 1.34 lakh**

Short levy of stamp duty and registration fees has been observed (July 2022) in the case of two mining lease holders, *viz.*, (i) Shri Prisbar K. Sangma, and (ii) Shri Nansing Ch. Marak. After the demise of Shri Nansing Ch. Marak, the mining lease has been transferred to Smti Simchi Marak, wife of Shri Nansing Ch. Marak *vide* DFO letter No. B/16/VII/744 dated 14 March 2022 on the same terms and conditions of the original lease agreement.

On the above-mentioned cases, the District Registrar failed to correctly compute the stamp duty and registration fees applicable according to the projected average annual royalty determined by the Divisional Forest Officer (Territorial), Tura. Against the applicable stamp duty of ₹ 5.03 lakh and registration fees of ₹ 1.24 lakh leviable on the two mining leases, stamp duty of only ₹ 3.72 lakh and registration fees of only ₹ 1.20 lakh was imposed. This resulted in short levy of stamp duty and registration fee amounting to ₹ 1.34 lakh (**Appendix 4.2**). The case was intimated to the Government of Meghalaya in July 2023.

The Excise, Registration, Taxation & Stamps Department has provided a response in April 2024, confirming the registration of mining leases for Shri Prisbar K. Sangma in April 2022 and Shri Nansing Ch. Marak in March 2022. However, the response did not address the issue of short-levy of stamp duty and registration fees from these lessees.

Hence, failure of the District Registrar, Tura to register two mining leases and incorrect application of the Indian Stamp Act provisions in respect of two other mining leases resulted in evasion of Stamp Duty and Registration Fee amounting to ₹ 34.24 lakh (₹ 31.67 lakh in stamp duty and ₹ 2.57 lakh in registration fees). Further, failure of the DFO, Tura to ensure registration of the mining leases as per statutory requirement and to discontinue mining leases, resulted in mining activities being allowed on unregistered lease deeds.

Risk of similar loss of stamp duty and registration fees due to non-registration of mining leases being operated under the jurisdiction of other District Registrars and Divisional Forest Officers cannot be ruled out.

***Recommendation:*** *Stamp and Registration Department and Forests & Environment Department should obtain complete information on mining leases from all the Divisional Forest Officers in the State and enforce registration of all non-registered lease deeds to minimise loss of revenue.*

**CHAPTER V**  
**FORESTS & ENVIRONMENT**  
**DEPARTMENT**



# CHAPTER – V

## FORESTS & ENVIRONMENT DEPARTMENT

### 5.1 Administration

Meghalaya ranks third among the states in terms of percentage of forest cover<sup>48</sup> in the country. The forest and tree cover of the State is 17,046 sq.km (76 *per cent* of the total geographical area of the State) contributing 2.39 *per cent* of India's total forest and tree cover. Unlike the rest of the country where forests are mostly owned by the State and managed by the State Forests Department, in Meghalaya, substantial forest area is under the un-classed category and are owned by private individuals, clans, village councils, district councils and other traditional community institutions. Only 1,113 sq km<sup>49</sup> of forests, in Reserved Forests, Protected Forests, National Parks and Sanctuaries are under the direct control of the State Forest Department. Community and private forests are under the administrative control of the three Autonomies District Councils *viz.*, Khasi Hills, Jaintia Hills and Garo Hills. The collection of forest revenue is governed by the provisions of the Assam Forest Regulation, 1891 (as adapted by Government of Meghalaya).

The Commissioner & Secretary to Government of Meghalaya, Forests & Environment (F&E) Department is in overall charge of the Department at the Government level. The Principal Chief Conservator of Forests (PCCF) is the administrative head of the Department who is assisted by Chief Conservators of Forests and Conservator of Forests. At the district level, Divisional Forest Officers (DFOs) are entrusted with management of forests and wildlife through various divisions such as territorial, wildlife, social forestry, *etc.*, including levy and collection of forest dues, wherever applicable.

### 5.2 Results of Audit

Test-check of records of two units during 2022-23 revealed short-collection/loss of revenue, and other irregularities in 11 cases involving an amount of ₹ 82.79 crore, which fall under the following categories:

**Table 5.1: Results of Audit conducted during 2022-23**

(₹ in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Short collection of revenue	2	39.56
2.	Loss of revenue	1	10.89
3.	Other irregularities	8	32.34
<b>Total</b>		<b>11</b>	<b>82.79</b>

The Department is yet to convey its acceptance of the aforementioned cases and initiate action for the recovery of the amounts kept under audit objection.

<sup>48</sup> India State Forest Report 2021.

<sup>49</sup> Source: Forest Survey of India, State Forest Report 2021.

An illustrative case with financial impact of ₹ 1.18 crore has arisen due to the Department's failure to collect cess from three lessees is elaborated upon in the following paragraph.

### **5.3 Non-collection of Cess**

***Lack of coordination between the Forest Department and the Mining and Geology Department resulted in non-collection of Cess amounting to ₹ 1.18 crore.***

***(The Divisional Forest Officer, Social Forestry & Territorial Division, Nongstoin; August 2022)***

Section 3 of the Meghalaya Minerals Cess (MMC) Act, 1988 specifies the imposition of cess on coal, sillimanite, limestone and fire-clay from any person who removes the minerals from any dumping ground in the State.

As per the existing arrangements<sup>50</sup>, the collection of mineral cess is done by the District Mining Officer. To ensure that cess has been deposited by the lessees, the Forest Department issues Form K<sup>51</sup> to the lessees requiring the latter to provide details of the cess paid. No transport challan is to be issued to the lessee until the necessary cess payments had been completed, and District Forest Officer has received completed Form K.

Audit test-checked (May-June 2023) the records of the Divisional Forest Officer (DFO), Social Forestry & Territorial Division, Nongstoin for the period from April 2018 to March 2023 and observed that 16 mining leases were granted upto March 2023. Out of these 16 mining leases, it was observed that Cess amounting to ₹ 1.18 crore was not collected from three lessees for certain periods as given in **Table 5.2**.

**Table 5.2: Summary of Cess payable**

(Amount in ₹)				
Sl. No.	Name of the lessees	Period	Quantity of limestone transported (in MT)	Amount of Cess payable (@60/MT)
1.	Nikton Mines & Minerals	May to December 2019	57,600	34,56,000
2.	Khrikshon Lyngkhoi	January to March 2019	85,500	51,30,000
3.	Edina R. M. Lyngdoh	February to December 2019	53,100	31,86,000
<b>Total:</b>			<b>1,96,200</b>	<b>1,17,72,000</b>

Given that the DFO possessed the information on transportation of limestone, the DFO should have instructed the lessees to deposit the cess due before the issuance of transport challans (Form H) against each lessee as mentioned in **Table 5.2**. However, the DFO neither directed the lessees to deposit the cess nor informed the Mining Department to raise the demand for payment of cess against the lessees. The matter was communicated to the Department on August 2023, and subsequently to the Government on October 2023.

<sup>50</sup> Decision taken on 05 November 2028.

<sup>51</sup> Form for submission of Monthly returns.

To confirm whether cess was paid by the lessees, the matter was taken up by Audit with the DMR in October 2023. Subsequently, in November 2023, the DMR responded that records for payment of cess by the lessees from 04 January 2019 to 19 December 2019 were not available with DMR. Information of the same is being sought for from the lease holders after which demand notices will be issued. As of March 2024, the status of payment of cess by the three lessees is yet to be intimated.

Thus, due the lack of co-ordination between the DFO, Social Forestry & Territorial Division, Nongstoin and the DMR, revenue in the form of cess amounting to ₹ 1.18 crore was not realised and remains recoverable.

Comments of the Government is invited (April 2024).

**Recommendation:** Steps should be taken to establish effective communication channels and collaboration mechanisms between the two departments. Implementing a streamlined process for sharing information and coordinating activities will facilitate timely collection of Cess, ensuring revenue is properly accounted for and minimising potential losses to the State Government.



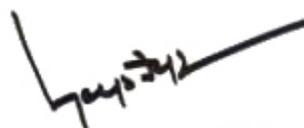
(JOHN K. SELLATE)

Principal Accountant General (Audit), Meghalaya

Shillong

The 05 November 2024

*Countersigned*



(GIRISH CHANDRA MURMU)

Comptroller & Auditor General of India

New Delhi

The 12 November 2024



## APPENDICES



## Appendix 1.1

### Statement showing percentage of returns filed in GSTR-1 and GSTR-3B

(Reference: Paragraph 1.2.2.1)

Month	Data GSTR-1		GSTR-1 (Return filing per cent)	Data GSTR-3B		GSTR-3B (Return filing per cent)
	Due for filing	Returns filed		Due for filing	Returns filed	
April 2022	16,008	10,784	67.37	16,008	12,497	78.07
May 2022	16,365	11,107	67.87	16,365	12,891	78.77
June 2022	27,510	20,205	73.45	27,510	23,209	84.37
July 2022	16,566	11,004	66.43	16,566	12,852	77.58
August 2022	16,728	10,790	64.50	16,728	12,833	76.72
September 2022	28,240	18,978	67.20	28,240	21,414	75.83
October 2022	16,538	11,564	69.92	16,538	12,217	73.87
November 2022	16,671	11,661	69.95	16,671	11,429	68.56
December 2022	28,889	22,592	78.20	28,406	21,673	76.30
January 2023	16,717	11,302	67.61	16,717	11,052	66.11
February 2023	13,719	11,733	85.52	13,719	11,525	84.01
March 2023	25,779	21,864	84.81	25,779	21,331	82.75

**Appendix 2.1**  
**Details of sample for Centralized audit, detailed audit and audit of Circles**  
*(Reference: Paragraph 2.4.4)*

➤ **Audit Sample**

Sl. No.	Audit Dimensions	Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Amount (₹)
1	ITC mismatch between GSTR-2A and GSTR-3B	1	17CHYPS7010P1ZB	Ujjwal Surana	Circle-V	12,75,030
		2	17ACBPB4738K1ZO	Manoj Kumar Beriwal	Tura Circle I	15,69,435
		3	17AAACE0061C2ZD	Engineering Projects India Ltd	Circle-VI	11,27,007
		4	17AAACH9524R2ZX	Hindustan Steelworks Construction Limited	Circle-VII	13,73,688
		5	17AALCS9792H1ZJ	Source Dot Com Private Limited	Circle-VII	43,17,113
		6	17AAACA6412D1Z9	Airports Authority Of India	Ri Bhoi Circle	19,45,395
		7	17AEKPK3928D1ZJ	Pratap Singh Kucheria	Tura Circle II	66,68,296
		8	17AADCP7390Q1ZL	Pioneer Cast Alloys Private Limited	Ri Bhoi Circle	13,20,811
		9	17AABCN16031ZP	Neecon Power & Infra Limited	Circle-VIII	19,06,398
		10	17ABWPA7348A1ZN	Radhe Shyam Agarwala	Circle-II	11,72,631
		11	17BJKPS4177A1Z2	Dinesh Sah	Circle-V	16,39,150
		12	17AAAACB2100P1ZY	Vodafone Idea Limited	Circle-I	12,87,512
		13	17AAIFD2658K1Z5	Dhar Construction Company	Circle-VI	18,30,699
		14	17AABCD9269N1ZZ	Dyna Roof Private Limited	Ri Bhoi Circle	20,20,289
		15	17AAGCS4032F2ZK	Shree Gautam Construction Co Limited	Tura Circle II	14,35,719
		16	17AABCR7176C1ZE	Railtel Corporation Of India Limited	Circle-VI	10,86,712
		17	17AAAXFM4693E1ZN	Megha Stone Industries	Tura Circle I	18,24,907
		18	17AAICA7614B1ZZ	Airplaza Retail Holdings Private Limited	Circle-VIII	14,25,012
		19	17AFCPA5897G1ZD	Streemant Agarwala	Circle-V	18,18,622
		20	17AACCC9009Q1Z7	C S Construction Company Private Limited	Circle-VI	14,02,113
		21	17AALFB36741Z23	Builders Agency	Jowai Circle	37,68,349
		22	17AABF19622B1ZO	Ideal Diesel	Circle-VI	17,61,777
		23	17AADCC8088Q1ZT	Chennai Network Infrastructure Limited	Circle-V	19,19,753
		24	17AAAAG5588Q1ZX	Gujarat Co-Operative Milk Marketing Federation Ltd	Circle-VIII	20,15,254
		25	17CMMPS7187Q1ZO	Abdul Halim Sheikh	Tura Circle I	14,77,237
		26	17ACEPL3253E1ZW	Anita Lalong	Circle-V	1,56,479
		27	17ABTPB9700C1ZT	Classic Computers	Circle-II	2,30,876
		28	17ACZPL4045P1ZO	Tek Care	Circle-VI	4,16,900
		29	17AGYPC1498E1Z2	Ganesh Agency	Circle-III	1,50,000
		30	17APTPD6089E1ZI	Mamta Veneer Products	Circle-IV	1,37,066
		31	17AAAXPW3390C1Z4	P K Warbah Store	Circle- VIII	60,108
		32	17ABSPH8645M1ZT	Pulling Shan Hek	Circle- VIII	62,522
2	ITC availed under RCM in GSTR 3B/GSTR-9 vs payment of tax in GSTR 3B					

Sl. No.	Audit Dimensions	Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Amount (₹)
		33	17AAOPY1133E1ZM	R S Enterprises	Circle-II	14,76,654
		34	17AJKPK5064HI Z1	B S Khongthohrem	Circle-IV	85,028
		35	17BCQPK8895L IZF	Medicure Pharmacy	Circle-VI	63,763
		36	17ACRPJ7678L IZL	Victor And Company	Circle-II	88,874
		37	17ACNPL2969G IZ6	P L Enterprise	Circle III	1,87,344
		38	17AAASP8802A IZ0	R Poddar & Co.	Circle-V	5,58,471
		39	17BNSPK6233R IZ2	K B Sales	Circle-III	2,60,116
		40	17AANCS4360F IZ7	Shillong Lajong Football Club Private Limited	Circle-II	95,792
		41	17AFQPH1434N IZ4	S H Auto	Circle- VIII	50,169
		42	17ABAPL5520F Z2I	Santina Sohshang Saw Cum Veneer Mill	Circle- VIII	36,79,410
		43	17AINPK0371K IZ1	G K & Co.	Circle-III	45,444
		44	17EHRPS7468Q ZZR	K D General Store	Circle- VIII	15,11,322
		45	17AADCM9849B IZB	Meghalaya Bitchem Pvt Ltd	Ri Bhoi Circle	1,01,641
		46	17AADFL2582K Z2Z	LMPL Enterprise	Ri Bhoi Circle	45,921
		47	17DKZPS7313J IZ8	Highway Star Refilling Center	Jowai Circle	61,965
		48	17AKUPM0315L IZU	Kajol Store	Circle-I	9,82,524
		49	17AJLPM0475H IZ1	L N Enterprises	Circle- VII	52,006
		50	17AFCPC6164Q IZ4	Shubha Medico	Circle- VII	1,83,782
		51	17ACEPL3254D IZX	Highway Inn	Circle-VIII	43,040
		52	17BNOPD0003J IZD	Quince D. Hardwa Re	Circle-VIII	37,328
		53	17BDIPG7962B IZK	Lits N Lights	Circle-I	38,705
		54	17DCBPS5768H IZ3	Nongsing Service Station	Jowai Circle	32,977
		55	17AAUPW7960K IZ1	Jazaa	Circle-III	38,214
		56	17AHRPR0605E3ZB	J. K. Service Station	Khliehriat Circle	40,543
		57	17AFBPL0476R IZZ	North Eastern Enterprise	Circle-II	36,751
		58	17DUDPS9061K IZZ	Dura Enterprises	Ri Bhoi Circle	36,000
		59	17ADVPP9228K IZL	Gauranga Paul & Sons	Circle-I	44,455
		60	17AJCPS3157K IZW	Hamid Exports International	Tura Circle I	18,90,000
		61	17ABRPL6123H IZG	Moris Lyngdoh	Ri Bhoi Circle	6,19,402
		62	17BCMPK8503K IZ8	J. Ks Cable Network	Circle-VI	1,48,461
		63	17AABCD9269N IZZ	Dyna Roof Pvt Ltd	Ri Bhoi	1,10,190
		64	17ABWJP6878N IZE	Bhagwandass Textiles	Circle-II	2,19,940
		65	17ATJPN1357R IZY	Ljn Cable Network	Circle-VI	1,37,596
		66	17AADCM9849B IZB	Meghalaya Bitchem Pvt Ltd	Ri Bhoi Circle	99,735
		67	17AAECR8361A IZ1	Rashi Resources Pvt.Ltd	Ri Bhoi Circle	84,520
		68	17AUBPS7929M3ZT	Quincy Dora Shallam	Circle Circle-III	68,819
		69	17ASYP53575N IZG	Amar Cable Network	Circle-V	64,964
3	Short payment of tax under RCM vs ITC availed in GSTR 3B/ GSTR 9					
4	Incorrect availment of ISD credit					

