

## PRESS RELEASE

On

**The Report of the Comptroller and Auditor General of India**

**for the period ended March 2023**

**Government of Union Territory of Jammu and Kashmir**

**Report No. 01 of 2026**

**(Composite Audit Report – UT Revenue)**

This Report has been prepared in accordance with the provisions of Section 72 of the Jammu and Kashmir Reorganisation Act, 2019. The Report was forwarded to the Government of Jammu and Kashmir on 24.02.2026. The Report has been laid on the table of the Jammu and Kashmir legislature on 30.03.2026.

This Report contains three Chapters. Chapter-I gives brief information regarding revenue receipts of the Government of Union Territory of Jammu and Kashmir. Chapter-II contains the significant audit findings noticed during Performance Audit on E-way bills system under Goods and Service Tax. Chapter-III present significant audit findings noticed during compliance audit on revenue receipts.

### ***Key findings:***

#### **(i) Performance Audit on E-way Bills System under Goods and Service Tax**

E-way Bill (EWB) is a document required for movement of goods and is designed to capture details of goods before being moved. The EWB was introduced with effect from 01 April 2018 for all inter-State movement of goods having value exceeding ₹ 50,000.

For the intra-State movements in Jammu and Kashmir, EWB was made mandatory, in phases, for the consignment value of ₹ 50,000 as the threshold limit. The Performance Audit of E-way Bills System under Goods and Service Tax was conducted to ascertain whether EWB mechanism was effective in protecting revenue interest of the Government and whether the preventive/ enforcement activities of the Department in enforcing EWB provisions were efficient and effective.

Audit noticed systemic lapses on examining the EWB system such as ineligible taxpayers continuing under Composition Levy Scheme, and taxpayers filing 'nil' returns or not filing returns though they had generated EWBs. These cases involved tax implication of ₹ 2.29 crore. During 2018-22, three taxpayers registered within two assessment circles generated 5,739 EWBs having a tax effect of ₹ 67.99 crore, against which only ₹ 64.24 crore was discharged through GSTR-3B, the remaining ₹ 3.75 crore was not reported in

GSTR-3B. Specific invoices pertaining to the unpaid tax liability could not be ascertained in audit due to absence of a detailed reconciliation between GSTR-1 and GSTR-3B.

Audit examination also revealed compliance deviations. EWBs were generated by the cancelled taxpayer. EWBs contained vehicle numbers that were scrapped, two wheelers, vehicles whose registration was cancelled and suspended vehicles. Further, multiple EWBs were generated on the same invoices.

Instances of mis-match in Input Tax Credit (ITC) availment between GSTR-2A and GSTR-3B were also detected, leading to excess availment of ITC amounting to ₹ 22.29 crore during the period 2018-19 to 2021-22.

Deployment of staff under different cadres of the Enforcement Wings remained well below the sanctioned strength during 2018-22. The deficiency in the actual staff strength ranged from 29 per cent to 55 per cent in respect of State Tax officers, 43 per cent to 72 per cent in respect of Inspectors, 54 per cent to 71 per cent in respect of Sub-Inspectors, 36 per cent to 92 per cent in respect of Head Guards, 77 per cent to 86 per cent in respect of Guards and 71 per cent to 83 per cent in respect of drivers. The reduced staff strength likely impacted the efficient performance of the enforcement activities of the Department.

No specific targets for conducting verification of EWBs were fixed by the Department during 2018 to 2022. The Department did not prepare physical verification reports in Form MOV-04 in 47 booked cases, and consequently, the correctness of the assessment of goods could not be verified. Further, the Department had not assigned a Grievance Redressal Officer to address grievances filed in Form GST (EWB-04) during the audit period 2018–22.

There were gaps in the usage of MIS reports and the information available in EWB system to ensure compliance by the taxpayers. Audit also noticed deficiencies in the operational preparedness of the Department with respect to preventive and enforcement activity done by enforcement wings. These included non-renewal/ non-encashment of Bank Guarantees of ₹ 28.32 lakh, and short Levy of tax of ₹ 24.29 lakh on account of Compensation Cess.

***Recommendations:***

*To strengthen the EWB System, the Department may:*

- *Put in place adequate controls into the EWB system to alert the CLS taxpayer as well as the Departmental officers while generating EWB for inter-state supply.*
- *Consider including suitable validation control in the EWB System to prevent use of same invoice in generation of multiple EWBs.*
- *Consider incorporating suitable validation controls in the EWB system to prevent use of suspicious vehicles for generation of EWBs and transportation of goods.*

**(ii) Compliance audit (Revenue Receipts):**

This Chapter covers Subject Specific Compliance Audit on 'Department's Oversight on GST Payments and Returns Filing-Phase II'.

Audit observed inconsistencies in filing of returns and deviations from rules. There were cases of non-levy of late fee on delayed filing of returns, non-levy of interest on late payment of tax, delay in cancellation of registration and non-filing of GSTR-10 returns and cases in which action was initiated but not completed were noticed. Deficiencies in short/ non-payment of interest, undischarged tax liability, Input Tax Credit (ITC) availing after limitation period, mismatch of ITC availed between GSTR-3B and GSTR-2A, availing ITC without supplier remitting tax, mismatch of ITC between annual return and financial statements Table 14T of GSTR-9C, non-filing of GSTR-3B, irregular availing of ITC on Input Service Distributor (ISD) credit, mismatch of taxable turnover in Table 7G of GSTR-9C and short payment of tax were also noticed. These compliance deviations involved tax implication of ₹ 439.36 crore.

Further, detailed audit of GST returns filed by the taxpayers for the years 2018-21 revealed significant mismatch in discharge of tax liability and turnover on comparing the tax liability and turnover furnished in the financial statements and GST returns.

***Recommendations:***

*The Department may:*

- *Consider introducing validation controls in GST Returns to enhance taxpayer compliance and facilitate better scrutiny.*
- *Initiate remedial action for all the compliance deviations pointed out by Audit before they get time barred.*