Overview

OVERVIEW

This Report includes one Subject Specific Compliance Audit (SSCA) on E-Way Bills System under Goods and Services Tax and one SSCA on Department's Oversight on GST Payments and Return Filing- phase II, involving financial implication of ₹ 822.99 crore.

Chapter 1: SSCA on E-Way Bills System under Goods and Services Tax

The E-Way Bills (EWB) system was introduced w.e.f. 1 April 2018 for all inter-State movement of goods having value exceeding ₹ 50,000 to safeguard the Government's core objective of securing revenue. For intra-State movements, EWB was made mandatory with the threshold limit being ₹ 50,000 in the state of Haryana.

This SSCA was undertaken to assess whether EWB mechanism was effective in protecting revenue interest of the Government; and the enforcement activities of the Department in enforcing EWB provisions were efficient and effective. The SSCA covered the period from 2018-19 to 2021-22.

Significant findings

41 EWBs were generated after the effective date of cancellation of GST Registration involving an assessable value of ₹ 13.49 crore falling under five DETCs. Four taxpayers had generated multiple EWBs on a single invoice.

(Paragraphs 1.9.4 & 1.9.5)

Under five DETCs, 12 EWB transactions pertaining to 10 taxpayers involving an assessable value of ₹ 2.78 crore were affected using risky vehicles, i.e. stolen, scrapped, surrendered, cancelled and suspended vehicles, two wheelers etc,. It was further observed that the corresponding outward supplies were not reported in GSTR-1 return.

(Paragraph 1.9.6)

68 EWBs involving an assessable value of ₹ 36.30 crore were generated by 12 taxpayers who fell in High value EWBs generated within six months of registration, EWBs with high distance from PIN to PIN, EWBs belonging to Ministry of Corporate Affairs defaulters, EWBs of Directorate General of Foreign Trade blacklisted entities, Parties booked for offences by Directorate General of Analytics and Risk Management and EWBs using Invalid PIN-codes.

{Paragraph 1.9.10 (iii)}

Six EWBs involving an assessable value of ₹ 92.05 lakh pertaining to three taxpayers were generated and the registrations of taxpayers were subsequently cancelled.

{Paragraph 1.9.10 (iv)}

Chapter 2: SSCA on Department's Oversight on GST Payments and Return Filing- phase II

This SSCA was taken up as a continuation of the SSCA conducted during the year 2022-23 (Phase I), considering the significance of the control mechanism envisaged for tax compliance and Department's oversight mechanism in this new tax regime.

This SSCA was predominantly conducted based on data analysis (data obtained from GST Wing), which highlighted risk areas and red flags pertaining to the period April 2018 to March 2021. The review of the scrutiny of returns by the Department and verification of taxpayer's records covered the period from April 2018 to March 2021, while the audit of the functions of selected Departmental field formations covered the period from July 2017 to March 2023. The SSCA covered only the State administered taxpayers.

Significant findings

The Department had not issued notices in respect 6,064 taxpayers in GSTR-3A who had not filed the GSTR-3B for more than seven months or above during the period 2017-18 to 2019-20.

(Paragraph 2.6.1)

Under 10 DETCs, 55,984 *suo-moto* cancellation cases were approved by the Department for the period 2017-18 to 2022-23. Of these, 49,641 taxpayers did not file return in GSTR-10 which was required to be filed. Further, in 40,344 cases, notices in form GSTR-3A were not issued by the jurisdictional officers.

(Paragraph 2.6.2)

The Department had short levied interest amounting to ₹3.17 crore in two cases on delayed payment of tax. In one case, late fee for non-filing of return was not levied by the Proper officer.

{Paragraphs 2.6.3(a) & (b)}

Rule-based deviations, and logical inconsistencies between GST returns filed by taxpayers were identified on a set of 17 parameters such as mismatch of ITC availed between Annual returns and Books of accounts, short payment of interest, ITC mismatch between GSTR-2A and GSTR-3B, ITC availed without supplier remitting tax, unsettled tax liability etc. pertaining to 380 taxpayers.

(Paragraph 2.7)

The Department responded to 339 out of 687 cases of high value data inconsistencies identified by Audit. Of these, 196 cases constituting 57.81 *per cent* turned out to be compliance deviations with mismatches amounting to ₹ 738.34 crore. A relatively higher rates of deviations were noticed in risk parameters such as short payment of tax under TDS/TCS, undischarged tax liability and ITC mismatch. Out of the 339 cases, the Department has initiated action in 123 cases by recovery of ₹ 3.49 crore in 17 cases, issuing of notices involving ₹ 582.07 crore in 101 cases and conveying discrepancies to the taxpayer in five cases involving ₹ 4.60 crore.

(Paragraphs 2.7.1 & 2.7.2)

The DETCs had not produced the requisitioned records involving ITC/ tax liability amounting to ₹7,692.48 crore in 69 out of 70 cases. Thus, identified risks relating to mismatch/deviations in ITC availment and undischarged liability could not be examined in detail.

(Paragraph 2.8.1)

19 taxpayers had filed monthly return GSTR-3B with a delay of one to 293 days and had not discharged the interest liability amounting to ₹ 1.64 crore.

(Paragraph 2.8.2)

The Department did not produce records in respect of 87 instances of mismatches of tax liability between the GSTR-1 and GSTR-3B involving money value of ₹ 356.76 crore.

(Paragraph 2.8.4)