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Sl. No.	Audit Dimensions	Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Amount (₹)
5	Reconciliation between ITC availed in annual returns with expenses in financial statements	70	17AAACR9627B1ZH	Ramky Infrastructure Ltd	Ri Bhoi Circle	12,84,09,881
		71	17ABBFS7433HI Z3	Shillong Ispat And Rolling Mills	Ri Bhoi Circle	10,45,87,504
		72	17AEZPA6570Q IZJ	Banti Aggarwal	Circle-V	9,71,52,134
		73	17AAIFD2658K1Z5	Dhar Construction Co	Circle-VI	4,53,57,278
		74	17AFDPJ9530L1Z6	GD Hardware	Circle-V	3,75,71,375
		75	17AFCPA5897G1ZD	Sreemant Agarawala	Circle-V	3,02,63,623
		76	17AAACS8577K1ZQ	State Bank Of India	Circle-VII	2,79,62,283
		77	17BENPS5717N2ZM	Amit And Sons	Circle-IV	2,55,05,254
		78	17AAYFS2882E1ZL	SM Enterprises	Circle-V	1,92,21,315
		79	17ACOPG0308H1ZV	Balaji Hardware	Circle-VI	1,87,80,414
		80	17AAAAAM8227G1ZM	The Meghalaya Co-Op Apex Bank Ltd	Circle-VII	75,51,284
		81	17AABCM7758B1ZH	Maithan Alloys Limited	Ri Bhoi Circle	50,93,320
		82	17ABAPL5520F2Z1	Santina Sohshang Saw Cum Veneer Mill	Circle-VIII	36,79,410
		83	17AADCP7390Q1ZL	Pioneer Cast Alloys Private Limited	Ri Bhoi Circle	24,10,495
		84	17AAACR2658E1Z1	Reliance Telecom Ltd	Circle-VII	23,24,615
		6	Mismatch of ITC availed between annual returns and books of accounts	85	17ADBFS4502M1Z0	Sriram Fasteners
86	17AAACN6194P1ZQ			Air India Limited	Ri Bhoi Circle	17,07,509
87	17AACFR1007L1ZE			Rajasthan Food Grain Store	Circle-I	10,25,926
88	17ABQFS4597K1Z6			Sriram Wire Products	Ri Bhoi Circle	7,98,845
89	17AAACU7999M1ZC			Umadutt Industries Limited	Ri Bhoi Circle	7,63,567
90	17AADCK0309A1ZA			Kamakshi Ispat Pvt Ltd	Circle-I	22,61,039
91	17AAACB2100P1ZY			Vodafone Idea Limited	Circle-I	18,79,982
92	17AACFB3337K1ZJ			Badri Rai & Company	Circle-I	90,63,315
93	17ABYPJ1862E2ZC			Hanumanbux Umadutt	Circle-II	50,61,208
94	17AAACU5624P1ZW			United Bank Of India	Circle-II	18,37,300
95	17AAATD0315M1ZY			National Institute Of Electronic And Information	Circle-VI	1,91,28,818
96	17AFEPN7018J1ZA			Kargil Martyrs Service Station	Circle-VI	1,62,61,665
97	17AAACN9967E1Z4			National Insurance Company Ltd	Circle-VII	3,21,85,266
98	17AAACT0627R3ZY			The Oriental Insurance Co Ltd	Circle-VII	45,91,788
7	Mismatch in turnover declared in GSTR-9C Table 5R	99	17AAACD4950B1Z3	Asa International India Microfinance Ltd	Circle-VII	42,05,505
		100	17AABCB5576G1ZM	Bharat Sanchar Nigam Ltd	Circle-VII	6,96,52,240
		101	17AABAM4195Q1ZX	Meghalaya Rural Bank	Circle-VIII	1,40,86,41,790
		102	17AAOCS3427L1ZV	Shillong Expressway Pvt Ltd	Circle-VIII	29,20,57,792
		103	17AAACS4457Q1ZR	Vodafone Mobile Services Ltd	Circle-VIII	83,00,993
		104	17AAACS8842H1Z3	Bitechem Asphalt Technologies Ltd	Ri Bhoi Circle	23,36,40,464
		105	17AALFR5078E1ZX	Ri-Bhoi Ispat And Rolling Mills	Ri Bhoi Circle	6,54,20,148
		106	17AAACU7999M1ZC	Umadutt Industries Ltd	Ri Bhoi Circle	3,23,33,456

Sl. No.	Audit Dimensions	Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Amount (₹)
		107	17ABQFS4597K1Z6	Sriram Wire Products	Ri Bhoi Circle	3,08,67,874
		108	17AAACF8846L1Z5	FW Ferro Techpvt Ltd	Ri Bhoi Circle	1,89,81,526
		109	17ABCFS2314Q1ZX	S S K Infrastructures	Ri Bhoi Circle	1,45,03,501
		110	17ADBFS4502M1Z0	Sriram Fasteners	Ri Bhoi Circle	63,83,417
		111	17AADCM9849B1ZB	Meghalaya Bitchem Pvt Ltd	Ri Bhoi Circle	41,45,807
		112	17AADFB1498G1ZH	B.S. Enterprise	Nongstoin Circle	37,45,602
		113	17AGNPD7445F1ZB	Raj International	Nongstoin Circle	30,69,180
		114	17ADVPK2424J1Z8	Anupam Store	Tura Circle II	60,21,506
		115	17AKXPC3764E1ZX	Rajan Chetri	Nongstoin Circle	2,80,99,786
		116	17ADRPT3415A1ZL	Jabar Tamang	Nongstoin Circle	2,19,52,982
		117	17AMOPG6890Q1Z0	Bina Gayang	Jowai Circle	16,19,985
		118	17AFQPB5075D1ZI	Ria Drug Distributor	Circle-II	12,58,044
		119	17ABBFS7433H1Z3	Shillong Ispat And Rolling Mills	Ri Bhoi Circle	6,51,487
		120	17AAACO7829A1ZM	Om Books Foundation	Circle-VII	5,14,521
		121	17ACGFS7329L1ZK	Sumitra Enterprise	Circle-I	3,81,480
		122	17AMIPP1048F2Z3	Paul & Sons	Circle-I	3,17,663
		123	17AABCT0020H1ZX	Federal Bank	Circle-II	1,91,512
		124	17ACJPL8513A1ZU	T Lyngdoh	Circle-III	2,68,650
		125	17ACMPG2369Q1ZX	Modern Tech	Circle-IV	4,84,368
		126	17AFDPI9530L1Z6	G D Hardware	Circle-V	1,86,785
		127	17AAFEG6357C1Z0	Grover Carbonic Pvt Ltd	Circle-VII	1,87,000
		128	17AAACH0086N1ZF	HSCC (India) Limited	Circle- VIII	13,90,104
		129	17AACFR1007L1ZE	Rajasthan Food Grain Store	Circle I	20,95,149
		130	17AAACU5624P1ZW	United Bank Of India	Circle II	3,30,714
		131	17AAACF0365N1ZJ	Food Corporation Of India	Circle III	5,41,918
		132	17BENPS5717N2ZM	Amit And Sons	Circle IV	8,45,992
		133	17AAAKHS6632J1Z0	Shankar Lal Aggrawal & Sons	Circle V	13,82,604
		134	17AADCC8088Q1ZT	Chennai Network Infrastructure Ltd	Circle V	4,04,002
		135	17ALNPM9745L1Z7	Taste	Circle VI	12,41,304
		136	17CHEPS3825G1Z7	Shiv Shakti Enterprise	Circle VI	2,77,980
		137	17AFQPK8820D1ZA	Mahinder Electricals	Circle VI	2,18,314
		138	17ADJPR0623C1ZV	Arbind Enterprise	Circle VII	6,93,890
		139	17AAAACN9967E1Z4	National Insurance Company Ltd	Circle VII	2,33,420
		140	17AAICA7614B1ZZ	Airplaza Retail Holdings Pvt Ltd In The Style Of Vishal Mega Mart	Circle VIII	42,66,000
		141	17AFPPB3592Q1ZQ	KCD Pharmaceuticals	Circle VIII	4,39,815
		142	17AAACB2894G1Z0	Bharti Airtel Ltd	Circle VIII	3,41,238
		143	17CXIPP8655H1ZT	Joy Potham	Circle VIII	2,01,645
8	Mismatch in taxable turnover declared in GSTR-9C Table 7G					
9	Mismatch in tax paid between books of accounts and returns					

*Audit Report on State Revenues for the year ended 31 March 2023*

Sl. No.	Audit Dimensions	Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Amount (₹)
10	Unsettled liabilities	144	17AABCN1603J3ZP	Necon Power And Infra Ltd	Circle VIII	1,93,248
		145	17AAACT1426A1Z0	ITD Cementation India Ltd	Jowai Circle	3,36,661
		146	17AKSP0186A1Z3	KP Agency	Khliehriat Circle	4,02,271
		147	17APTPM4821R1ZY	Shri Tariang Massar	Khliehriat Circle	2,20,907
		148	17AREPS4916L1ZB	Summer Set Enterprise	Ri Bhoi Circle	8,48,305
		149	17FLSPS5085M1ZW	WK Industries	Ri Bhoi Circle	1,55,846
		150	17AALPH7891P1ZQ	Girraj Trade Agency	Tura Circle I	6,50,308
		151	17AJCPS3157K1ZW	Hamid Exports International	Tura Circle I	1,66,099
		152	17AAGCS4032FZZK	Shree Gautam Construction Co Ltd	Tura Circle II	2,45,860
		153	17AAAACH1766P1Z6	Bharti Hexacom	Circle VIII	9,53,323.81
		154	17AACFB3337K1ZJ	Badri Rai & Co	Circle-I	66,34,674
		155	17AOPR3470D1ZQ	Mawkordor Hardware	Circle-II	40,31,859
		156	17AAHCM0902B1Z3	Marbaniang Projects	Circle-II	62,22,818
		157	17AAHCM8571G1Z4	Maithan JP Ventures Pvt Ltd	Circle-VI	66,04,763
		158	17AGOPA6640C1ZO	Meghalaya Road Cargo	Circle-VI	47,30,351
		159	17AAACR6117Q1ZZ	National Projects Construction Corporation Ltd	Circle-VI	96,55,975
		160	17AABAM4195Q1ZX	Meghalaya Rural Bank	Circle-VIII	97,01,501
161	17AAACS4457Q1ZR	Vodafone Mobile Services Ltd	Circle-VIII	40,02,174		
162	17AAICA7614B1ZZ	Vishal Mega Mart	Circle-VIII	42,73,471		
163	17ADEF5282M1ZI	Sparta Infra	Tura Circle II	1,10,76,554		
164	17AAHCM0902B1Z3	Marbaniang Project Pvt Ltd	Circle-II	62,22,818		
165	17AAHCM8571G1Z4	Manthan JP Ventures Pvt Ltd	Circle-VI	66,04,763		
166	17AHPPS5803H1ZY	Prahlad Roy Sharma	Circle-VII	58,577		
167	17AKEPN0888P1ZF	Bhatirot Austyn Nongrum	Circle-VIII	6,70,655		
168	17ANGPP2327L1ZR	Venu Shishupal Ranpal Pariat	Circle-VIII	7,07,689		
169	17AMWPM2673H1ZG	Inobel Mawlong	Ri Bhoi Circle	6,16,588		
170	17BEVPM3907C1ZC	Prelitha Cheran Momin	Williamnagar	19,88,336		
171	17AADCG2870Q1Z3	Goldstone Cements Limited	Khliehriat Circle	1,43,10,368		
172	17AAQFM8377G1ZL	Meda Infrastructurer	Circle-VIII	10,66,495		
173	17AAKCA5953B1ZR	Amrit Placement Services Private Limited	Circle-VI	5,61,603		
174	17AAACU7999M1ZC	Umadutt Industries Limited	Ri Bhoi Circle	5,83,581		
175	17AABCM1858J1ZB	Marathon India Limited	Ri Bhoi Circle	9,74,350		
176	17AAACP7462Q1ZP	Pioneer Carbide Private Limited	Ri Bhoi Circle	6,87,504		
177	17AAACC9009Q1Z7	C S Construction Company Private Limited	Circle-VI	5,27,003		
11	GSTR 3B was not filed but GSTR 1 or GSTR 2A available					
12	Short payment of interest					

➤ **Audit Sample for Detailed Audit and Circle Audit**

Detailed Audit			Circle Audit		
Sl. No.	GSTIN	Name of the taxpayer (M/s)	Jurisdictional zone of SCTD	Sl. No.	Jurisdictional zone of SCTD of Meghalaya
1	17AABC16363G1ZK	Reliance Jio Infocomm Ltd	Circle-VI	1	Circle-I
2	17ACEPD0378A1Z8	Jaiguru Stores	Tura Circle I		
3	17AAABCC5460A1Z6	II&Fs Transportation Network Ltd	Ri Bhoi Circle	2	Circle-V
4	17AAGCA9080R1ZW	Amrit Cement Limited	Circle-VII		
5	17AAATN2887J1Z5	Nazareth Hospital Society	Circle-VIII		
6	17AABCD7169H1ZH	Reliance Corporate IT Park Ltd	Circle-VI	3	Circle-VI
7	17AHPSS5603M1ZP	Ram Chandra Sharma	Circle-V		
8	17AIWPT6114G1ZR	Minerals And Mines Development Agency	Khliehriat Circle	4	Circle-VIII
9	17AAACCJ3827H1ZL	Jorabat Shillong Expressway Ltd	Ri Bhoi Circle		
10	17AAAACE0138N1ZP	Ericsson India Private Limited	Circle-II	5	Ri Bhoi Circle
11	17ALKPG9713H1ZX	P L Trade Agency	Circle-V		
12	17AIJPL1547N1ZU	Dasakhatbha Lamare	Circle-VI	5	Ri Bhoi Circle
13	17ADZPS7313N1ZI	R N Enterprises	Circle-I		
14	17AEXPD2834E1ZG	Surendra Kumar Dudhoria	Circle-I	5	Ri Bhoi Circle
15	17CTKPS6915D1ZD	MP Traders	Circle-I		
16	17AHIPA3577F1ZG	A Areng Electricals	Circle-VI	5	Ri Bhoi Circle
17	17APQPK109INI1ZB	Jagmohan Prasad Kushwaha	Circle-VIII		
18	17AAAACU4655Q1ZP	Unique Structures & Towers Ltd	Circle VI	5	Ri Bhoi Circle
19	17AAACT4432E1ZO	TCNS Clothing Co. Limited	Circle VII		
20	17AWLPM2254M2Z2	NRL Energy Station	Williamnagar Circle		

**Appendix 2.2**  
**ITC mismatch between GSTR-2A and GSTR-3B**  
**[Reference: Paragraph 2.4.6.2 (ii) (a)]**

Sl. No.	GSTIN	Name of the taxpayer (M/s)	Jurisdiction	ITC available as per GSTR-2A (₹)	ITC available as per GSTR-3B in respect of others including ITC availed in GSTR-9 - (Table-8C) (₹)	Excess availment of ITC (₹) (5-4)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
1	17CHYPS7010P1ZB	Ujjwal Surana	Circle-V	1,99,29,092	2,12,04,122	12,75,030	ST stated (June 2022) that the supplier wrongly marked the supplies as reverse charge, whereas supplies were under normal charge.	Audit verified taxpayer's claim which was found to be correct.	Data entry error
2	17ACBPP4738K1ZO	Manoj Kumar Bertwal	Tura Circle I	86,01,227	1,01,70,662	15,69,435	No reply furnished	ST is requested to furnish the reply at the earliest.	No reply
3	17AAAACE0061CZZD	Engineering Projects India Ltd	Circle-VI	14,65,417	25,92,424	11,27,007	ST stated (August 2022) that the notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued / DRC-01A/07
4	17AAAACH9524R2ZX	Hindustan Steelworks Construction Limited	Circle-VII	3,73,39,824	3,87,13,512	13,73,688	ST provided (December 2022) reply of the taxpayer. In its reply the taxpayer stated that the ITC has been claimed u/s 16(2) of MGST Act 2017 and it is in possession of all the requisite documents. However, the taxpayer did not provide any documentary proof in support of its reply.	The ST is requested to furnish the requisite documents in support of ITC claim.	Department reply not furnished with appropriate documentary evidence
5	17AALCS9792H1ZJ	Source Dot Com Private Limited	Circle-VII	1,19,88,015	1,63,05,128	43,17,113	The ST stated (July 2022) that ITC available as per GSTR 2A was ₹1.76 crore and ITC availed as per GSTR 3B is ₹1.65 crore. Thus, ITC available as per GSTR 2A is more than the ITC claimed in GSTR 3B and there was no loss of Government revenue.	On verification, the statement was found to be correct.	other valid explanation

Sl. No.	GSTIN	Name of the taxpayer (M/s)	Jurisdiction	ITC available as per GSTR-2A (₹)	ITC availed as per GSTR-3B in respect of others including ITC availed in GSTR-9 - (Table-8C) (₹)	Excess availment of ITC (₹) (5-4)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
6	17AAACA6412D1Z9	Airports Authority of India	Ri Bhoi Circle	38,48,935	57,94,330	19,45,395	The ST, Ri Bhoi Circle stated (October 2022) that ITC availed as per GSTR 3B-₹0.58 crore includes RCM ITC of ₹0.41 crore which does not reflect in GSTR 2A. Thus, the taxpayer claimed ITC of only ₹ 0.17 crore out of ITC available of ₹ 0.38 crore. The ST stated that there was no excess claim of ITC.	The reply of the ST is not acceptable because ITC availed by the taxpayer in GSTR 3B of ₹ 0.58 crore (R3B 4A(5)+R9 8C) is excluding RCM ITC. Hence, the ST is requested to take appropriate steps to recover the excess claimed ITC under intimation to Audit.	Department's reply not acceptable to Audit (Rebuttal)
7	17AEKPK3928D1ZJ	Pratap Singh Kucheria	Tura Circle II	9,15,69,602	9,82,37,898	66,68,296	No reply furnished	ST is requested to furnish the reply at the earliest.	No reply
8	17AADCP7390Q1ZL	Pioneer Cast Alloys Private Limited	Ri Bhoi Circle	1,87,57,672	2,00,78,483	13,20,811	ST stated (April 2022) that the Notice has been issued to the taxpayer and the reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued / DRC-01A/07
9	17AABCNI603J3ZP	Neccon Power & Infra Limited	Circle-VIII	2,83,72,434	3,02,78,832	19,06,398	ST stated (August 2022) that the excess ITC reflected because of delay/non-filing of returns by the suppliers. It further stated that during 2017-18, ITC was not claimed based on GSTR 2A.	ST is requested to furnish details of invoices not reflecting in GSTR 2A based on which ITC was claimed in excess.	Department reply not furnished with appropriate documentary evidence
10	17ABWPA7348A1ZN	Radhe Shyam Agarwala	Circle-II	50,14,486	61,87,117	11,72,631	ST stated (June 2022) that scrutiny has been completed for the dealer and notice has been served to the dealer.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued / DRC-01A/07
11	17BJKPS4177A1Z2	Dinesh Sah	Circle-V	13,75,133	30,14,283	16,39,150	ST replied (June 2022) that ITC of ₹18,19,915 was mistakenly claimed excess in November 2017 by the dealer but the same has been reversed in August 2018.	Audit verified the statement against the returns filed and was found to be correct.	Action taken before query

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Sl. No.	GSTIN	Name of the taxpayer (M/s)	Jurisdiction	ITC available as per GSTR-2A (₹)	ITC availed as per GSTR-3B in respect of others including ITC availed in GSTR-9 - (Table-8C) (₹)	Excess availment of ITC (₹) (5-4)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
12	17AAACB2100PIZY	VodafoneIdea Limited	Circle-I	6,14,35,965	6,27,23,477	12,87,512	ST replied (April 2022) that the records are under scrutiny.	ST is requested to furnish the reply at the earliest.	Department stated they are examining the AQ
13	17AAIFD2658K1Z5	Dhar Construction Company	Circle-VI	4,34,67,965	4,52,98,664	18,30,699	ST stated (August 2022) that the notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued / DRC-01A/07
14	17AABCD9269N1ZZ	Dyna Roof Private Limited	Ri Bhoi Circle	4,21,54,922	4,41,75,211	20,20,289	ST, Ri Bhoi Circle stated (October 2022) that ITC availed as per GSTR 3B is ₹ 3.97 crore and provided some calculation stating that the taxpayer claimed excess ITC amounting to 0.01 crore only out of which ₹ 37174 has been paid through DRC -03 in September 2019 thus leaving excess ITC of ₹ 67858 only.	The reply of the ST is not clear, hence not acceptable. As per GSTR returns, ITC availed by the taxpayer is ₹ 4.42 crore (R3B 4A(5)+ R9 8C). And ITC available as per GSTR2A is ₹ 4.22 crore. Hence, the ST is requested to take appropriate steps to recover the excess claimed ITC under intimation to Audit.	Department's reply not acceptable to Audit (Rebuttal)
15	17AAGCS4032FZZK	Shree Gautam Construction Co Limited	Tura Circle II	2,14,80,115	2,29,15,834	14,35,719	No reply furnished	ST is requested to furnish the reply at the earliest.	No reply
16	17AABCR7176C1ZE	Raitel Corporation Of India Limited	Circle-VI	13,31,512	24,18,224	10,86,712	ST stated (August 2022) that the excess ITC has been reversed in the month of October 2018 by the dealer without utilizing the same.	On verification Audit observed that the taxpayer reversed ITC in October 2018. On verification, reply of the taxpayer was found to be correct, hence the observation is dropped.	Action taken before query
17	17AAAXFM4693E1ZN	Megha Stone Industries	Tura Circle I	25,65,776	43,90,683	18,24,907	No reply furnished	ST is requested to furnish the reply at the earliest.	No reply

Sl. No.	GSTIN	Name of the taxpayer (M/s)	Jurisdiction	ITC available as per GSTR-2A (₹)	ITC availed as per GSTR-3B in respect of others including ITC availed in GSTR-9 - (Table-8C) (₹)	Excess availment of ITC (₹) (5-4)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
18	17AAICA7614B1ZZ	Airplaza Retail Holdings Private Limited	Circle-VIII	3,81,98,532	3,96,23,544	14,25,012	ST in its reply stated that there was excess ITC of only ₹23,093 which was duly reversed by the dealer.	The taxpayer failed to provide any documentary evidence in support of its claim. In absence of documentary proof, whole amount of excess ITC is recoverable from the taxpayer.	Department reply not furnished with appropriate documentary evidence
19	17AFCPA5897G1ZD	Sreemant Agarwala	Circle-V	2,98,36,286	3,16,54,908	18,18,622	ST in its reply (June 2022) accepted excess ITC claim of ₹4.23 lakh by the dealer against the excess ITC claim of ₹18.19 lakh pointed out by Audit. The amount of ₹4.23 lakh has been paid through DRC 03 in May 2022. The taxpayer further stated that rest of mismatch was as a result of mistakes in filing GST return and improperly declaring debit/credit notes.	Audit verified form DRC 03 and accepted the part payment (₹ 4.23 lakh) out of the objected amount (₹ 18.19 lakh). However, for the remaining amount details of debit/credit notes issued and their adjustments in GST returns were not furnished.	Department reply not furnished with appropriate documentary evidence
20	17AAACCC9009Q1Z7	CS Construction Company Pvt. Ltd.	Circle-VI	1,55,77,447	1,69,79,560	14,02,113	ST stated (August 2022) that the notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/ DRC-01A/07
21	17AALFB3674J2Z3	Builders Agency	Jowai Circle	89,19,970	1,26,88,319	37,68,349	The ST, Jowai Circle stated (September 2022) that upon examination it was found that the principal address of business of the taxpayer does not fall under the jurisdiction of the ST Jowai and furthermore the registration of the taxpayer has been transferred to the ST, Tura Circle I.	The ST is requested to forward the case to the ST Concerned under intimation to Audit.	No reply

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Sl. No.	GSTIN	Name of the taxpayer (M/s)	Jurisdiction	ITC available as per GSTR-2A (₹)	ITC availed as per GSTR-3B in respect of others including ITC availed in GSTR-9 - (Table-8C) (₹)	Excess availment of ITC (₹) (5-4)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department	
22	17AABFI9622B1ZO	Ideal Diesel	Circle-VI	28,94,293	46,56,070	17,61,777	The ST in its reply stated that the excess ITC has been reversed in the month of November 2018.	On verification Audit observed that the taxpayer reversed ITC in November 2018. However, the taxpayer was liable to pay interest of ₹2,13,151 on excess availing of ITC under Section 50(3) of MGST Act, 2017.	Action taken before query	
23	17AADCC8088Q1ZT	Chennai Network Infrastructure Limited	Circle-V	74,14,837	93,34,590	19,19,753	ST in its reply (June 2022) stated that the unreconciled tax liability has been discharged by the dealer through DRC 03 in February 2020.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped. (GSTR3B)	Action taken before query	
24	17AAAAAG5588Q1ZX	Gujarat Co-Operative Milk Marketing Federation Ltd.	Circle-VIII	3,36,66,591	3,56,81,845	20,15,254	ST stated (August 2022) that notice has been issued to the dealer. Reply has not been furnished (June 2023).	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/ DRC-01A/07	
25	17CMMPS7187Q1ZO	Abdul Halim Sheikh	Tura Circle I	5,99,975	20,77,212	14,77,237	No reply furnished	ST is requested to furnish the reply at the earliest.	No reply	
<b>Total</b>							<b>4,93,88,909</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Appendix 2.3**  
**ITC availed under RCM vs payment of tax in GSTR 3B/GSTR-9**  
**[Reference: Paragraph 2.4.6.2 (ii) (b)]**

Sl. No.	GSTIN	Name of the taxpayer (M/s)	Jurisdiction	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department.
1	17ACEPL3253E1ZW	Anita Lalong	Circle-V	1,56,479	ST in its reply (June 2022) stating that other ITC was wrongly claimed as RCM ITC by the dealer.	On verification by Audit, it was found that the ST did not provide documentary evidence with the reply. The ST is requested to provide the same at the earliest.	Department reply not furnished with appropriate documentary evidence
2	17ABTPB9700C1ZT	Classic Computers	Circle-II	2,30,876	ST replied (November 2022) that the taxpayer did not claim any ITC under RCM during 2017-18. ST also provided system generated copy of GSTR9 where no ITC under ITC was claimed in Table 6(d).	On scrutiny by Audit of finally submitted GSTR9 by taxpayer it was found that ITC under RCM amounting to ₹ 2,30,876 was availed. Thus, ST is requested to provide proper explanation.	Department reply not furnished with appropriate documentary evidence
3	17ACZPL4045P1ZO	Tek Care	Circle-VI	4,16,900	No reply furnished	ST is requested to furnish the reply at the earliest.	No reply
4	17AGYPC1498E1Z2	Ganesh Agency	Circle-III	1,50,000	ST, Circle III replied (May 2022) that the dealer had committed suicide in April 2021. As per reply received from the ST Circle-III the taxpayer has claimed ITC RCM in table 4A (3)-₹109405 which matched with the tax payable declared in GSTR3B returns in table 3.1(d) of ₹ 109405.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Other valid explanation
5	17APTPD6089E1ZI	Mamta Veneer Products	Circle-IV	1,37,066	ST in its reply (October 2022) stated that other ITC was mistakenly claimed as RCM ITC by the dealer. Invoices in support of ITC claim were provided by the ST. The ST requested to drop the proceedings as mismatch was due to clerical error.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Data entry error
6	17AAXPW3390C1Z4	P K. Warbah Store	Circle- VIII	60,108	ST in its reply (August 2022) stated that full liability against ITC wrongly claimed has been paid through DRC 03 in June 2022.	Audit verified the documents provided by taxpayer and it was observed that interest amounting to ₹ 59,444 was not paid for delay in payment of tax under Section 50(3) of MGST Act, 2017. Hence, there is recovery of ₹ 60108 at the instance of Audit.	Recovered

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Sl. No.	GSTIN	Name of the taxpayer (M/s)	Jurisdiction	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department.
7	17ABSPH8645M1ZT	Pulling Shan Hek	Circle- VIII	62,522	ST in its reply (August 2022) stated that other ITC was wrongly claimed as RCM ITC by the dealer. The taxpayer provided invoices in support of its ITC claim.	On Audit scrutiny of invoices, taxpayer's claim was found to be correct. Hence, the observation is dropped.	Data entry error
8	17AAOPY1133E1ZM	R S. Enterprises	Circle-II	14,76,654	ST in its reply (June 2022) stated that other ITC was wrongly claimed as RCM ITC by the dealer. The ST produced reply provided by the taxpayer.	On verification by Audit, it was found that the ST did not provide documentary evidence with the reply. The ST is requested to provide the same at the earliest.	Department reply not furnished with appropriate documentary evidence
9	17AJKPK5064H1Z1	B S Khongthohrem	Circle-IV	85,028	The ST, Circle IV stated (October 2022) that the taxpayer stated that by mistake he disclosed RCM ITC in Table 6D of GSTR9 instead of Table 6B. The ST stated that except for this clerical error, the claim of ITC is genuine.	Audit scrutiny revealed that the taxpayer has disclosed RCM ITC in Table 6D of GSTR 9. On verification by Audit, it was found that the ST did not provide documentary evidence with the reply. The ST is requested to provide the same at the earliest.	Department reply not furnished with appropriate documentary evidence
10	17BCQPK8895L1ZF	Medicure Pharmacy	Circle-VI	63,763	No reply furnished	ST is requested to furnish the reply at the earliest.	No reply
11	17ACRP17678L1ZL	Victor and Company	Circle-II	88,874	ST stated (June 2022) that taxpayer's returns were scrutinized and discrepancy notice issued. Reply from taxpayer is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07
12	17ACNPL2969G1Z6	P L. Enterprise	Circle-III	1,87,344	ST stated (April 2022) that other ITC was wrongly claimed as RCM ITC by the dealer. The taxpayer provided details of ITC claimed in wrong Table.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Data entry error
13	17AASPA8802A1Z0	R. Poddar & Co.	Circle-V	5,58,471	ST in its reply (May 2022) stated that other ITC was wrongly claimed as RCM ITC. The taxpayer provided details of ITC claimed in wrong Table.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Data entry error
14	17BNSPK6233R1Z2	K B. Sales	Circle-III	2,60,116	ST in its reply (May 2022) stated that other ITC was wrongly claimed as RCM ITC. The taxpayer provided details of ITC claimed in wrong Table.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Data entry error

Sl. No.	GSTIN	Name of the taxpayer (M/s)	Jurisdiction	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department.
15	17AANCS4360F1Z7	Shillong Lajong football Club Private Limited	Circle-II	95,792	ST stated (November 2022) that wrongly availed ITC under RCM has been reversed by the taxpayer through monthly return of September 2018.	Audit scrutiny revealed that the ITC under RCM was wrongly availed & utilized in January 2018. The same was reversed in April 2019, which is after delay of 471 days. The taxpayer is liable to pay interest/u/s 50(3) of MGST Act amounting to ₹29667. The ST is requested to recover the interest amount at the earliest.	Action taken before query
16	17AFQPH1434N1Z4	S.H. Auto	Circle- VIII	50,169	ST in its reply (August 2022) stated that the dealer falls under the jurisdiction of Khliehriat Circle.	The ST is requested to forward the audit findings pertaining to the taxpayer to the concerned Circle with suggestion to furnish replies to the audit observation.	No reply
17	17ABAPL5520F2Z1	Santina Sohshang Saw Cum Veneer Mill	Circle- VIII	36,79,410	ST stated (August 2022) that the taxable value was wrongly entered in IGST column of GSTR 9 by the dealer which resulted in ITC mismatch.	As ITC wrongly entered in GSTR 9 does not affect Credit Ledger of the taxpayer, there is no loss to the Government. Hence the observation is dropped.	Data entry error
18	17AINPK0371K1Z1	G K & Co.	Circle-III	45,444	ST stated (May 2022) that full liability against ITC wrongly claimed has been paid through DRC 03 (May 2022) along with interest and penalty.	Audit verified the documents provided by taxpayer and were found to be correct. Hence there is recovery of ₹ 86720 (Tax: ₹ 45444, Interest: ₹ 36732, penalty: ₹ 4544) on the instance of Audit.	Recovered
19	17EHRPS7468Q2ZR	K D General Store	Circle- VIII	15,11,322	ST stated (August 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07
20	17AADCM9849B1ZB	Meghalaya Bitech Pvt Ltd	Ri Bhoi Circle	1,01,641	ST stated (April 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07
21	17AADFL2582K2Z2	LMPL Enterprise	Ri Bhoi Circle	45,921	ST stated (April 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07
22	17DKZPS7313J1Z8	Highway Star Refilling Center	Jowai Circle	61,965	ST stated (June 2022) that ITC wrongly claimed has been reversed along with interest through DRC-03 in June 2022.	Audit verified the documents provided by taxpayer and were found to be correct. Hence there is recovery of ₹ 132061 (Tax: ₹ 61966, Interest: ₹ 70096) at the instance of Audit.	Recovered

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Sl. No.	GSTIN	Name of the taxpayer (M/s)	Jurisdiction	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department.
23	17AKUPM0315L1ZU	Kajol Store	Circle-I	9,82,524	ST in its reply (July 2022) stated that other ITC was wrongly claimed as RCM ITC. The taxpayer provided details of ITC claimed in wrong Table.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Data entry error
24	17AJLPM0475H1Z1	L N Enterprises	Circle- VII	52,006	ST stated (December 2022) that the taxpayer has reversed the excess ITC amounting to ₹ 52,006 through DRC-03 in September 2022. However, the taxpayer is yet to pay interest.	Audit verified the documents provided by taxpayer and were found to be correct. Hence there is recovery of ₹ 52,006 (Tax: ₹ 52,006) at the instance of Audit.	Recovered
25	17AFPC6164Q1Z4	Shubha Medico	Circle- VII	1,83,782	ST stated (July 2022) that other ITC was wrongly claimed as RCM ITC. The taxpayer provided details of ITC claimed in wrong Table.	On verification by Audit, it was found that the ST did not provide documentary evidence with the reply. The ST is requested to provide the same at the earliest.	Department reply not furnished with appropriate documentary evidence
<b>Total</b>				<b>1,07,44,176</b>	-	-	-

**Appendix 2.4**  
**Short payment of tax under RCM vs ITC availed in GSTR 3B/GSTR 9**  
*[Reference: Paragraph 2.4.6.2 (ii) (c)]*

Sl. No	GSTIN	Name of the taxpayer (M/s)	Jurisdiction	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
1	17ACEPL3254D1ZX	Highway Inn	Circle-VIII	43,040	ST, Circle VIII in its reply (August 2022) stated that other ITC was wrongly claimed as RCM ITC. The dealer provided details of ITC claimed in wrong table.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Data entry error
2	17BNOPD0003J1ZD	Quinee D. Hardwa Re	Circle-VIII	37,328	ST, Circle VIII in its reply (August 2022) stated that other ITC was wrongly claimed as RCM ITC. The dealer provided details of ITC claimed in wrong Table.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Data entry error
3	17BDIPG7962B1ZK	Lits N Lights	Circle-I	38,705	ST Circle I in its reply (July 2022) stated that the ITC excess claimed was reversed at the time of filing GSTR 9 for the year 2018-19.	Audit verified the statement of the taxpayer. Audit observed that the return was filed on 15 March 2022. Thus, the ITC was reversed with delay of 1425 days (20 April 2018 to 15 March 2022) on which interest of ₹ 36,267 was payable under Section 50(3) of MGST Act, 2017.	Action taken before query
4	17DCBPS5768H1Z3	Nongsning Service Station	Jowai Circle	32,977	ST, Circle Jowai in its reply (June 2022) stated that full liability against ITC wrongly claimed has been paid through DRC 03 (June 2022) along with interest.	Audit verified the documents provided by taxpayer and were found to be correct. Hence there is recovery of ₹ 68930 (Tax: ₹ 32978, Interest: ₹ 35952) at the instance of Audit.	Recovered
5	17AAUPW7960K1ZI	Jazaa	Circle-III	38,214	ST, Circle III in its reply (May 2022) stated that other ITC was wrongly claimed as RCM ITC. The taxpayer provided details of ITC claimed in wrong Table.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Data entry error

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Sl. No	GSTIN	Name of the taxpayer (M/s)	Jurisdiction	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
6	17AHRPR0605E3ZB	J. K. Service Station	Khliehriat Circle	40,543	ST, Circle Khliehriat in its reply (August 2022) stated that other ITC was wrongly claimed as RCM ITC. The taxpayer provided details of ITC claimed in wrong Table. Copy of GSTR 2A and GSTR 3B was provided by the taxpayer.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Data entry error
7	17AFBPL0476R1ZZ	North Eastern Enterprise	Circle-II	36,751	ST, Circle II in its reply (June 2022) stated that other ITC was wrongly claimed as RCM ITC. The taxpayer provided details of ITC claimed in wrong Table.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Data entry error
8	17DUDPS9061K1ZZ	Dura Enterprises	Ri Bhoi Circle	36,000	ST stated (April 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07
9	17ADVPP9228K1ZL	Gauranga Paul & Sons	Circle-I	44,455	ST, Circle I in its reply (July 2022) stated that other ITC was wrongly claimed as RCM ITC. The taxpayer provided details of ITC claimed in wrong table.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Data entry error
<b>Total</b>				<b>3,48,013</b>	-	-	-

**Appendix 2.5**  
**Incorrect availment of ISD credit**  
*[Reference: Paragraph 2.4.6.2 (ii) (d)]*

Sl. No.	GSTIN	Name of the taxpayer (M/s)	Jurisdiction	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
1	2	3	4	5	6	7	
1	17AJCPS3157K1ZW	Hamid Exports International	Tura Circle I	6,19,402	No reply furnished	ST should furnish the reply at the earliest.	No reply
2	17ABRPL6123H1ZG	Moris Lyngdoh	Ri Bhoi Circle	2,19,940	ST in its reply (October 2022) stated that other ITC was wrongly claimed as ISD ITC due to clerical error by the dealer.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Data entry error
3	17BCMPK8503K1Z8	J. Ks Cable Network	Circle-VI	1,37,596	No reply furnished	ST should furnish the reply at the earliest.	No reply
4	17AABCD9269N1ZZ	Dyna Roof Pvt Ltd	Ri Bhoi Circle	64,964	The ST replied (October 2022) that the taxpayer had claimed excess ISD credit amounting to ₹1,08,814 during 2017-18. However, the excess ISD was reversed along with interest of ₹ 64942 through DRC-03 during September 2019.	Audit analyzed the reply (form DRC 03) provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Action taken before query
5	17ABWP16878N1ZE	Bhagwandass Textiles	Circle-II	1,48,461	ST replied (November 2022) that the taxpayer did not claim any ISD credit. The ST provided copy of GSTR3B for November 2017 whereby amount of ISD credit in Table 4A (4) was reflected as nil.	On audit verification of the return from the GST backend portal it was found that the taxpayer has claimed ISD credit of ₹ 148461 through GSTR3B of November 2017. The ST is requested to initiate necessary action to recover the wrongly availed ISD claim.	Department. reply not furnished with appropriate documentary evidence
6	17ATJPN1357R1ZY	Ljn Cable Network	Circle-VI	68,819	No reply furnished	ST is requested to furnish the reply at earliest	No reply

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Sl. No.	GSTIN	Name of the taxpayer (M/s)	Jurisdiction	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
1	2	3	4	5	6	7	
7	17AADCM9849B1ZB	Meghalaya Bitchem Pvt. Ltd.	Ri Bhoi Circle	99,735	The ST replied (October 2022) that the RCM ITC was wrongly availed under ISD ITC. The ST provided form GSTR3B of the taxpayer in support of the claim.	Audit analyzed the reply (GSTR 3B and Challan) provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Data entry error
8	17AAECCR8361A1ZI	Rashi Resources Pvt. Ltd.	Ri Bhoi Circle	18,90,000	The ST replied (October 2022) that the ITC for the capital goods was wrongly claimed under ISD credit. It was also stated that the discrepancy has been corrected in GSTR-9C. Copy of the GSTR9C was provided.	Audit analyzed the reply (Invoices and GSTR 9C) provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Data entry error
9	17AUBPS7929M3ZT	Quincy Dora Shallam	Circle-III	1,10,190	The ST replied (December 2022) that the taxpayer was a normal taxpayer and ISD provision would not be applicable. The taxpayer might have claimed other ITC as ISD credit. However, the ST did not provide any documentary proof for the ITC claim.	The ST is requested to provide documentary proof for the ITC claim.	Department. reply not furnished with appropriate documentary evidence
10	17ASYPS3575N1ZG	Amar Cable Network	Circle-V	84,520	No reply furnished	ST is requested to furnish the reply at the earliest.	No reply
<b>Total</b>				<b>34,43,626</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Appendix 2.6**  
**Reconciliation between ITC availed in annual returns with expenses in financial statements**  
**[Reference: Paragraph 2.4.6.2 (ii) (e)]**

Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
1	17AAAACR9627B1ZH	Ramky Infrastructure Ltd	Ri Bhoi Circle	12,84,09,881	The ST stated that the reason for difference has been reported by the taxpayer because of Transitional Credit availed of ₹ 128409791 during 2017-18. It was also stated that taxpayer has reversed the Transitional Credit through DRC-03.	Audit verified the documents provided by taxpayer and were found to be correct. Hence there is recovery of ₹ 12,84,09,881 (Tax) at the instance of Audit.	Recovered
2	17ABBFS7433H1Z3	Shillong Ispat And Rolling Mills	Ri Bhoi Circle	10,45,87,504	ST stated (April 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07.
3	17AEZPA6570Q1ZJ	Banti Aggarwal	Circle-V	9,71,52,134	ST, Circle V in its reply stated that Table 14 of GSTR 9C has been made optional vide Notification no 56/2019 issued by Central Board of Indirect Taxes and Customs (CBIC).	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	other valid explanation
4	17AAIFD2658K1Z5	Dhar Construction Co	Circle-VI	4,53,57,278	ST, Circle V in its reply stated that Table 14 of GSTR 9C has been made optional vide Notification no 56/2019 issued by Central Board of Indirect Taxes and Customs (CBIC).	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	other valid explanation
5	17AFDDP9530L1Z6	GD Hardware	Circle-V	3,75,71,375	ST, Circle V in its reply stated that Table 14 of GSTR 9C has been made optional vide Notification no 56/2019 issued by Central Board of Indirect Taxes and Customs (CBIC).	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	other valid explanation
6	17AFCPA5897G1ZD	Sreemant Agarawala	Circle-V	3,02,63,623	ST, Circle V in its reply stated that the Table 14 of GSTR 9C has been made optional vide Notification no 56/2019 issued by Central Board of Indirect Taxes and Customs (CBIC).	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	other valid explanation

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Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
7	17AAACS8577K1ZQ	State Bank Of India	Circle-VII	2,79,62,283	ST, Circle VII in its reply stated that the Table 14 of GSTR 9C has been made optional vide Notification no 56/2019 issued by Central Board of Indirect Taxes and Customs (CBIC).	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	other valid explanation
8	17BENPSS717N2ZM	Amit And Sons	Circle-IV	2,55,05,254	ST, Circle IV in its reply stated that Table 14 of GSTR 9C has been made optional vide Notification no 56/2019 issued by Central Board of Indirect Taxes and Customs (CBIC).	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	other valid explanation
9	17AAYFS2882E1ZL	SMEnterprises	Circle-V	1,92,21,315	ST, Circle V in its reply stated that Table 14 of GSTR 9C has been made optional vide Notification no 56/2019 issued by Central Board of Indirect Taxes and Customs (CBIC).	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	other valid explanation
10	17ACOPG0308H1ZV	Balaji Hardware	Circle-VI	1,87,80,414	ST, Circle VI in its reply stated that the Table 14 of GSTR 9C has been made optional vide Notification no 56/2019 issued by Central Board of Indirect Taxes and Customs (CBIC).	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	other valid explanation
<b>Total:</b>				<b>53,48,11,061</b>	-	-	-

**Appendix 2.7**  
**Mismatch in ITC availed between Annual Return and books of Accounts**  
*[Reference: Paragraph 2.4.6.2 (ii) (f)]*

Sl. No.	GSTIN	Circle	Name of the taxpayer (M/s)	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
1	17AAAAM8227G1ZM	Circle-VII	The Meghalaya Co-Op Apex Bank Ltd	75,51,284	ST stated (July 2022) that the un-reconciliation arised due to Transitional Credit claimed. The taxpayer provided copy of form TRAN 1.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Other valid explanation
2	17AABCM7758B1ZH	Ri Bhoi Circle	Maithan Alloys Limited	50,93,320	ST stated (April 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/ DRC-01A/07.
3	17ABAPL5520F2Z1	Circle-VIII	Santina Sohshang Saw Cum Veneer Mill	36,79,410	ST stated (August 2022) that the taxable value was wrongly entered in ICGST column of GSTR 9 by the taxpayer which result in ITC mismatch.	Audit analyzed the reply (GSTR3B, GSTR9 and GSTR9C) provided by the ST and the same was found to be correct and thus accepted. As ITC wrongly entered in GSTR 9 does not affect the Electronic Credit Ledger of the taxpayer, there is no loss to the Government. Hence the observation is dropped.	Other valid explanation
4	17AADCP7390Q1ZL	Ri Bhoi Circle	Pioneer Cast Alloys Private Limited	24,10,495	ST stated (April 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly	Notice issued/ DRC-01A/07.
5	17AAAACR2658E1ZI	Circle-VII	Reliance Telecom Ltd	23,24,615	ST stated (July 2022) that the taxpayer has been given an opportunity to explain and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/ DRC-01A/07.

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Sl. No.	GSTIN	Circle	Name of the taxpayer (M/s)	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
6	17ADBFS4502M1Z0	Ri Bhoi Circle	Sriram Fasteners	17,52,041	ST stated (September 2022) that the reason for difference as reported by the Chartered Accountant was because of Transitional Credit availed of ₹ 1759071 during 2017-18.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped. (Form TRAN 1)	Other valid explanation
7	17AACCN6194P1ZQ	Ri Bhoi Circle	Air India Limited	17,07,509	ST stated (April 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/ DRC-01A/07.
8	17AACFR1007L1ZE	Circle-1	Rajasthan Food Grain Store	10,25,926	The ST in its reply (July 2022) stated that the unreconciled ITC has been reversed in April 2018 through GSTR 3B by the taxpayer.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped. (Form GSTR 3B).	Action taken before query
9	17ABQFS4597K1Z6	Ri Bhoi Circle	Sriram Wire Products	7,98,845	ST stated (September 2022) that the reason for difference has been reported by the Chartered Accountant because of Transitional Credit availed of ₹ 798845 during 2017-18.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped. (Form TRAN 1)	Other valid explanation
10	17AAAACU7999M1ZC	Ri Bhoi Circle	Umadutt Industries Limited	7,63,567	ST stated (April 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/ DRC-01A/07.
<b>Total:</b>				<b>2,71,07,012</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Appendix 2.8**  
**Mismatch in turnover declared in GSTR-9C, Table 5R for the year 2017-18**  
**[Reference: Paragraph 2.4.6.2 (ii) (g)]**

Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
1	17AADCK0309A1ZA	Kamakshi Ispat Pvt Ltd	Circle-I	22,61,039	ST stated (July 2022) that un-reconciliation turnover was due to IGST, CGST and SGST elements being considered in turnover as per Financial Statement and amendment of bill pertaining to 2018-19 but wrongly shown in 2017-18.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Other valid explanation
2	17AAACB2100P1ZY	Vodafone Idea Limited	Circle-I	18,79,982	The ST stated (April 2022) that the records are under Scrutiny and Audit will be intimated in due course.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Department stated they are examining the AQ
3	17AACFB3337K1ZJ	Badri Rai & Company	Circle-I	90,63,315	ST stated (July 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07.
4	17ABYP1862E2ZC	Hanumanbux Umadutt	Circle-II	50,61,208	ST stated (November 2022) that the difference was due to under reporting of sales in GSTR1 of ₹ 4820400 (October 2017), ₹ 1,52,180 (October 2017), of ₹ 104546 (January 2018) & over reporting of ₹ 15918 in December 2017. There was mistake in filing GSTR 1 but the tax liability was fully discharged by the dealer through GSTR 3B.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Action taken before query
5	17AAACU5624P1ZW	United Bank of India	Circle-II	18,37,300	ST stated (June 2022) that there was a mistake in filing of GSTR 9 by the dealer but the tax liability was fully discharged through GSTR 3B.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped. (GSTR 3B, GSTR 9, GSTR 9C)	Other valid explanation
6	17AAATD0315M1ZY	National Institute of Electronic and Information	Circle-VI	1,91,28,818	ST stated (August 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07.

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Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
7	17AFEPN7018JIZA	Kargil Martyrs Service Station	Circle-VI	1,62,61,665	ST stated (August 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07.
8	17AAACN9967E1Z4	National Insurance Company Ltd	Circle-VII	3,21,85,266	ST stated (July 2022) that the unreconciled turnover was due to accounting of premium received from primary insurance companies (Leader) in which the assessee is a Co-insurer (Follower). The taxpayers further stated that GST has been charged from the whole premium from the client and the same has been paid by the primary insurance companies while filing their GST returns. The said amount has been received by the company as a co-insurer (Follower) and as such had not considered the amount as its turnover at the time of filing GST returns. However, the same was taken into account while preparing the Financial Statement (GSTR 9C). Hence, there was no loss of revenue to the Government.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped. (GSTR 3B, GSTR 9, GSTR 9C).	Other valid explanation.
9	17AAACT0627R3ZY	The Oriental Insurance Co Ltd	Circle-VII	45,91,788	ST stated (July 2022) that the unreconciled turnover was due to accounting of premium received from primary insurance companies (Leader) in which the assessee is a Co-insurer (Follower). The taxpayers further stated that GST has been charged from the whole premium from the client and the same has been paid by the primary insurance companies while filing their GST returns. The said amount has been received by the company as a co-insurer (Follower) and as such had not considered the amount as its turnover at the time of filing GST returns. However, the same was taken into account while preparing Financial Statement (GSTR 9C). Thus, there was no loss of revenue to the Government.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped. (GSTR 3B, GSTR 9, GSTR 9C).	Other valid explanation.

Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
10	17AAAACD4950B1Z3	ASA International India Microfinance Ltd	Circle-VII	42,05,505	ST stated (July 2022) that the unreconciled turnover was due to inclusion of non-GST turnover on services provided for loans to its client. The taxpayer stated that the said services are taxable at nil rate as per Notification No.12/2017 dated 28-06-2017.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped. (GSTR 3B, GSTR 9, GSTR 9C)	Other valid explanation
11	17AABCB5576G1ZM	Bharat Sanchar Nigam Ltd	Circle-VII	6,96,52,240	The ST provided (December 2022) reply of the taxpayer. In its reply the taxpayer stated that the unreconciled turnover was due to non-inclusion of non-taxable items and non-cash transaction in GSTR9. The taxpayer provided calculation sheet relating to the unreconciled turnover.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Other valid explanation
12	17AABAM4195Q1ZX	Meghalaya Rural Bank	Circle-VIII	140,86,41,790	ST stated (August 2022) that the unreconciled turnover was inclusion of non-GST turnover pertaining to services by way of interest income from loan and govt. investments and stated that the said services are taxable at nil rate.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped as per Notification No.12/2017 dated 28-06-2017.	Other valid explanation
13	17AAOCS3427L1ZV	Shillong Express way Pvt. Ltd.	Circle-VIII	29,20,57,792	ST stated (August 2022) that the unreconciled turnover was due to inclusion of non-GST turnover receivable against service concession agreement. The taxpayer stated that the said services are taxable at nil rate point 23A of as per notification No. 12/2017 dated 28-06-2017.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped as per notification No. 12/2017 dated 28-06-2017.	Other valid explanation
14	17AAACS4457Q1ZR	Vodafone Mobile Services Ltd	Circle-VIII	83,00,993	ST stated (August 2022) that the dealer in its reply have stated that the unreconciled turnover was arising because of uniqueness of telecom sector, complex revenue accounting, timing differences and voluminous nature of transactions.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Other valid explanation
15	17AACCS8842H1Z3	Bitech Asphalt Technologies Ltd	Ri Bhoi Circle	23,36,40,464	ST, Nongpoh (September 2022) stated that the unreconciled turnover is related to the branches registered in other states. ST also provided summary of turnover of the registration in other states.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Other valid explanation

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Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
16	17AALFR5078E1ZX	Ri-Bhoi Ispat and Rolling Mills	Ri Bhoi Circle	6,54,20,148	The ST, Nongpoh stated (September 2022) that the unreconciled turnover was due to the non-inclusion of intra state B2B sale in table 4A of GSTR9. However, the company has declared the same in GSTR1 & GSTR3B and paid tax also. Thus, there is no revenue loss to the Govt.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	other valid explanation
17	17AAAAUCU7999M1ZC	Umadutt Industries Ltd.	Ri Bhoi Circle	3,23,33,456	ST stated (April 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07.
18	17ABQFS4597K1Z6	Sriram Wire Products	Ri Bhoi Circle	3,08,67,874	The ST, Nongpoh stated (September 2022) that the reason for difference has been reported by the Chartered Accountant under the return GSTR-9C. He also stated that the turnover reported in the Annual Financial Statements are grossed up and taxes has been added up to the turnover. The amount of taxes added up in the turnover is ₹26704297 as IGST, ₹ 2081782 as CGST and ₹2081782 as SGST, which is why this same amount is showing up as unreconciled turnover.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped. (GSTR 9)	other valid explanation
19	17AAACF8846L1Z5	FW Ferro Tech Pvt Ltd	Ri Bhoi Circle	1,89,81,526	The ST, Nongpoh stated (September 2022) that the reason for difference has been reported under the return GSTR-9C. He also stated that the turnover reported in the Annual Financial Statements are grossed up and taxes has been added up to the turnover. The amount of taxes added up in the turnover is ₹ 5749172 as IGST, ₹6616177 as CGST and ₹6616177 as SGST, which is why this same amount is showing up as unreconciled turnover.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped. (GSTR 9)	other valid explanation
20	17ABCFS2314Q1ZX	S S K Infrastructures	Ri Bhoi Circle	1,45,03,501	ST stated (April 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07.

Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
21	17ADBF54502M1Z0	Sriram Fasteners	Ri Bhoi Circle	63,83,417	The ST, Nongpoh stated (September 2022) that the taxpayer has grossed up the turnover reported in the Annual Financial Statements, meaning that taxes has been added up to the turnover. As per the ST, the amount of taxes added up in the turnover is ₹6135633 as IGST, ₹124642 as CGST and also ₹124642 as SGST altogether totaling ₹ 6384916. This same amount is showing up as unreconciled turnover. Freight charges of ₹ 1500 has been booked under income net of expenditure, meaning carriage outward, however the same is outward supply under GST and taxes has been duly collected and paid.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped. (GSTR 9)	other valid explanation
22	17AADCM9849B1ZB	Meghalaya Bitchem Pvt Ltd	Ri Bhoi Circle	41,45,807	ST Nongpoh stated (September 2022) that the unreconciled turnover is related to the branches registered in other states. ST also provided summary of turnover of the registration in other states	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped. (GSTR 9, GSTR 9C)	other valid explanation
23	17AADFB1498G1ZH	B.S. Enterprise	Nongstoin Circle	37,45,602	ST stated (April 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07.
24	17AGNPD7445F1ZB	Raj International	Nongstoin Circle	30,69,180	ST stated (April 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07.
25	17ADVPK2424J1Z8	Anupam Store	Tura Circle II	60,21,506	No reply furnished	ST is requested to furnish the reply at the earliest	No reply
<b>Total</b>				<b>2,29,42,41,182</b>	-	-	-

**Appendix 2.9**  
**Mismatch in taxable turnover declared in GSTR-9C, Table 7G for the year 2017-18**  
**[Reference: Paragraph 2.4.6.2 (ii) (h)]**

Sl. No	GSTIN	Circle	Name of the taxpayer (M/s)	Deviation amount (in ₹)	Department's reply	Audit conclusions	Categorisation based on the reply from the Department
1	17AKXPC3764EJZX	Nongstoin Circle	Rajan Chetri	2,80,99,786	ST stated (March 2022) that notice has been issued to the taxpayer.	ST may initiate steps for recovery of the tax dues and intimate audit accordingly.	Notice issued/DRC-01A/07
2	17ADRP3415AIZL	Nongstoin Circle	Jabar Tamang	2,19,52,982	ST stated (March 2022) that notice has been issued to the taxpayer.	ST may initiate steps for recovery of the tax dues and intimate audit accordingly.	Notice issued/DRC-01A/07
3	17AMOPG6890QIZ0	Jowai Circle	Bina Gayang	16,19,985	ST stated (June 2022) that there was mistake in filing GSTR 1 but tax liability was fully discharged through GSTR 3B. It was also stated that the unreconciled turnover was due to export which is nil rated thus no tax was payable.	On Audit scrutiny it was found that the unreconciled turnover belongs to taxable turnover as declared by the taxpayer in his GST returns. Hence, the reply of the taxpayer is not acceptable and the ST is requested to initiate recovery proceedings under intimation to the Audit. (GSTR3B, GSTR9, GSTR9C)	Department's reply not acceptable to Audit (Rebuttal)
4	17AFQPB5075DIZI	Circle-II	Ria Drug Distributor	12,58,044	ST stated (June 2022) that there was mistake in filing GSTR 1 but tax liability was fully discharged through GSTR3B.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped. (GSTR3B, GSTR1)	other valid explanation
5	17ABBFS7433HIZ3	Ri Bhoi Circle	Shillong Ispat And Rolling Mills	6,51,487	ST stated (April 2022) that notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07.
6	17AAACO7829AIZM	Circle-VII	Om Books Foundation	5,14,521	ST Circle VII furnished reply provided by the taxpayer stating that tax on unreconciled turnover has been paid through DRC-03 in February 2020.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped. (GSTR9C).	Action taken before query
7	17ACGFS7329LIZK	Circle-I	Sumitra Enterprise	3,81,480	No reply furnished	ST is requested to furnish the reply at the earliest.	No reply
8	17AMIPP1048FZ3	Circle-I	Paul & Sons	3,17,663	No reply furnished	ST is requested to furnish the reply at the earliest.	No reply

Sl. No	GSTIN	Circle	Name of the taxpayer (M/s)	Deviation amount (in ₹)	Department's reply	Audit conclusions	Categorisation based on the reply from the Department
9	17AAABCT0020H1ZX	Circle-II	Federal Bank	1,91,512	ST stated (July 2022) that liability arising as a result of unreconciled turnover of ₹1,83,027 was paid through DRC-03 in January 2020. The taxpayer provided copy of form DRC-03 in support of his claim. Further, ST replied (November 2022) that the action u/s 73 of MGST has been initiated & DRC-01 has been issued.	On verification it was observed that the dealer had furnished reply for unreconciled turnover of ₹ 1,83,027 only whereas Audit had pointed out unreconciled turnover amounting to ₹ 1,91,511. In respect of unreconciled turnover of ₹ 8884, the taxpayer stated that the difference was arising because GST portal was accepting only rounded off amount as taxable value corresponding to tax collected amount. Reply furnished is not tenable because difference of ₹ 8884 should not result due to rounding off. Necessary steps may be taken by the ST to obtain justification from the dealer.	Notice issued/DRC-01A/07.
10	17ACJPL8513A1ZU	Circle-III	T Lyngdoh	2,68,650	ST stated (November 2022) that the taxpayer had made payment of tax along with interest on unreconciled turnover through DRC-03. The ST provided Form DRC-03 in support of the reply.	Audit verified the documents provided by taxpayer and were found to be correct. Hence there is recovery of ₹ 23,104 (Tax: ₹ 13432, Interest: ₹ 9,672) at the instance of Audit.	Recovered
11	17ACMPG2369Q1ZX	Circle-IV	Modern tech	4,84,368	ST stated (May 2022) that the unreconciled turnover was considered in GSTR 3B/GSTR 9C but not in GSTR 9.	The taxpayer did not provide details of payment of tax for the turnover. In absence of the relevant details, the dealer is liable to pay tax on unreconciled turnover.	Department reply not furnished with appropriate documentary evidence
12	17AFDPJ9530L1Z6	Circle-V	G D Hardware	1,86,785	No reply furnished	ST is requested to furnish the reply at the earliest.	No reply
13	17AAAFCG6357C1ZO	Circle-VII	Grover Carbonic Pvt Ltd	1,87,000	ST stated (July 2022) that the unreconciled turnover was due to mistakenly clubbing export (Zero-rated supplies) with taxable supplies. The taxpayer also furnished invoice for the claim.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	other valid explanation

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Sl. No	GSTIN	Circle	Name of the taxpayer (M/s)	Deviation amount (in ₹)	Department's reply	Audit conclusions	Categorisation based on the reply from the Department
14	17AAAACH0086NIZF	Circle- VIII	HSCC (India) Limited	13,90,104	ST stated (August 2022) that the unreconciled turnover was arising because of incorrect entry in Financial Statements. The taxpayer further stated that it was a clerical error which did not affect the revenue of the Government.	The reply of taxpayer is not acceptable to Audit as no documentary evidence in support of its claim was submitted.	Department reply not furnished with appropriate documentary evidence.
<b>Total:</b>				<b>5,75,04,367</b>	-	-	-

**Appendix 2.10**  
**Mismatch in tax paid between books of accounts and return**  
**[Reference: Paragraph 2.4.6.2 (ii) (i)]**

Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
1	17AACFR1007LIZE	Rajasthan Food Grain Store	I	20,95,149	ST stated (July 2022) that the taxpayer had explained the reason for reconciliation in table 10 of GSTR 9C. The taxpayer stated that the unreconciled tax has been paid in April 2018.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.(GSTR3B, GSTR9C, Comparison of tax payment of GSTR3B vs GSTR1)	Action taken before query
2	17AAACU5624P1ZW	United Bank of India	II	3,30,714	ST, Circle II stated (June 2022) that by mistake in filing GSTR 9, an amount of ₹ 330715 was entered in Table 11. It was also stated that it was only a representational error and there was no shortfall in payment of tax. Tax payer's reply is also enclosed.	Audit could not verify the claim of the taxpayer in absence of any documentary evidence. The ST is requested to furnish relevant documents in support of the claim.	Department. reply not furnished with appropriate documentary evidence
3	17AAACF0365NIZJ	Food Corporation of India	III	5,41,918	ST stated (May 2022) that the unreconciled tax liability was discharged through DRC 03 in 2019.	Scrutiny revealed that there was unpaid interest from the taxpayer to the amount of ₹ 0.37 lakh. ST is requested to recover pending interest amount at the earliest.	Action taken before query
4	17BENPS5717N2ZM	Amit and Sons	IV	8,45,992	ST stated (May 2022) that the unreconciled tax liability was discharged through GSTR3B in September 2018. On the issue of pending interest, the ST stated (October 2022) that show cause notice was served again on the taxpayer with an ultimatum to comply on or before 11 October 2022. The taxpayer made payment of pending interest of ₹ 564 in DRC-03 in October 2022.	Scrutiny revealed that there was unpaid interest from the taxpayer to the amount of ₹564 which was paid in October 2022. Hence it is seen that there was recovery of interest of ₹ 564 at instance of Audit. (Comparison Statement of GSTR3B vs GSTR1, Challan).	Action taken before query
5	17AAAKHS6632JIZO	Shankar Lal Aggrawal & Sons	V	13,82,604	ST, Circle V in its reply (June 2022) stated that the unreconciled tax liability was discharged through DRC 03 in February 2020.	Audit analyzed the reply provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	Action taken before query

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Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
6	17AADCC8088Q1ZT	Chennai Network Infrastructure Ltd	V	4,04,002	ST stated (June 2022) that the unreconciled tax liability was discharged through DRC 03 in February 2020.	Audit verified the document provided by the dealer. On verification it was found that interest amount of ₹0.69 lakh was not recovered from the dealer. The ST is requested to recover the pending amount at earliest.	Department's reply not acceptable to Audit (Rebuttal)
7	17ALNPM9745L1Z7	Taste	VI	12,41,304	ST stated (August 2022) that notice has been issued to the taxpayer and the reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07
8	17CHEPS3825G1Z7	Shiv Shakti Enterprise	VI	2,77,980	ST stated (August 2022) that notice has been issued to the taxpayer and the reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07
9	17AFQPK8820D1ZA	Mahinder Electricals	VI	2,18,314	ST stated (August 2022) that as per taxpayer reply furnished, there was no mismatch found in his returns.	On verification, Audit noticed unreconciled tax payment of ₹2.18 lakh is recoverable along with interest from the taxpayer. ST is requested to recover the same at the earliest.	Department. reply not furnished with appropriate documentary evidence
10	17ADIPR0623C1ZV	Arbind Enterprise	VII	6,93,890	ST stated (July 2022) that the unreconciled tax liability was discharged through DRC 03 in August 2020.	Audit verified the documents provided by the dealer. On verification it was seen that the claim of the dealer was correct hence observation is dropped.	Action taken before query
11	17AAAAACN9967E1Z4	National Insurance Company Ltd	VII	2,33,420	ST stated (July 2022) that the unreconciled tax liability was discharged through DRC 03 in January 2020.	Audit verified the documents provided by the dealer. On scrutiny, it was observed that the claim of the dealer was correct.	Action taken before query
12	17AAAIACA7614B1ZZ	Airplaza Retail Holdings Pvt. Ltd in the Style of Vishal Mega Mart	VIII	42,66,000	ST (August 2022) stated that the unreconciled tax liability was discharged through GSTR 3B in March 2019.	Verification of the documents (GSTR3B March 2019) provided by the taxpayer, it was observed that while filing return for March 2019, SGST amounting to ₹ 11,58,964 was paid through ITC and rest was paid through cash. Thus, out of Audit observation of ₹ 21,33,000 of SGST amount ₹ 974036 was paid in cash on which interest amounting ₹1,74,366 was payable under section 50(1) of MGST, 2017.	Action taken before query

Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
13	17AFPPB3592Q1ZQ	KCD Pharmaceuticals	VIII	4,39,815	ST stated (August 2022) that the unreconciled tax liability was arising because GSTR 3B for the month of September 2017 was filed nil by mistake. The taxpayer further stated that, the mistake was rectified in May 2018.	Audit verified the statement of the taxpayer with the returns filed. Audit noticed that out of the objection amount of ₹ 4,39,815, amount of ₹ 4,26,495 was found in the returns.	Other valid explanation
14	17AAAACB2894G1ZO	Bharti Airtel Ltd	VIII	3,41,238	ST stated (August 2022) that the unreconciled tax liability was arising because of credit note pertaining to pre-GST period not considered while filing GST returns.	The taxpayer did not provide any documentary proofs in support of its claim. In absence of the same, the tax liability is recoverable along with interest from the taxpayer.	Department reply not furnished with appropriate documentary evidence
15	17CXIPP8655H1ZT	Joy Potham	VIII	2,01,645	ST (August 2022) while accepting that there was unpaid tax liability of ₹ 201,645 stated that remaining liability of ₹ 32,032 after adjusting RCM ITC of ₹ 1,69,614 was paid through DRCO-03.	Audit verified the documents provided by the dealer. On verification it was seen that the claim of the dealer was correct hence observation is dropped. (GSTR3B, GSTR9C)	Action taken before query
16	17AABCN1603J3ZP	Neecon Power and Infra Ltd	VIII	1,93,248	ST, Circle VIII in its reply stated that the difference was arising because of interest payment made in January 2020. The taxpayer provided form DRC-03 in support of its claim.	On verification by Audit, claim of the dealer was found to be correct hence observation is dropped. (DRC03,GSTR3B,GSTR9C,GSTR9)	Action taken before query
17	17AAACT1426A1ZO	ITD Cementation India Ltd	Jowai Circle	3,36,661	ST stated (2022) that the unreconciled tax liability was discharged through GSTR 3B returns. ST stated in September 2022 that the taxpayer has made payment of interest amounting to ₹ 1.38 lakh through DRC -03 dt September 2022.	On verification it was revealed that although tax liability has been fully discharged but interest payable amounting to ₹ 1.39 lakh on account of delayed payment was credited to the cash ledger in December 2019 but the same was not debited till September 2022. On being pointed out (September 2022) the ST provided copy of DRC-03 (September 2022) containing details of payment of pending interest. On verification of DRC-03 the claim of the ST was found to be correct, thus observation is dropped.	Other valid explanation

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Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorisation based on the reply from the Department
18	17AKSPP0186A1Z3	KP Agency	Khliehriat Circle	4,02,271	ST stated (August 2022) that notice has been issued to the taxpayer and the reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07
19	17APTTPM4821R1ZY	Shri Tariang Massar	Khliehriat Circle	2,20,907	ST stated (August 2022) that notice has been issued to the taxpayer and the reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07
20	17AREPS4916L1ZB	Summer Set Enterprise	Ri Bhoi Circle	8,48,305	ST stated (April 2022) that the notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07
21	17FLSPS085M1ZW	WK Industries	Ri Bhoi Circle	1,55,846	ST stated (April 2022) that the notice has been issued to the taxpayer and reply is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued/DRC-01A/07
22	17AALPH7891P1ZQ	Girraj Trade Agency	Tura Circle I	6,50,308	ST stated (May 2022) that the unreconciled tax liability was discharged through DRC 03.	Audit verified the reply of the ST. It was noticed that the payment was done in November 2020 and there was unpaid interest from the taxpayer to the amount of ₹ 2.97 lakh	Action taken before query
23	17AJCPS3157K1ZW	Hamid Exports International	Tura Circle I	1,66,099	ST stated (May 2022) that the unreconciled tax liability was discharged through DRC 03.	On verification by Audit, claim of the dealer was found to be correct hence observation is dropped.	Action taken before query
24	17AAGCS4032F2ZK	Shree Gautam Construction Co Ltd	Tura Circle II	2,45,860	No reply furnished	ST is requested to furnish the reply at earliest.	No reply
25	17AAAACHI1766P1Z6	Bharti Hexacom	VIII	9,53,323.81	ST Circle-VIII stated that unreconciled tax liability was arising because of credit note pertaining to pre-GST period not considered while filing GST returns.	Audit verification of ST's reply revealed that no documentary proof has been provided in support of claim. The ST is requested to furnish proper documentary evidence to Audit.	Department reply not furnished with appropriate documentary evidence
<b>Total</b>				<b>1,76,86,814</b>			

**Appendix 2.11**  
**Unsettled liabilities**  
**[Reference: Paragraph 2.4.6.2 (ii) (i)]**

Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit conclusions	Categorization based on the reply from the Department
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	17AACFB3337K1ZJ	Badri Rai & Co	Circle-I	66,34,674	The ST stated (July 2022) that notice has been issued to the dealer.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued /DRC-01A/07
2	17A00PR3470D1ZQ	Mawkordor Hardware	Circle-II	40,31,859	The ST stated (June 2022) that the difference of ₹ 739264 in tax amount was due to a clerical mistake in filing GST returns. However, balance of ₹ 3292593 was declared in Table 10 of GSTR9 for the year 2017-18.	Audit verified records provided by the taxpayer. It was noticed that differential turnover was correctly declared in Table 10 of GSTR9 but corresponding tax liability arising out of it was not declared in Table 14 of GSTR 9. ST may take steps to provide payment details of discharging this liability by the dealer.	Department reply not furnished with appropriate documentary evidence
3	17AAHCM0902B1Z3	Marbaniang Projects	Circle-II	62,22,818	The ST stated (June 2022) that M/s Marbaniang Projects (17AAHCM0902B1Z3) had entered in an ESCROW agreement with Punjab National Bank. The bank violated the agreement and mis-utilized the amount meant for GST payment. This resulted in non-compliance of GST provisions on the part of the taxpayer. The matter is sub-judice in Meghalaya High Court.	ST is requested to initiate appropriate action based on the decision of the High Court under intimation to the Audit.	Under correspondence with taxpayer
4	17AAHCM8571G1Z4	Maithan JP Ventures Pvt Ltd	Circle-VI	66,04,763	The ST stated (August 2022) that notice has been served to the dealer, reply for the same is awaited.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued /DRC-01A/07
5	17AGOPA6640C1ZO	Meghalaya Road Cargo	Circle-VI	47,30,351	The ST stated (August 2022) that the dealer is dealing in transport services which are taxable under Reverse Charge Mechanism under GST and thus was not liable to pay tax.	On verification of returns filed by the taxpayer, the statement was found correct. (GSTR3B, GSRT1, Comparison of GSTR3B & GSTR1).	other valid explanation
6	17AAACR6117Q1ZZ	National Projects Construction Corporation Ltd	Circle-VI	96,55,975	ST stated (August 2022) that notice has been issued to the dealer.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued /DRC-01A/07

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Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit conclusions	Categorization based on the reply from the Department
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
7	17AABAM4195Q1ZX	Meghalaya Rural Bank	Circle- VIII	97,01,501	ST stated (August 2022) that full tax liability has been timely discharged by M/s Meghalaya Rural Bank and had furnished the copy of the GST returns filed.	On verification of the returns from State GST backend portal, Audit found that out of total tax liability of ₹ 9921424, ₹ 219923 was on account of normal charge and rest was on account of reverse charge. Both the liabilities were fully discharged as per GSTR3B and GSTR9, hence the observation is dropped.	other valid explanation
8	17AAACS4457Q1ZR	Vodafone Mobile Services Ltd	Circle- VIII	40,02,174	ST stated (August 2022) that the taxable turnover of the taxpayer is ₹ 109,37,60,626 as per GSTR1. It was also stated that full tax liability has been timely discharged by M/s Vodafone Mobile Services Ltd. The taxpayer provided the copy of GST returns filed.	Audit analyzed the reply (GSTR1, GSTR9, GSTR3B) provided by the ST and the same was found to be correct and thus accepted. Hence, the observation is dropped.	other valid explanation
9	17AAICA7614B1ZZ	Vishal Mega Mart	Circle- VIII	42,73,471	ST stated (August 2022) that the unreconciled tax liability was discharged by the dealer through GSTR 3B in March 2019.	Audit verified the documents provided by the taxpayer. On verification, it was observed that while filing return for March 2019, SGST amounting to ₹ 1158964 was paid through ITC and rest was paid through cash. Thus, out of Audit observation of ₹ 2133000 of SGST amount, ₹ 974036 was paid in cash on which interest amounting ₹ 174366 was payable under section 50(1) of MGST, 2017.	Action taken before query
10	17ADEFSS282M1ZI	Sparta Infra	Tura Circle II	1,10,76,554	No reply has been furnished by the ST	ST is requested to furnish the reply at earliest.	No reply
<b>Total:</b>				<b>6,69,34,140</b>			

**Appendix 2.12**  
**GSTR 3B not filed but GSTR 1 or GSTR 2A available**  
**[Reference: Paragraph 2.4.6.2 (ii) (k)]**

Sl. No.	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit conclusions	Categorization based on the reply from the Department
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1	17AAHCM0902BIZ3	Marbaniang Project Pvt Ltd	Circle-II	62,22,818	ST stated (June 2022) that the taxpayer's returns have been scrutinized and ASMT-10 was issued. In his reply the taxpayer has requested the office to desist from taking any coercive action for the time being since litigation against the creditor is pending in the Meghalaya High Court.	ST is requested to initiate appropriate action based on the decision of the High Court under intimation to the Audit.	Under correspondence with taxpayer
2	17AAHCM8571GIZ4	Manthan JP Ventures Pvt Ltd	Circle-VI	66,04,763	ST stated (August 2022) that notices has been served to the dealer.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued / DRC-01A/07
3	17AHPPS5803HIZY	Prahlad Roy Sharma	Circle-VII	58,577	ST stated that the taxpayer was registered under Composition scheme and was not liable to file GSTR 3B.	Audit verification of the information available on the state GST backend portal pertaining to returns filled by the taxpayer revealed that the taxpayer filed GSTR9 (February 2020). The taxpayer was liable to pay GST amounting to ₹ 58577 as per GSTR9. Record for payment of the same was not found by the Audit. Thus, the tax amount may be recovered by the ST along with interest under intimation to Audit.	Department's reply not acceptable to Audit (Rebuttal)
4	17AKEPN0888P1ZF	Bhatnrot Austyn Nongrum	Circle-VIII	6,70,655	The ST stated (August 2022) that the registration of the dealer was cancelled. ST further informed that Notice in DRC 01 has been issued to the dealer for recovery of the dues.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued / DRC-01A/07
<b>Total:</b>				<b>1,35,56,813</b>			

**Appendix 2.13**  
**Short payment of interest**  
**[Reference: Paragraph 2.4.6.2 (ii) (D)]**

Sl. No	GSTIN	Name of the taxpayer (M/s)	Circle	Deviation amount (in ₹)	Department's reply	Audit Conclusions	Categorization based on the reply from the Department
1	17ANGPP2327L1ZR	Venu Shishupal Ranpal Pariat	Circle-VIII	7,07,689	ST stated that notice in DRC-01A has been issued to the dealer. (August 2022)	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued /DRC-01A/07
2	17AMWPM2673HI ZG	Inobel Mawlong	Ri Bhoi Circle	6,16,588	ST stated (April 2022), that notice has been issued.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued /DRC-01A/07
3	17BEVPM3907C1ZC	Prelitha Cheran Momin	Williamnagar Circle	19,88,336	ST stated (May 2022) that a payment notice under DRC 07 has been issued to the taxpayer regarding the short payment of Interest.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued /DRC-01A/07
4	17AADCG2870Q1Z3	Goldstone Cements Limited	Khliehriat Circle	1,43,10,368	ST had (August 2022), requested Audit to provide the month- wise break up of interest liability which was provided	Break up of interest has been provided to the ST.	Under correspondence with taxpayer
5	17AAQFM8377G1ZL	Meda Infrastructurer	Circle-VIII	10,66,495	ST stated that notice in DRC-01A has been issued to the dealer. (August 2022)	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued /DRC-01A/07
6	17AAKCA5953B1ZR	Amrit Placement Services Private Limited	Circle-VI	5,61,603	No reply furnished	ST is requested to furnish the reply at earliest.	No reply
7	17AAAACU7999M1ZC	Umadutt Industries Limited	Ri Bhoi Circle	5,83,581	ST stated (April 2022) that the notice has been issued.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued /DRC-01A/07
8	17AABCM1858J1ZB	Marathon India Limited	Ri Bhoi Circle	9,74,350	ST stated (September 2022) that the dealer has deposited GST amounting to ₹ 6937044 for CGST and ₹ 7587532 for SGST and had also paid the interest due for late payment of tax amounting to ₹ 458415 for CGST and ₹ 501401 for SGST in August 2018. The ST also enclosed photo copy of cash ledger as proof of payment.	On verification reply of taxpayer is found to be correct hence observation is dropped.	Action taken before query
9	17AAACCP7462Q1ZP	Pioneer Carbide Private Limited	Ri Bhoi Circle	6,87,504	ST stated (April 2022) that a notice has been issued to the taxpayer.	ST may initiate steps for recovery of the tax dues and intimate Audit accordingly.	Notice issued /DRC-01A/07
10	17AAACCC9009Q1Z7	C S Construction Company Private Limited	Circle-VI	5,27,003	No reply furnished	ST is requested to furnish the reply at earliest.	No reply
<b>Total:</b>				<b>2,20,23,517</b>			

**Appendix 2.14**  
**Cases of partial production of records**  
**[Reference: Paragraph 2.4.6.3 (i)]**

Sl. No.	GSTIN	Name of the taxpayer	Jurisdictional zone	List of records not produced
1	17AABCI6363G1ZK	M/s Reliance Jio Infocomm Ltd	Circle-VI	Contract Agreement, Trade Payable and receivable ledger, Advance ledger account, Trail Balance, Manufacturing account, Stock Account, Export Invoices, FIRC/BRC
2	17ACEPD0378A1Z8	M/s Jaiguru Stores	Tura Circle I	Contract Agreement, Trade Payable and receivable ledger, Advance ledger account, Trail Balance, Invoices in support of Exempted Supply not produced.
3	17AABCC5460A1Z6	M/s Il&Fs Transportation Network Ltd	Ri Bhoi Circle	Trade Payable and receivable ledger, Advance ledger account, Trail Balance, Stock Account, Invoices in support of Exempted Supply, Manufacturing Account.
4	17AAGCA9080R1ZW	M/s Amrit Cement Limited	Circle-VII	Contract Agreement, Trade Payable and receivable ledger, Advance ledger account, Trail Balance, Manufacturing account, Stock Account, Invoices in support of Exempted Supply, Export Invoices, FIRC/BRC
5	17AAATN2887J1Z5	Nazareth Hospital Society	Circle-VIII	Contract Agreement, Trade Payable and receivable ledger, Advance ledger account, Trail Balance, Stock Account, Manufacturing Account, Invoices in support of Exempted Supply
6	17AABCD7169H1ZH	M/s Reliance Corporate It Park Ltd	Circle-VI	Contract Agreement, Trade Payable and receivable ledger, Advance ledger account, Trail Balance, Manufacturing account, Stock Account
7	17AHPPS5603M1ZP	Ram Chandra Sharma	Circle-V	Contract Agreement, Trade Payable and receivable ledger, Advance ledger account, Trail Balance, Manufacturing account, Stock Account
8	17AIWPT6114G1ZR	M/s Minerals And Mines Development Agency	Khliehriat Circle	Contract Agreement, Books of Account, Trade Payable and receivable ledger, Advance ledger account, Trail Balance, Manufacturing account, Stock Account.
9	17AACCJ3827H1ZL	Jorabat Shillong Expressway Ltd	Ri Bhoi Circle	Trade Payable and receivable ledger, Advance ledger account, Trail Balance, Manufacturing Account.
10	17AAACE0138N1ZP	Ericsson India Private Limited	Circle-II	Stock Account, Trail balance, Manufacturing Account.
11	17ALKPG9713H1ZX	M/s P L Trade Agency	Circle-V	Contract Agreement, Trade Payable and receivable ledger, Advance ledger account, Trail Balance, manufacturing account, Stock Account, Invoices in support of Exempted Supply not produced.
12	17AIJPL1547N1ZU	Dasakhiatbha Lamare	Circle-VI	Contract Agreement, Trade Payable and receivable ledger, Advance ledger account, Trail Balance, manufacturing account, Stock Account.

**Appendix 2.15**  
**Cases of non-production of records**  
**[Reference: Paragraph 2.4.6.3 (i)]**

Sl. No	GSTIN	Name of the taxpayer	Jurisdictional zone
1	17AEXPD2834E1ZG	Surendra Kumar Dudhoria	Circle-I
2	17AHIPA3577F1ZG	M/s A Areng Electricals	Circle-VI
3	17APQPK109IN1ZB	Jagmohan Prasad Kushwaha	Circle-VIII
4	17AAACU4655Q1ZP	Unique Structures & Towers Ltd	Circle-VI
5	17AAACT4432E1ZO	TCNS Clothing Co. Limited	Circle-VII
6	17AWLPM2254M2Z2	NRL Energy Station	Williamnagar Circle

**Appendix 2.16**  
**Non-payment of interest by taxpayers**  
**[Reference: Paragraph 2.4.6.3 (ii) (A) (a)]**

GSTIN	Name	Circle	Tax Period	Date of filing return	Due date of filing return	Days of delay	Total liability	Liability paid through cash	Interest required to be paid on cash portion of liability	Interest paid	Interest less paid	Department's reply	Audit Conclusion			
1	2	3	4	5	6	7	8	9	10	11	12	13	14			
17ADZPS7313N1ZI	RN Enterprises	Circle-I	Mar-18	28-04-2018	20-04-2018	8	3071859	194103	766	0	766	The ST replied (December 2022) that the Notice has been issued to the taxpayer and reply is awaited.	The ST is requested to speed up the proceeding under intimation to the Audit.			
17AHHPA3577F1ZG	M/s A.Arengh Electricals	Circle-VI	Mar-18	28-03-2019	20-04-2018	342	20339	20339	3430	0	3430	No reply received.	ST is requested to furnish the reply at earliest.			
17AAGCA9080R1ZW	M/s Amrit Cement Limited	Circle-VII	Jul-17	06-02-2018	11-12-2017	57	50214551	22528652	633271	1596674	-963403	The ST in its reply (December 2022) accepted the audit observation. ST provided detailed calculation of interest due delay in filing GST returns and concluded that interest amounting to ₹ 0.70 Cr was less paid.	The ST is requested to speed up the proceedings to recover the interest amount under intimation to the Audit.			
			Aug-17	16-03-2018	15-10-2017	152	65470478	61627025	4619494	0	4619494					
			Sep-17	11-04-2018	20-10-2017	173	53777452	48253423	4116744	3141707	975037					
			Oct-17	26-04-2018	20-11-2017	157	50461092	39098228	3027167	0	3027167					
			Nov-17	27-04-2018	20-12-2017	128	77097387	68562830	4327911	0	4327911					
			Dec-17	06-06-2018	22-01-2018	135	75235178	68720450	4575087	0	4575087					
			Jan-18	21-07-2018	20-02-2018	151	82382813	75045031	5588285	0	5588285					
			Feb-18	27-07-2018	20-03-2018	129	78738904	69232814	4404345	1135297	3269048					
			Mar-18	15-09-2018	20-04-2018	148	58704289	37278717	2720836	21168063	-18447227					
						<b>Total (Circle VII):</b>				<b>592082144</b>	<b>490347170</b>	<b>34013140</b>		<b>27041741</b>	<b>6971399</b>	
			Dec-17	03-02-2019	22-01-2018	377	1263166	168533	31333	0	31333					
			Jan-18	03-02-2019	20-02-2018	348	1306616	659614	113201	0	113201					
			Feb-18	03-02-2019	20-03-2018	320	1193486	342898	54112	0	54112					
Mar-18	03-02-2019	20-04-2018	289	1334336	650868	92762	0	92762								
			<b>Total (Circle VIII):</b>				<b>5097604</b>	<b>1821913</b>	<b>291408</b>	<b>0</b>	<b>291408</b>					
<b>Grand Total:</b>										<b>72,67,003</b>						

**Appendix 2.17**  
**GSTR 9/9C not filed even when turnover crossed ₹ 2 crore**  
**[Reference: Paragraph 2.4.6.3 (ii) (A) (b)]**

Sl. No.	GSTIN	Name	Circle	Status of filing GSTR 9	Status of filing GSTR 9C	Department Reply	Audit Conclusion
1	17AEXPD2834E1ZG	Surendra Kumar Dudhoria	Circle-I	Not filed	Not filed	No reply	ST is requested to furnish the reply at earliest.
2	17AHIPA3577F1ZG	M/s AArengh Electricals	Circle-VI	Not filed	Not filed	No reply	ST is requested to furnish the reply at earliest.
3	17AIWPT6114G1ZR	M/s Minerals And Mines Development Agency	Khliehriat Circle	Filed	Not filed	No reply	ST is requested to furnish the reply at earliest.

**Appendix 2.18**  
**Mismatch relating to Input Tax Credit through ISD**  
*[Reference: Paragraph 2.4.6.3 (ii) (B)]*

Sl. No.	GSTIN	Name	Circle	Irregular ISD credit required to be reversed (₹)	Department's reply	Audit Conclusion
1	2	3	4	5	6	7
1	17AABCI6363G1ZK	M/s Reliance Jio Infocomm Ltd.	Circle-VI	4,89,25,372	No reply	ST is requested to furnish the reply at earliest.

**Appendix 2.19**  
**Unreconciled ITC as per Table 14T of GSTR 9C**  
*[Reference: Paragraph 2.4.6.3 (ii) (B)]*

Sl. No.	GSTIN	Name	Table of GSTR 9C	Circle	Unreconciled ITC (₹)	Department's reply	Audit conclusion
1	2	3	4	5	6	7	8
1	17CTKPS6915D1ZD	M/s M P Traders	14T	Circle-I	8,65,78,455	The ST replied in December 2022 that the Notice has been issued to the taxpayer. Further, reply is awaited.	ST is requested to speed up the proceeding of recovery of tax liability.
2	17AAACU4655Q1ZP	Unique Structures & Towers Ltd	14T	Non-resident Circle	2,24,416	No reply	ST is requested to furnish the reply at earliest.
<b>Total:</b>					<b>8,68,02,871</b>	<b>-</b>	<b>-</b>

**Appendix 2.20**  
**Undischarged tax liability for the year 2017-18**  
**[Reference: Table 2.4.10 of Paragraph 2.4.6.3 (C) (a)]**

Sl. No.	GSTIN	Name	Circle	Tax liability as per GSTR 1	Tax liability as per GSTR 9/3B	Higher of GSTR 1 and GSTR 9 (liability)	Mismatch in Tax Liability	Tax paid as per GSTR 9/3B (other than RCM liability)	Tax short paid	Department's reply	Audit conclusions
1	2	3	4	5	6	7	8	9	10	11	12
1	17ADZPS7313NIZI	R N Enterprises	Circle-I	4,72,70,505	4,54,67,016	4,72,70,505	18,03,489	4,58,72,870	13,97,635	The ST replied in December 2022 that the notice has been issued to the taxpayer. Further reply is awaited.	ST is requested to speed up the proceeding of recovery of tax liability.
2	17CTKPS6915D1ZD	M/s M P Traders	Circle-I	8,12,66,384	8,07,23,680	8,12,66,384	5,42,704	8,07,66,451	4,99,933	No reply	ST is requested to furnish the reply at earliest.
3	17AAAACE0138NIZP	Ericsson India Private Limited	Circle-II	5,28,37,644	5,25,32,000	5,28,37,644	3,05,644	5,25,32,000	3,05,644	No reply	ST is requested to furnish the reply at earliest.
4	17ALKPG9713H1ZX	M/s P L Trade Agency	Circle-V	3,00,75,276	3,02,73,968	3,02,73,968	1,98,692	3,02,34,902	39,066	No reply	ST is requested to furnish the reply at earliest.
5	17AABCI6363G1ZK	M/s Reliance Jio Infocomm Ltd	Circle-VI	9,37,64,712	8,13,90,048	9,37,64,712	1,23,74,664	8,13,90,053	1,23,74,659	No reply	ST is requested to furnish the reply at earliest.
6	17APQPK1091N1ZB	Jagnohan Prasad Kushwaha	Circle- VIII	8,09,50,408	6,30,65,956	8,09,50,408	1,78,84,452	6,30,65,956	1,78,84,452	No reply	ST is requested to furnish the reply at earliest.

Sl. No.	GSTIN	Name	Circle	Tax liability as per GSTR 1	Tax liability as per GSTR 9/3B	Higher of GSTR 1 and GSTR 9 (liability)	Mismatch in Tax Liability	Tax paid as per GSTR 9/3B (other than RCM liability)	Tax short paid	Department's reply	Audit conclusions
1	2	3	4	5	6	7	8	9	10	11	12
7	17AIWPT6114G1ZR	M/s Minerals And Mines Development Agency	Khliehriat Circle	1,11,88,564	98,58,744	1,11,88,564	13,29,820	98,58,744	13,29,820	ST Khliehriat stated that the taxpayer has made payment vide DRC-03 amounting to ₹ 1329820 dt 15-06-2021 in compliance to the observation. With regard to the payment of interest the taxpayer has paid ₹ 754830 on dt 01-09-2022 which was made for the period from 20 April 2018 to 15 June 2021.	Reply of ST is accepted by Audit after verification. Hence there is recovery of ₹ 0.08 crore at the instance of Audit.
8	17AACCJ3827H1ZL	Jorabat Shillong Expressway Ltd	Ri Bhoi Circle	77,40,006	87,62,652	87,62,652	10,22,646	77,40,006	10,22,646	The ST replied (December 2022) that the taxpayer has paid the mismatch tax liability of ₹ 10,22,646 through DRC-03 in November 2022. However, the taxpayer stated that no interest was leviable because liability was discharged through Electronic Credit Ledger.	On verification reply of the taxpayer is found to be correct there is a recovery at instance of the Audit.
9	17ACEPD0378A1Z8	M/s Jaiguru Stores	Tura Circle I	4,16,540	3,54,421	4,16,540	62,119	3,54,421	62,119	No reply	ST is requested to furnish the reply at earliest.
<b>Total:</b>				<b>40,55,10,039</b>	<b>37,24,28,485</b>	<b>40,67,31,377</b>	<b>3,55,24,230</b>	<b>37,18,15,403</b>	<b>3,49,15,974</b>	<b>-</b>	<b>-</b>

**Appendix 2.21**  
**Unreconciled tax payment as per Table 9R of GSTR 9C**  
**[Reference: Paragraph 2.4.6.3 (C) (a)]**

Sr. No.	GSTIN	Name	Circle	Unreconciled tax payment (₹)	Department's reply	Audit conclusions
1	17AHPPS5603M1ZP	Ram Chandra Sharma	Circle-V	9,77,241	No reply	ST is requested to furnish the reply at earliest.
2	17APQPK1091N1ZB	Jagmohan Prasad Kushwaha	Circle-VIII	1,72,64,767	No reply	ST is requested to furnish the reply at earliest.
<b>Total:</b>				<b>1,82,42,008</b>	<b>-</b>	<b>-</b>

**Appendix 2.22**  
**Unreconciled turnover as per Table 5R of GSTR 9C**  
**[Reference: Paragraph 2.4.6.3 (C) (a)]**

Sl. No.	GSTIN	Name	Circle	Unreconciled Turnover (₹)	Department's reply	Audit Conclusion
1	17AAGCA9080R1ZW	M/s Amrit Cement Limited	Circle-VII	30,91,42,993	ST replied (December 2022) that the unreconciled turnover of the ₹ 30.91 Cr was due to transport subsidy received by the taxpayer amounting to ₹ 16.28 cr, CGST refund amounting to ₹ 1.15 cr, IGST refund amounting to ₹ 12.97 cr and Insurance subsidy amounting to ₹ 0.51 cr. However, the ST did not provide any documentary evidence in support of the claim.	The ST is requested to provide the documentary evidence in support of the reply.

**Appendix 2.23**  
**Statement showing unpaid interest on delayed payment of tax**  
*[Reference: Paragraph 2.4.6.3 (ii) (C) (b)]*

<b>Liability of September to November 2017 to be paid by</b>	20.12.2017
<b>Liability paid on</b>	11.02.2020
<b>Days of delay</b>	783
<b>Amount paid (₹)</b>	18,12,574
<b>Interest to be paid @ 18% p.a.</b>	699,901.86
<b>Interest paid (₹)</b>	24,516
<b>Interest unpaid</b>	6,75,386
<b>Liability of ₹ 15,76,446 out of total ₹ 18,12,574 was paid through Electronic Credit Ledger in contradiction to the instruction to pay from Cash Ledger.</b>	

**Appendix 2.24**  
**List of sampled DDOs**  
*(Reference: Paragraph 2.5.4)*

Sl. No.	Name of the DDOs	Registered/ Not registered
1	Executive Engineer, P.W.D (Roads), Shillong Central Division	Registered
2	Executive Engineer, P.W.D (Roads), Tura North Division	
3	Executive Engineer, P.W.D (Roads), Nongpoh Division, Nongpoh	
4	Executive Engineer, PWD (Roads), Mairang Division	
5	Executive Engineer, P.W.D(Building) Tura Building Division	
6	Executive Engineer, P.W.D (Roads), North Jowai Division	
7	Director of Social Welfare, Shillong	
8	Director of Tourism, Shillong	
9	Under Secretary, Governor's Secretariat, Shillong	
10	Superintendent of Police, South West Khasi Hills, Mawkyrwat	Registered
11	Divisional Forest Officer, Social Forestry Division, South Garo Hills, Baghmara	
12	Divisional Forest Officer, Wild Life Division, Jaintia Hills, Jowai	The DDOs got registered at the instance of Audit
13	Divisional Soil Conservation Officer, Jaintia Hills Division(T), Jowai	
14	Director, Animal Husbandry and Veterinary, Shillong	
15	Divisional Soil and Water Conservation Officer, Soil & Water Conservation Division, Resubelpara	Not registered
16	Divisional Forest Officer, East and North Garo Hills (T) Division, Williamnagar	
17	Divisional Forest Officer, Social Forestry Division, Ribhoi, Nongpoh	
18	Divisional Forest Officer, Social Forestry and Territorial Division, West Khasi Hill, Nongstoin	
19	Senior Electrical Inspector, Meghalaya, Shillong	
20	Assistant Agriculture Engineer (Mech) (CHD), Nongstoin	
21	District Transport Officer, Jowai	

**Appendix 2.25**  
**List of sampled ECOs**  
*(Reference: Paragraph 2.5.4)*

Sl. No.	GSTIN	Name of the ECOs	Circle
1	17AAHCP1178L1CC	IBIBO Group Pvt. Ltd	I
2	17AAFCT5810K1CH	Wasteland Entertainment Pvt. Ltd	I
3	17AACCD0796K1CP	Yatra Hotel Solutions Pvt. Ltd.	Non-resident
4	17AAQCA5807N1CE	Agoda Company Pvt. Ltd.	I

**Appendix 2.26**  
**Non-registration of DDOs**  
**[Reference: Paragraph 2.5.7.1 (A) (i)]**

Sl. No.	Name of the DDO	GSTIN of DDO	Bill No.	Bill date	Bill Amount	Taxable value	TDS to be deducted	Penalty
1	Director, Animal Husbandry & Veterinary, Shillong	17SHLD06188A1D8	GST/1830/18-19	04-10-2018	8,08,524	6,85,190	13,704	13,704
			2020-21/CAN/33	30-07-2020	4,86,122	4,11,967	8,239	8,239
			1325	30-10-2020	6,40,000	5,42,372	10,847	10,847
			360	14-09-2020	5,26,740	4,46,389	8,928	8,928
			4272	18-03-2020	16,65,358	14,11,320	28,226	28,226
			036/VSL/19000584	05-12-2019	9,61,130	6,61,164	13,223	13,223
			017/VSL/19000583	16-10-2019	7,89,870	6,12,302	12,246	12,246
2	Divisional Forest Officer, Wild Life Division, Jowai	17AAAGO1078F1DO	INV20B000234	22-10-2019	9,47,885	6,86,592	13,732	13,732
			INV20B000233	22-10-2019	7,98,260	6,09,358	12,187	12,187
			<b>Total</b>		<b>76,23,889</b>	<b>60,66,654</b>	<b>1,21,332</b>	<b>1,21,332</b>
			ANIPL/20-21/3071	31-03-2021	4,70,000	4,19,642	8,393	8,393
			EX/18-19/105662	30-03-2019	4,20,000	3,75,000	7,500	7,500
<b>Grand Total:</b>			<b>Total</b>		<b>8,90,000</b>	<b>7,94,642</b>	<b>15,893</b>	<b>20,000<sup>52</sup></b>
<b>Grand Total:</b>					<b>85,13,889</b>	<b>68,61,296</b>	<b>1,37,225</b>	<b>1,41,332</b>

<sup>52</sup> Minimum penalty under Section 122 of GST Act, 2017.

**Appendix 2.27**  
**Delay in registration by DDOs**  
*[Reference: Paragraph 2.5.7.1 (A) (ii)]*

Sl. No.	Name of the DDO	GSTIN of DDO	Voucher date	Amount (₹)	Taxable value (₹)	TDS to be deducted (₹)	Penalty (₹)
1	DFO Social Forestry Division, South Garo Hills, Baghmara	17SHLO03428F1DQ	31 Mach 2021	6,05,000	5,12,712	10,254	10,254
			31 Mach 2021	3,65,650	3,09,873	6,197	6,197
			31 Mach 2021	4,87,000	4,12,712	8,254	8,254
			31 Mach 2021	7,12,000	6,03,390	12,068	12,068
<b>Total:</b>				<b>21,69,650</b>	<b>18,38,687</b>	<b>36,773</b>	<b>36,773</b>

**Appendix 2.28**  
**Non-deduction of TDS**  
**[Reference: Paragraph 2.5.7.1 (B)]**

Sl. No.	Name of the DDO	GSTIN of DDO	Supplier Name	GSTIN of Supplier	Bill Amount (₹)	Taxable value (₹)	TDS to be deducted (₹)	Penalty (₹)
1	Governor's Secretariat, Raj Bhawan, Shillong	17SHL-G01710C1DO	Audi Guwahati Green Valley Pride	18AAFCG3357E1ZO	39,54,000	30,89,063	61,781	61,781
			Poddar Auto Corp	18AAHCP4779M1ZK	9,07,800	7,09,219	14,184	14,184
2	Director of Social Welfare, Shillong	17SHL-D04326A1DO	MP Singhanian & Co.	17ALAPS8999M1ZY	1,49,24,820	1,26,48,153	2,52,963	2,52,963
			Poddar Auto Corp	18AAHCP4779-M1ZK	2,61,23,000	2,48,79,048	4,97,581	4,97,581
<b>Total</b>						<b>4,13,25,483</b>	<b>8,26,509</b>	<b>8,26,509</b>

**Appendix 2.29**  
**Delay in registration by ECOs**  
**[Reference: Paragraph 2.5.7.2 (A)]**

Sl. No.	Name of the ECO	GSTIN	Date of registration		Delay (No. of days) in taking registration as ECO (Due date: 01.10.2018)	Total turnover under normal category (Since registration to September 2018) (₹)	Minimum Penalty leviable (₹)	
			Normal	ECO				
1	Yatra Hotel Solutions Private limited	17AACCD0796K1ZE	17AACCD0796K1CP	01.06.18	01.11.18	31	1,18,149	20,000
2	IBIBO Group Pvt. Ltd.	17AAHCP1178L1Z1	17AAHCP1178L1CC	24.08.17	09.11.18	39	35,03,885	20,000
<b>Total</b>						<b>36,22,034</b>	<b>40,000</b>	

**Appendix 2.30**  
**Suppression of turnover by deductees/suppliers for supplies made to DDOs prior to 01.10.2018**  
*/(Reference: Paragraph 2.5.7.3 (A))*

Sl. No.	Name of the DDO	GSTIN of the supplier	Bill Amount (₹)	Bill date	GST due date	GST Payable (₹)	Delay in days (upto 30.04.2024)	Interest Due (@18% of GST payable) (₹)
1	Director of Tourism, Shillong	17AFSPL9015M2ZQ	13,88,528	26.07.2017	20.08.2017	1,48,771	2,445	1,79,381
		17ALBPR2849E1Z2	19,99,258	25.04.2018	20.05.2018	2,14,206	2,172	2,29,441
		17CVJPS2745E1ZC	49,82,385	21.05.2018	20.06.2018	5,33,827	2,141	5,63,634
2	EE PWD (Building) Tura Building Division, Tura	17AELPN1639M1Z0	20,00,000	10.09.2018	20.10.2018	2,14,286	2,019	2,13,358
		17AQSPM2569E1ZF	5,95,321	Not available	20.10.2018	63,784	2,019	63,508
<b>Total:</b>			<b>1,09,65,492</b>	<b>-</b>	<b>-</b>	<b>11,74,874</b>	<b>-</b>	<b>12,49,322</b>

**Appendix 2.31**  
**Suppression of turnover by deductees/suppliers for supplies made to DDOs after 01.10.2018**  
**[Reference: Paragraph 2.5.7.3 (B)]**

Sl. No.	Name of the DDO	GSTIN of DDO	Year	GSTIN of top deductee	TDS Deducted from top deductee (₹)	Total GST liable to be paid (2.5 times of TDS amount, by taking minimum GST rate of 5%) (₹)	Interest Payable @18% (calculated from year end upto 30.04.2024) (₹)
1	Director of Tourism, Shillong	17SHLD02006E1DR	2018-19	17AMZPM7982N1ZM	2,67,997	6,69,993	6,06,958
			2019-20	17ASNPK6095N1ZU	1,09,761	2,74,403	1,99,058
			2020-21	17ABMPW0942Q1ZS	63,785	1,59,463	86,975
2	Governor's Secretariat, Raj Bhawan, Shillong	17SHLG01710C1DO	2018-19	17AHIPM7508G1Z7	50,016	1,25,040	1,13,276
			2019-20	17AVVPS9375G1ZI	56,012	1,40,030	1,01,581
			2020-21	17AVVPS9375G1ZI	1,14,607	2,86,518	1,56,274
3	E.E. PWD (Roads) Central Division, Shillong	17SHLE00102E1DW	2018-19	17AMCPK7834N1ZK	96,610	2,41,525	2,18,802
			2019-20	17ABLPL1127H1ZS	1,90,148	4,75,370	3,44,845
			2020-21	17ASKPS3196H1Z6	1,70,198	4,25,495	2,32,075
4	E.E. PWD (Roads) North Jowai Division, Jowai	17SHLN00481F1DT	2018-19	17APAPD0236J1ZD	7,29,400	18,23,500	16,51,941
			2019-20	17ABBBPH1853L1ZO	3,30,000	8,25,000	5,98,475
			2020-21	17AAAPY5589L1Z5	4,98,272	12,45,680	6,79,425

Sl. No.	Name of the DDO	GSTIN of DDO	Year	GSTIN of top deductee	TDS Deducted from top deductee (₹)	Total GST liable to be paid (2.5 times of TDS amount, by taking minimum GST rate of 5%) (₹)	Interest Payable @18% (calculated from year end upto 30.04.2024) (₹)
5	E.E. PWD (Roads) Mairang Division	17SHLE00105A1D1	2018-19	17DPIPS8291M1ZU	1,12,000	2,80,000	2,53,657
			2019-20	17AECPN5201Q1ZB	3,37,504	8,43,760	6,12,084
			2020-21	17APAPD0236J1ZD	35,29,410	88,23,525	48,12,568
6	Director Social Welfare, Shillong	17SHLD04326A1D0	2018-19	17ALAPS8999M1ZY	15,25,101	38,12,753	34,54,040
			2019-20	17AABCO4537E1ZM	5,70,931	14,27,328	10,35,419
			2020-21	17AABCO4537E1ZM	21,62,626	54,06,565	29,48,874
7	E.E. PWD (Roads) Tura North Division, Tura	17SHLO00553A1D4	2018-19	17AWXPS0216M2ZU	2,11,486	5,28,715	4,78,972
			2019-20	17ABYFS2302Q1ZF	17,17,782	42,94,455	31,15,304
			2020-21	17ABYFS2302Q1ZF	17,84,122	44,60,305	24,32,760
8	E.E. PWD (Building) Tura Division, Tura	17SHLO00744C1DZ	2018-19	17AHWPM5039J1ZO	16,42,376	41,05,940	37,19,644
			2019-20	17AABCI9987D1Z5	15,25,182	38,12,955	27,66,012
			2020-21	17AADAG8831B1ZX	10,97,000	27,42,500	14,95,827
<b>Total</b>					<b>1,88,92,326</b>	<b>4,72,30,815</b>	<b>3,21,14,847</b>

**Appendix 3.1**  
**Statement showing Excise Duty Payable by M/s Hill View Bonded Warehouse**  
**during the year 2017-18 to 2018-19 vis-à-vis Excise Duty Paid**  
*(Reference: Paragraph 3.3)*

Brand	No. of cases issued by the warehouse	Prescribed Excise Duty Rates	Excise Duty payable
1	2	3	4 (2x3)
<b>A. Statement of Excise Duty/Advalorem payable and paid up to December 2017</b>			
Regular	10	524	5240
General Brand	144	663	95472
Deluxe Prestige Brand	5078	750	3808500
Deluxe Premium Brand	11691	1100	12860100
Semi Premium Brand	4388	1350	5923800
Premium Brand	436	1550	675800
Super Premium Brand	49	1650	80850
BIO	1	2000	2000
Wine	108	180	19440
Beer 650ml	11986	109.2	1308871.2
Beer 500ml	730	177.45	129539
Beer 330ml	21	140.1	2942
Beer 275ml	234	323	75582
<b>Total cases</b>	<b>34876</b>		
<b>Total Ad Valorem payable:</b>			<b>2,49,88,136</b>
<b>Total Excise Duty/ Ad Valorem Paid:</b>			<b>2,53,69,763</b>
<b>Excess payment (A):</b>			<b>(-)3,81,627</b>
<b>B. Statement of Excise Duty/Advalorem payable and paid up to March 2019</b>			
Regular	25	524	13100
Deluxe Prestige Brand	22967	725	16651075
Deluxe Premium Brand	77259	950	73396050
Semi Premium Brand	7564	1150	8698600
Premium Brand	981	1350	1324350
Super Premium Brand	53	1550	82150
BIO	3	1000	3000
Wine	267	180	48060
Beer 650ml	21074	109.2	2301280.8
Beer 500ml	1335	177.45	236896
Beer 330ml	1	140.1	140
Beer 275ml	321	323	103683
<b>Total cases</b>	<b>131850</b>		
<b>Total Ad Valorem payable:</b>			<b>10,28,58,385</b>
<b>Total Excise Duty/ Ad Valorem Paid:</b>			<b>2,99,64,994</b>
<b>Short payment (B):</b>			<b>7,28,93,391</b>
<b>Total short payment (B - A):</b>			<b>7,25,11,764</b>

### Appendix 3.2

Statement showing Excise Duty Payable by M/s Gloria Bonded Warehouse during the year 2017-18 to 2018-19 vis-à-vis Excise Duty Paid.

(Reference: Paragraph 3.3)

Brand	No. of cases issued by the warehouse	Prescribed Excise Duty Rates	Excise Duty/ Ad valorem payable
1	2	3	4 (2x3)
<b>A. Statement of Excise Duty/Advalorem payable and paid up to December 2017</b>			
Regular	41	524	21,484
General Brand	1	663	663
Deluxe Prestige Brand	20035	750	1,50,26,250
Deluxe Premium Brand	25256	1100	2,77,81,600
<i>Deluxe Premium Brand sold to Police Canteen</i>	35	257	8995
Semi Premium Brand	7523	1350	1,01,56,050
<i>Semi premium Brand sold to Police Canteen</i>	40	257	10,280
Premium Brand	766	1550	11,87,300
<i>Premium Brand sold to Police Canteen</i>	3	257	771
Super Premium Brand	95	1650	1,56,750
BIO	25	2000	50,000
Wine	246	180	44,280
Beer 650ml	27949	109.2	30,52,031
Beer 500ml	2548	177.45	4,52,143
<i>Beer sold to Police Canteen</i>	100	80	8000
Beer 330ml	13	140.1	1821
Beer 275ml	272	323	87856
<b>Total cases:</b>	<b>84948</b>		
<b>Total Ad Valorem payable:</b>			<b>5,80,46,274</b>
<b>Total Excise Duty/ Ad Valorem Paid:</b>			<b>5,38,47,107</b>
<b>Short payment (A):</b>			<b>41,99,167</b>
<b>B. Statement of Excise Duty/Advalorem payable and paid up to March 2019</b>			
Regular	55	524	28,820
Deluxe Prestige Brand	96486	725	6,99,52,350
<i>Deluxe Prestige Brand sole to Police Canteen</i>	1763	405	7,14,015
Deluxe Premium Brand	58308	950	5,53,92,600
Semi Premium Brand	37144	1150	4,27,15,600
Premium Brand	5453	1350	73,61,550
Super Premium Brand	201	1550	3,11,550
BIO	43	1000	43,000
Wine	954	180	1,71,720
Beer 650ml	91391	109.2	99,79,897
Beer 500ml	9208	177.45	16,33,960
Beer 330ml	1021	140.1	1,43,042
Beer 275ml	1410	323	4,55,430
<b>Total cases:</b>	<b>303437</b>		
<b>Total Ad Valorem payable:</b>			<b>18,89,03,534</b>
<b>Total Excise Duty/ Ad Valorem Paid:</b>			<b>12,36,74,256</b>
<b>Short payment (B):</b>			<b>6,52,29,278</b>
<b>Total short payment (A + B):</b>			<b>6,94,28,445</b>

**Appendix 3.3**  
**Statement showing Excise Duty Payable by M/s Tura Bonded Warehouse during**  
**the year 2018-19 vis-à-vis Excise Duty Paid.**  
*(Reference: Paragraph 3.3)*

Brand	No. of cases issued by the warehouse	Prescribed Excise Duty Rates	Excise Duty/ Ad valorem payable
1	2	3	4 (2x3)
Regular Brand	24	524	12576
Deluxe Prestige Brand	32796	725	23777100
Semi Premium Brand	12154	1150	13977100
Premium Brand	706	1350	953100
Super Premium Brand	157	1550	243350
BIO	48	1000	48000
Wine	750	180	135000
Beer 650ml	37799	109.2	4130297
Beer 500ml	2831	177.45	502361
Beer 330ml	718	140.1	100592
Beer 275ml	906	323	292638
<b>Total cases</b>	<b>88889</b>		
<b>Total Ad Valorem payable:</b>			<b>4,41,72,114</b>
<b>Total Ad Valorem Paid:</b>			<b>4,03,06,878</b>
<b>Short payment</b>			<b>38,65,236</b>

**Appendix 4.1**  
**Grant of Transportation Challan**  
*(Reference: Paragraph 4.3.1)*

Name of the Mining Lease Holder	Date of granting of mining lease	Transport Challan Book No.	Date of issue of Transport Challan Book
<b>Shri Diwan B. Marak</b>	<b>27.08.2019</b>	414	11.10.2019
		415	
		424	01.11.2019
		425	
		483	27.02.2020
		491	27.11.2019
		509	16.12.2019
		529	13.01.2020
		614	18.05.2020
		666	17.08.2020
		702	22.09.2020
		704	23.09.2020
		709	12.10.2020
		710	
		721	
		742	04.11.2020
		745	
		767	30.11.2020
		779	26.11.2020
		1061	18.01.2021
1062			
1063			
<b>Shri Manoranjan Singh</b>	<b>25.09.2019</b>	412	01.10.2019
		413	
		541	17.01.2020
		545	23.01.2020
		576	11.02.2020
		584	25.02.2020
		596	27.02.2020
		607	09.03.2020
		625	02.07.2020
		641	03.07.2020
		642	
		660	07.08.2020
		667	18.08.2020
		678	01.09.2020
		703	22.09.2020
		706	14.10.2020
		727	14.10.2020
		712	10.11.2020
		713	
		754	18.11.2020
		768	25.11.2020
		787	07.12.2020
		799	07.12.2020
		800	
		1041	21.12.2020
		1042	
1067	18.01.2021		
1099	28.01.2021		
1140	22.02.2021		
1142			

**Appendix 4.2**  
**Statement showing short payment of Stamp Duty and Registration Fees**  
**(Reference: Paragraph 4.3.2)**

(Amount in ₹)											
Sl. No	Name of mining lease holder	Date of grant of mining lease	Period of lease (In years)	Actual anticipated average annual royalty as determined by DFO	Disclosed anticipated average annual royalty as per Lease Deed	Stamp Duty realisable as per anticipated average annual royalty	Stamp Duty levied	Short levy of Stamp Duty	Registration fees realisable	Registration fees levied	Short Levy of Registration fees
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.	Shri Prisbar K Sangma	06.06.2019	5 (20.04.2022 to 19.04.2027)	48,47,333	48,47,333	1,64,775 <sup>53</sup>	48,660	1,16,095	72,721 <sup>54</sup>	72,710	11
2.	Shri Nansing Ch Marak Mining lease was transferred to Smti. Simchi Marak vide DFO letter No. B/16/VII/744 dated 14.03.2022	05.03.2019	10 (08.03.2019 to 07.03.2029)	34,15,067	31,68,120	3,38,092 <sup>55</sup>	3,23,780	14,312	51,237 <sup>56</sup>	47,522	3715
<b>Total</b>								<b>1,30,407</b>	<b>-</b>	<b>-</b>	<b>3726</b>
<b>Grand Total</b>								<b>1,34,133</b>			

<sup>53</sup> Stamp Duty =  $(₹48,47,333 - 1000) / 500 \times 17 = ₹1,64,775$  (as per Bond No. 15 of Clause 35 of the Indian Stamp (Meghalaya Amendment) Act, 1993).

<sup>54</sup> Registration Fee =  $\{(₹48,47,333 - ₹1000) \times (15/1000)\} + ₹26 = ₹72,721$ .

<sup>55</sup> Stamp Duty =  $₹34,15,067 \times (99/1000) \times 1 = ₹338092$  (as per Conveyance No. 23 of Clause 35 of the Indian Stamp (Meghalaya Amendment) Act, 1993).

<sup>56</sup> Registration Fee =  $\{(₹34,15,067 - ₹1000) \times (15/1000)\} + ₹26 = ₹51,237$ .



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